THE LINDE GROUP

Linde

Linde Pakistan Limited.
Annual Report 2014.

Our gases play a defining role in every sector of industry, commerce, science and research; enhancing quality of life by contributing to environmental, health and safety protection.

With its innovative concepts, Linde is pioneering gases applications development, customised to meet the improved productivity, efficiency and quality demands of myriad industries.

As a technology leader, we constantly raise the bar. We are working steadily on new high quality products and innovative processes that create added value, clearly discernible competitive advantages, and greater profitability.

Year at a glance.

Rupees in '000	2014
Net sales	3,925,036
Cost of sales	(3,214,664)
Gross profit	**710,372**
Distribution and marketing expenses	(240,854)
Administrative expenses	(233,622)
Other operating expenses	(26,897)
Other income	86,079
Operating profit	**295,078**
Finance costs	(117,676)
Profit before taxation	**177,402**
Taxation	(50,515)
Profit for the year	126,887
Earnings per share – basic and diluted in Rupees	5.07
Number of permanent employees at year end	148

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About The Linde Group.

In the 2014 financial year, The Linde Group generated revenue of EUR 17.047 bn, making it the largest gases and engineering company in the world with approximately 65,500 employees working in more than 100 countries worldwide. The strategy of The Linde Group is geared towards long-term profitable growth and focuses on the expansion of its international business with forward-looking products and services.

Linde acts responsibly towards its shareholders, business partners, employees, society and the environment – in every one of its business areas, regions and locations across the globe. The company 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

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

About Linde Pakistan.

Global expertise adapted for Pakistani needs – this is the guiding principle which Linde Pakistan Limited (LPL), a member of The Linde Group, has been practicing for more than 70 years to meet customer requirements. We are the leading industrial gases solution provider in Pakistan, supporting the gases needs of a wide range of industries and delivering innovative, high quality and reliable 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 speciality 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.

At Linde Pakistan, we put health, safety and environment (HSE) first. We continually work to uphold a leading HSE culture by adhering to strict industry and international standards. For more information, see www.linde.pk

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

Head office

Linde Pakistan Limited
P. O. Box 4845, Dockyard Road,
West Wharf, Karachi 74000, Pakistan
Phone +92.21.32313361 (9 lines)
Fax +92.21.32312968

Customer services

Linde Pakistan Limited
P. O. Box 4845, Dockyard Road,
West Wharf, Karachi 74000, Pakistan
UAN +92.21.111262725
Fax +92.21.32312968

Our legacy in Pakistan.

In Pakistan, Linde has led the development of the industrial gases industry for more than 70 years, providing global solutions with a local outlook, each customised to the specific needs of our customers.

We supply products to more than 4,000 customers from a wide spectrum of industries ranging from chemicals and petrochemicals to steel, food and healthcare. Our team of nearly 150 trained and professional staff manages 24-hour operations at ten major industrial locations across the country to support our customers wherever they may be located.

Our legacies are pioneering and sustaining technologies for the local industries. Our heritage is our partnership with our customers and enabling them to become leaders in their fields.

1935	Indian Oxygen and Acetylene Company
1949	The Company was incorporated as a private limited company under the name of Pakistan Oxygen & Acetylene Company Limited
1957	The Company's name was changed to Pakistan Oxygen Limited
1958	The Company was converted into a public limited company with 60% BOC Group holding and 40% local public shareholding
1995	Renamed as BOC Pakistan Ltd; no change in pattern of shareholding
1997	BOC Pakistan becomes a strategic partner for Lotte PTA; installs Pakistan's largest air separation unit at that time capable of producing up to 100 tons per day
2000	Becomes a strategic supplier for PARCO, the country's largest refinery, through on-site MicroLN generator; also sets up an ASU at Taxila for meeting increased oxygen, nitrogen and argon demand in northern Pakistan
2004	BOC Pakistan invests in a 60 tons per day carbon dioxide plant in Multan to meet the demand from the beverage sector in Pakistan
2006	The BOC Group Limited, U.K., the majority shareholder of the Company, became a wholly owned subsidiary of Linde AG, Germany. Accordingly, the Company became a member of The Linde Group.
2008	Invests Rs 214 million in a 23 tons per day carbon dioxide plant at Port Qasim to ensure reliable product availability for key beverage customers
2009	New nitrous oxide plant commissioned at Lahore
2010	BOC Pakistan announces Rs 2 billion investment to build Pakistan's largest air separation plant in Lahore capable of producing up to 150 tons per day
2011	BOC Pakistan rebrands as Linde Pakistan on 19 September
2012	New state-of-the-art Air Separation Unit (ASU), the largest air separation plant in the country commissioned at Sunder Industrial Estate, Lahore
2013	Relocates ASU from Taxila to Port Qasim to further improve supply reliability in south
2014	Linde Pakistan invests in a new state-of-the art nitrogen generator at PARCO refinery in Qasba Gujrat

1935 – 2014

Linde Pakistan Limited's plant at Sunder is the largest Air Separation Unit in the country

Our vision.

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

Our mission.

To engage effectively, responsibly and profitably in the industrial gases, healthcare and welding markets.

LPL consistently seeks a high standard of performance, and aims to maintain a long-term leadership position in its competitive environment. This will be achieved through operating efficiency, continued dedication to serving our customers, cost effectiveness and behavioral conformance to our values.

The Company will be recognized by the communities it operates in, as a safe and environmentally responsible organization.

Our people will be acknowledged for their integrity and talent. The corporation acknowledges that commercial success and sustained profitable growth depends on the recruitment, development and retention of competent human resources and it will continue to invest in building this organizational capacity and capability.

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

Code of Ethics.

At Linde we work and live by a set of principles and values which we call The Linde Spirit, which encompasses our foundational principles of safety, integrity, sustainability and respect and our core values of passion to excel, innovating for customers, empowering people and thriving through diversity. Together our principles and core values underpin all our actions, decisions and behaviour, and express what we stand for as an organization and what differentiate us from our competitors. They are embedded in our organization and resonate in everything we do.

One of The Linde Group's most valuable assets is our reputation for uncompromising ethics and integrity is one of our four guiding principles ensuring that we always act with honesty and fairness.

The Linde Group has developed The Linde Code of Ethics which is a comprehensive guide to The Group's expectations for integrity in the workplace and while on company business and is structured to reflect the expectations of our main stakeholder groups. A Linde employee must learn and comply with the standards and laws that apply to their jobs and 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 a 24 hours a day, 7 days a week Integrity Line, the Board of Directors of Linde Pakistan Limited have adopted The Linde Group Code of Ethics in its 467th meeting held on 25 October 2012.

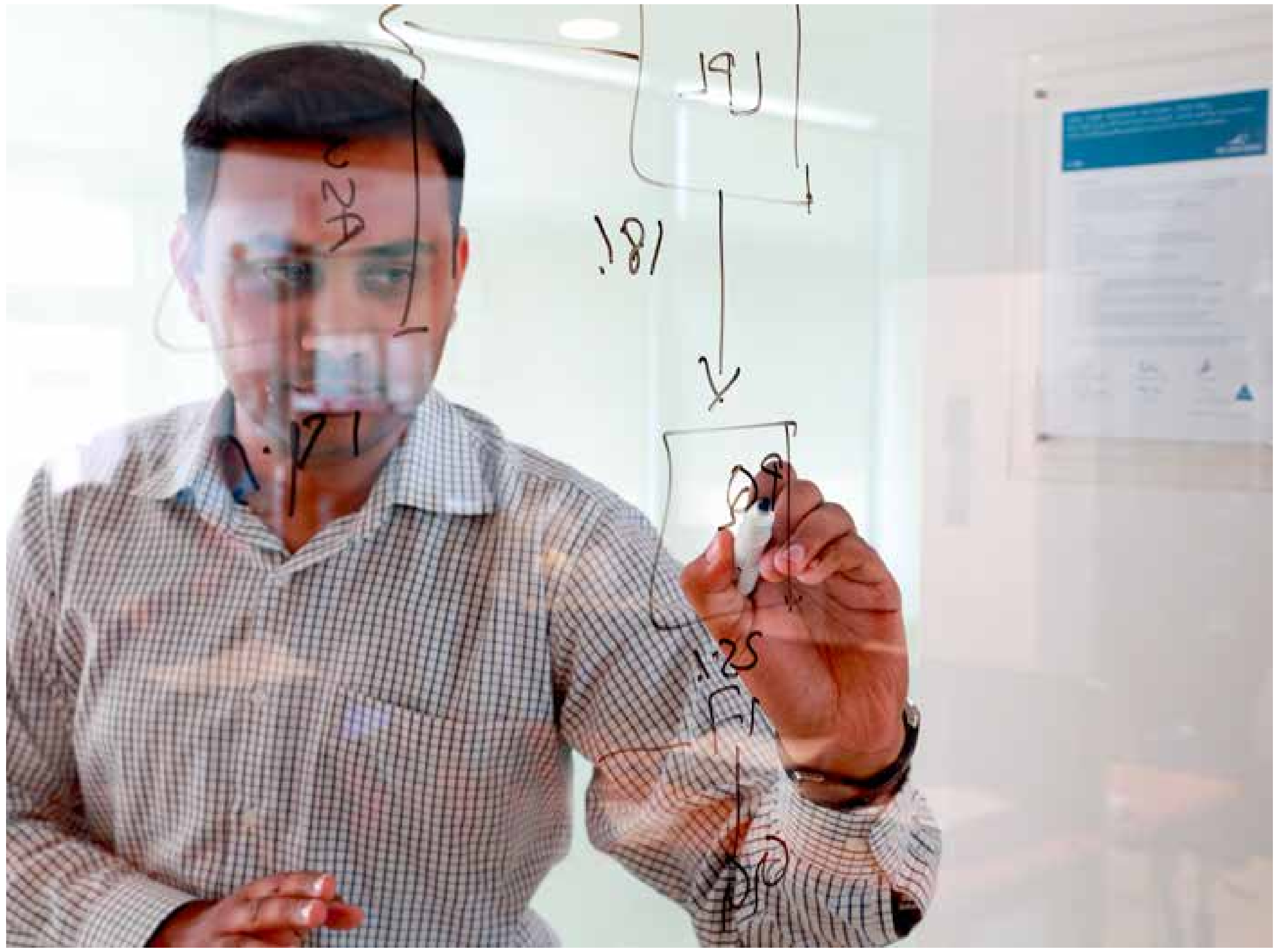
The Code of Ethics in particular provides guidance to all employees on:

- Dealings with our customers, suppliers and markets encompassing competition, international trade, dealing with governments, our product development, 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, HSE (health, safety and environment), 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.

All employees of Linde Pakistan Limited undergo training on the Code of Ethics and are expected to comply with the standards laid out in the code. Employees are always encouraged to share and discuss any concerns with their line manager; however, where it is not possible to share or discuss an issue with a line manager then an employee may 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 widely publicized across the company and is also available to external stakeholders to raise legitimate issues.

Information about The Linde Group Code of Ethics can be found on our web site at http://www.linde.pk/en/corporate_respobsibility/ethics_compliance/index.html and on our company intranet site in English, Urdu and many other languages.

Mr. M Ashraf Bawany, CEO & Managing Director (right) with the Linde team.



Executives at work.

Our business.

Everyday we touch the lives of millions of people through the products and services we supply to our customers across a wide range of industries – from medical gases that sustain lives, to gases used in steel making and in food production and distribution. We provide innovative solutions in areas such as clean energy, food processing and distribution, waste water treatment, environmental protection and healthcare. We are relentless in our search for new technologies and applications for the benefit of our customers and our planet.

Linde Pakistan Limited proudly serves more than 4000 customers across Pakistan most of which are leading companies from a variety of industry sectors and span the petrochemicals, steel, metals, glass, food and beverage, fabrication, pharmaceutical and medical segments. We act as strategic solution providers to our customers, providing value through our innovative products and services and using best operating practices from across The Linde Group.

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

Tonnage

Tonnage customers e.g. petrochemicals, steelmaking and refineries etc. require extremely large amounts of gases for their daily production. Linde supplies such customers with 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 cryogenic road tankers in liquid form and is stored in storage tanks installed at their sites. The bulk product line includes Oxygen, Nitrogen, Argon, Hydrogen and Carbon Dioxide. LPL is actively involved in delivering products and solutions to a wide array of customers in industrial sectors such as chemicals, steel, glass, oil & gas, distributors and food & beverage.

Packaged Gases and Products

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 the construction industry.

Healthcare

Linde Pakistan has been the most trusted partner at hospitals across the country for decades and this trust has been hard-won and kept through our single minded focus on customer satisfaction. Our 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.

Our products and services.

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

Industrial gases

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

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

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

Healthcare

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

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

Medical engineering services
- Consultation, design, installation and servicing of medical gas pipeline systems – (O_2, N_2O, Air, Suction etc)
- Safety, quality, risk analysis & training on medical gas pipeline systems

Welding & others

Welding consumables
- Low hydrogen welding electrodes – Fortrex E7018
- Mild steel welding electrodes – Zodian Universal E6013
- Mild steel welding electrodes – Matador®47 E6013
- Stainless steel electrodes
- Special electrodes
- MIG welding wires

Welding machines
- Automatic
- Semi-automatic
- Manual

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

PGP – others
- Dry ice

Nitrogen is used to preserve food freshness.

Linde's speciality gases have a wide range of applications such as liquid helium for MRIs and NMRs.

Leading gases applications and solutions.

From welding and freezing through powering and heating to analysing and testing, our gases and gas technologies are crucial to just about every process step in industry, commerce, science and research.

As a technology leader, we strive to constantly raise the bar and develop high-quality products and innovative processes that create added value, clearly discernible competitive advantages, and greater profitability for our customers.

Our customers use our gases to improve competitiveness, cut process costs and enhance quality and productivity. Even more importantly, our innovative gas technologies and applications are paving the way for more sustainable, green lifestyle choices and business practices.

Our teams of engineers and market specialists work with industrial customers to understand their business needs and their existing processes and develop gas applications that are tailored specifically to their requirements. And with our extensive global network of local experts and our global development department, we are able to support our customers with our application know-how all over the world.

Efficiencies for the steel and metal production facilities

We understand that the steel and metal production industries face stiff competition both locally and from imports. Striking the right balance between profitability and competitiveness is no easy task for steel manufacturers. It calls for vigilant control over fuel consumption, resource management, efficiency, productivity and quality. Linde brings a wide range of gas solutions to increase productivity, lower fuel consumption and other costs to support the metal industry in attaining their efficiency and profitability objectives. We cover the full spectrum – from ore reduction and metals recycling through refining and casting to reheating and metal working and, finally, heat treatment. Regardless of whether your production is based on ore or scrap, our solutions deliver proven efficiency gains.

Iron making

Linde's customised blast and Cupola furnace solutions for oxygen enrichment and purging help increase production capacity, decrease coke consumption, use lower-cost fuels and reduce fuel consumption.

Steel making

Electric arc furnaces can rely on our cost saving oxy-fuel solutions to produce liquid steel to required specifications.

Our OXYGON® system delivers proven efficiency gains during vessel preheating. And at the refining stage, we supply gases such as argon and nitrogen to remove hydrogen, non-metallic inclusions and unwanted trace elements.

Metal working (rolling and forging)

Oxy-fuel technologies under our REBOX® brand can increase your throughput, cut energy costs and reduce emissions in the reheat furnaces.

Heat treatment

We have perfected a wide range of heat treatment processes, all dedicated to helping you achieve the microstructure, physical properties and surface properties you need.

Supporting refineries

Environmental pressures are particularly acute for refineries given the dwindling supplies of natural reserves and the effects of climate change as well as increasingly severe environmental protection laws.

Our gases applications can support the local refineries in addressing their challenges. Our expertise will bring you quality and environmental benefits in the following areas in particular:

- Inerting, purging and blanketing
- NOx removal / SOx removal
- Water treatment.

Our LoTOx™ technology supports Fluid Catalytic Cracking (FCC) units in controlling particulates, sulphur dioxide and NOx emissions. It is a patented innovation that uses ozone to selectively oxidize insoluble NOx to highly soluble species that can be easily removed in a wet scrubber. The benefits include increased capacity, greater flexibility in the choice of feeds, increased conversion rates and reduced emissions.

Improved quality of life through therapies and medicines

The pharmaceutical and life sciences industry is dedicated to improving quality of life by developing therapies and medicines that promise longer, healthier and more active lives. As a supplier of pharmaceutical-grade gases, we understand the pressures facing pharmaceutical companies and have developed numerous gas innovations that help meet this industry's needs. Our expertise will bring you quality and environmental benefits in the following areas in particular:

- Lyophilisation (freeze-drying valuable biologicals)
- Inerting, purging and blanketing
- Reactor cooling
- Solvent recovery and VOC abatement

Traditional mechanical cooling systems can be replaced with cryogenic cooling systems such as our patented CUMULUS® design. Our technology seamlessly integrates into existing lyophilisers, allowing pharmaceutical producers to reach lower temperatures than with heat transfer fluids. In addition to providing a reliable source of cooling, our solution eliminates the maintenance associated with compressors. Liquid nitrogen also creates a sterile ice fog that is distributed inside the lyophiliser to simultaneously and uniformly nucleate all of the vials. This results in a wide range of benefits, including cycle time reduction, enhanced process control, process repeatability and improved product quality.

Meeting consumer demands for food freshness and quality

Food-grade industrial gases are an effective and natural way of meeting rising consumer demands for quality, variety and freshness in the food and beverage industry. It is a low or zero-additive alternative to conventional preservation techniques. Our state-of-the-art technologies and applications optimise processes, improve quality, increase yield, protect quality during transport and extend shelf life. We are able to support our customers from dairy, meat and fish through bakery and fruit and vegetables to the packaged business through our extensive gases portfolio which covers:

- Aquaculture
- Carbonation
- Chilling & freezing
- Fumigation
- Greenhouse horticulture
- Hydrogenation
- In-transit refrigeration
- Modified and controlled MAPAX®
- Purging
- Water treatment

The full spectrum of metal fabrication technologies

From general welding to highly specialised laser job shops, Linde is able to support the varying application needs across the full application and equipment spectrum, combining both traditional and new cutting, welding and coating processes. We provide the equipment, consumables and safety gear as well as the safety training to ensure that all the gases you need are installed and handled properly. Our engineers are available to guide you through the extensive range of welding and cutting options and gas mixtures available to help you make the process choice best suited to your budget, productivity and quality demands.

Speciality chemicals

Fine & speciality chemicals cover the manufacture of speciality products used in everything from adhesives, sealants and coatings to pharmaceuticals, detergents and electronic goods. Highly complex with a huge portfolio of patented technologies, this sector is under growing pressure to meet increasingly stringent safety and environmental regulations and hone competitiveness, particularly as more and more fine chemicals are evolving into commodities. Manufacturers are challenged to innovate in the search for environmentally cleaner reactions and smart solutions to highly specialised problems. Our gas-enabled technologies can help fine & speciality chemical players meet these challenges.

Unique applications for the pulp and paper industry

Despite the advent of electronic communication, demand for pulp and paper continues to rise. Given the high capital costs and inevitable drain on natural resources in this business, manufacturers are under strong pressure to maximise cost and process efficiencies while reducing environmental impact wherever possible.

Oxygen can help to achieve these goals through its use in delignification, bleaching and ozone production and can also help to increase capacity in the chemical recovery boiler or lime kiln. In addition, oxygen is useful in the forestry sector for wastewater treatment, in particular for odour removal and intensification of the activated sludge process.

Driving innovation with the latest gas applications

We are committed to enhancing production operations and improving quality and safety and our gas-enabled technologies can open up new areas of innovation, improve chemical handling, reduce variable and fixed costs, and boost the level of process automation for our customers.

Linde Pakistan has the experience and organisation to deliver complete turnkey installations including engineering, project handling, revamping and commissioning. Our portfolios include equipment and control systems customised for each gas which can handle all aspects of operations, safety, optimum heating and energy usage.

Linde's gas applications for the petrochemical sector support the refineries in achieving their environmental and quality targets.

Linde's gas solutions for the steel and metal production facility ensure the right balance between profitability and competitiveness.

Key facilities around Pakistan.

With local capability backed by global technology and a strong commitment to quality, reliability and safety, Linde Pakistan provides the very best in technical know-how, quality products, professional service and life-saving dependability. This is why all major industrial corporations and hospitals throughout Pakistan depend on Linde for their complete gas solutions.

Relibility of supply

We take our customers' trust in our reliability very seriously. To ensure that we are able to meet our customers' evolving needs, today and over the coming decades we continue to make huge investments at our plant sites to increase capacity, improve reliability and efficiencies and ensure the highest quality. And with investment in each of our eleven industrial gas plants across the country, we have built long and enduring relationships with our customers that go beyond simple product provision. We understand their processes and their needs and in response offer complete gas and equipment solutions that meet their requirements. We are a strategic partner to our customers, catering to their evolving needs, and we have seen our customers grow with us over decades.

Air Separation plants

Our facilities include 3 Air Separation plants (ASU) at Lahore and Port Qasim, including the largest ASU in Pakistan with a capacity of 150 Tons per Day (TPD). In addition to this we also have recently completed the installation of a new nitrogen generator at Qasba Gujrat to cater to PARCO's increased gas demand with dedicated supplies.

Carbon dioxide plants

We have also set up carbon dioxide plants at Port Qasim and Multan to meet the demand of our beverage customers in the north and south of Pakistan respectively with certified food-grade CO_2.

Hydrogen and Dissolved acetylene plants

Hydrogen and Dissolved acetylene plants have been installed in both the south and west regions to meet customers demand on a nationwide basis.

Nitrous oxide plant

We have also installed a Nitrous oxide plant in Lahore which serves product to all the largest hospitals across Pakistan. As it is a medical product, we have installed state-of-the-art online purity analyzers to ensure product quality.

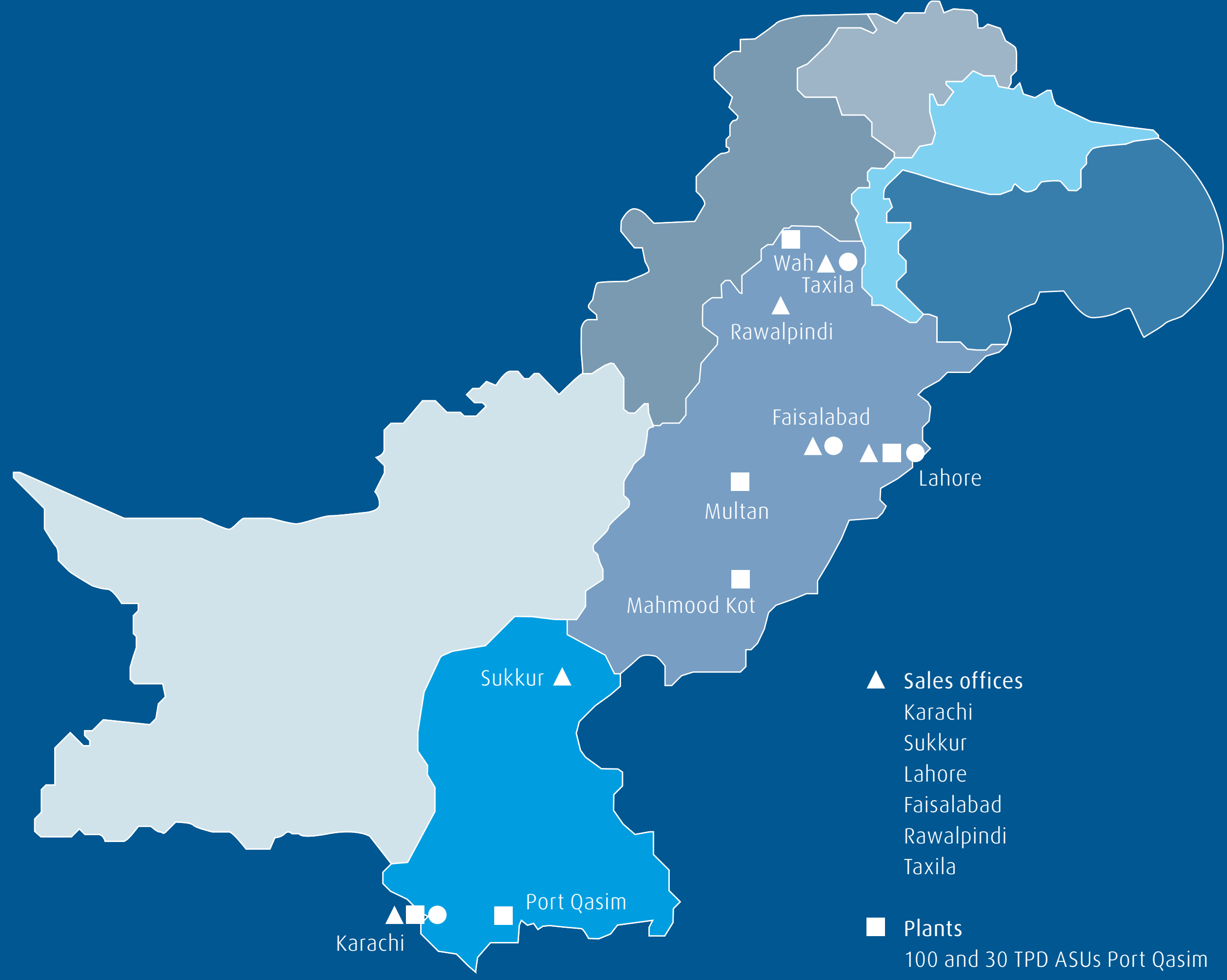
Dry ice plant and speciality gases laboratory

We have set up a dry ice plant which produces pellets used for both cooling and cleaning purposes and our speciality gases laboratory ensures that we are able to meet our customers demand for high purity gases as well as special mixtures in a cost-effective and timely manner.

Compression facilities

Our compression and cylinder filling sites are located in the north, south and west of Pakistan to ensure that we are able to serve our customers in a timely manner along with Customer Service Centers and sales depots to facilitate our customers in any way possible.

In addition to ensuring that our plants are present across Pakistan, near all the major industrial hubs of the country, we have also built up the most extensive fleet of distribution vehicles in Pakistan consisting of cryogenic tankers and cylinder trucks to ensure that we are able to serve our customers regardless of where they are located.



▲ Sales offices
Karachi
Sukkur
Lahore
Faisalabad
Rawalpindi
Taxila

■ Plants
100 and 30 TPD ASUs Port Qasim
23 TPD CO_2 Port Qasim
Electrolytic Hydrogen plant Port Qasim
Dry ice plant Port Qasim
150 TPD ASU Lahore
Nitrous Oxide plant Lahore
60 TPD CO_2 Multan
18 TPD and 10 TPD N_2 Mahmood Kot
Hydrogen, Dissolved Acetylene Wah
Electrode, Dissolved Acetylene Karachi

● Company owned
Compressing stations

Company information.

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

Chief Financial Officer	
Muhammad Samiullah Siddiqui	

Company Secretary	
Jamal A Qureshi	

Board Audit Committee		
Humayun Bashir	Chairman	Independent Director
Atif Riaz Bokhari	Member	Non-Executive Director
Shahid Hafiz Kardar	Member	Independent Director
Andrew James Cook	Member	Non-Executive Director
Ganapathy Subramanian NarayanaSwamy	Member	Non-Executive Director
Jamal A Qureshi	Secretary	Company Secretary & Legal Counsel

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

Share Transfer Committee		
Khaleeq Kayani	Chairman	Non-Executive Director
Muhammad Ashraf Bawany	Member	Chief Executive & Managing Director
Wakil Ahmed Khan	Secretary	Manager – Corporate Services

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

Share registrar
Central Depository Company of Pakistan Limited

Auditors
KPMG Taseer Hadi & Co.

Legal advisor
Ayesha Hamid of Hamid Law Associates

Registered office
West Wharf, Dockyard Road, Karachi – 74000

Website
www.linde.pk
www.linde.com

Linde's LNG regasification plant

Mr. Samiullah Siddiqui
Director

Mr. Atif Riaz Bokhari
Director

Mr. M Ashraf Bawany
Chief Executive Officer

Mr. Ganapathy Subramanian NarayanaSwamy
Director

Mr. Shahid Hafiz Kardar
Director

Mr. Munnawar Hamid – OBE
Chairman

Mr. Andrew James Cook
Director

Mr. Humayun Bashir
Director

Mr. Khaleeq Kayani
Director

Profile of Directors*.

Mr. 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 and Caius College) and subsequent 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 is the Chairman of Linde Pakistan Limited since 2002.

He was 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 Chemicals), 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 and Exchange Commission of the Government of Pakistan; as well as of Standard Chartered Bank, United Bank, Union Bank, and the Oil and Gas Development Corporation. He has been involved in high-level government consultative bodies including the Government's Economic Advisory Board between 1999 and 2002, and has chaired the Prime Minister's Committee on Chemical Industry in Pakistan and other committees between 1996 and 1998. Mr. Munnawar Hamid was appointed OBE by Her Majesty the Queen in October 1997.

Mr. M Ashraf Bawany
Chief Executive Officer

Mr. Bawany was appointed Chief Executive Officer and Managing Director of Linde Pakistan Limited on 2 August 2013 after serving the company for more than 30 years. Before his appointment as CEO, he held a number of key positions within the company including Deputy Managing Director, Chief Financial Officer and Company Secretary.

He is a nominee director of the Karachi Stock Exchange on the Board of National Clearing Company of Pakistan Limited (NCCPL) and is also the Chairman, Audit Committee of the NCCPL in addition to being a member on the Board of German Pakistan Trade & Investment.

Mr. Bawany is a fellow member of the Institute of Cost and Management Accountants of Pakistan, Institute of Corporate Secretaries of Pakistan and a law graduate. Apart from various advanced management courses from local and foreign institutions, he is also a certified director from the Pakistan Institute of Corporate Governance.

Mr. Bawany is keenly interested in the promotion of education, trade and industry and strongly advocates these causes through various professional, corporate and trade platforms. He also supports various social and welfare activities and contributes greatly to several charitable trusts.

He is the former President of the Institute of Cost and Management Accountants of Pakistan, Pakistan Institute of Public Finance Accountants and Memon Professional Forum besides serving on a number of committees of the Overseas Investors Chamber of Commerce and Industries.

Mr. Atif Riaz Bokhari
Director

Mr. Atif Riaz Bokhari joined the Linde Pakistan Board of Directors on 21 January 2013. Mr. Bokhari, currently President and CEO, NIB Bank Limited, 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 Investment Banking.

In May 2004, Mr. Bokhari took charge of UBL as President and CEO. Under his successful leadership, UBL had ventured into new diversified business and revenue streams namely consumer financing, e-commerce, branchless banking, asset management and general insurance.

Mr. Bokhari also served as Chairman or Director in several UBL Group companies. He was 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 and Leadership affiliated with the Jude Business School, Cambridge, UK.

Mr. Humayun Bashir
Director

Mr. Humayun Bashir is a certified Director under the IFC + PICG board development program and has thirty seven years of diversified experience with IBM Pakistan and IBM Middle East Headquarters (Dubai) in sales, technology services, alliances, financial sector, government sector projects & general management.

Mr. Bashir served 14 years as CEO & Country General Manager at IBM Pakistan & Afghanistan. He served at IBM Middle East Africa Headquarters Dubai in 1998-99 and in 2012-2013. He has served on boards like Export Processing Zone Authority, Karachi Port Trust, Silkbank, ABC & OICCI. He was elected President of American Business Council of Pakistan in 2011, President of Overseas Investors Chamber of Commerce & Industry (OICCI) in 2012 and served on the Institute of Business Administration (IBA) Advisory Council. Mr. Bashir holds a Degree in Engineering & Business Courses from IBA, Insead France & Boston University. He also served on the Board of Linde Pakistan from 3 October 2011 to 25 October 2012 before his one year stint in Dubai. Mr. Bashir, after his election as Director, rejoined the Board of Linde Pakistan Limited on 30 January 2014.

*Other offices held by Directors are disclosed on pg. 39 under Corporate Governance

Mr. Shahid Hafiz Kardar
Director

Mr. Shahid Hafiz Kardar is the Vice-Chancellor of the Beaconhouse National University (BNU). He is an ACA from England and a graduate of the University of Oxford (PPE). He has been Governor, State Bank of Pakistan and Minister for Finance and Planning and Development, Government of Punjab.

Mr. Kardar has authored three books. He also contributes to journals and newspapers, both within and outside Pakistan is interviewed regularly by both local and foreign televisions and radios.

He was also the Chairman of Punjab Education Foundation that launched internationally acknowledged programmes during his tenure. He has remained an active Member of (i) National Commission for Government Reform (ii) Banking Laws Review Commission and (iii) Task Force on Education established by the Government of Pakistan and the British Government. He was elected as Director of Linde Pakistan Limited from 30 January 2014. He has also served as Director in several companies in both private and public sectors.

Mr. Khaleeq Kayani
Director

Subsequent to completing his studies at the University of Punjab and the American University of Beirut, Mr. Kayani joined American Express Bank in 1970. He, thus, has over forty-four years of professional experience, including twenty-three years at senior management positions with large financial institutions such as Bank of America (BoA), Habib Bank Limited (HBL) and the JS Group.

Mr. Kayani has completed several short-term assignments at the London, New York, Hong Kong and Athens offices of both BoA and American Express Bank and has also worked as a member of the General Loan Committee of Bank of America, San Francisco. He has been on the Board of Directors of the Karachi Stock Exchange, National Institution Facilitation Technologies (Pvt.) Ltd. and a number of other local and international companies. In addition to these he has also been a financial consultant for manufacturing and financial service companies.

Mr. Kayani has participated in a number of professional training courses organized by Bank of America and American Express Bank and due to his participation in the Stanford Business School's Executive Program, he is a life-time member of the Stanford Business School's Alumni Association. He is representing National Investment Trust Limited (NITL) and joined the Linde Pakistan Board 20 October 2014.

Mr. Andrew James Cook
Director

Mr. Andrew Cook is Head of Safety, Health, Environment and Quality for Linde's gases business in South Asia and ASEAN and is based in Singapore. He is a member of the regional management team that oversees Linde's business in 10 countries in Asia – Bangladesh, India, Indonesia, Malaysia, Pakistan, Philippines, Singapore, Sri Lanka, Thailand and Vietnam. He joined the Linde Pakistan Board of Directors on 6 February 2015.

Mr. Cook has a Bachelor's degree in chemical engineering from the University of South Bank, London and is also a member of the Institute of Chemical Engineers. He joined BOC in the UK in 1989 and has held a number of senior roles in engineering and operations in the UK business before moving to Asia in 2000.

In April 2005, Mr. Cook was appointed President and General Manager of Linde LienHwa, a joint venture of Linde and the Taiwanese industrial corporation, LienHwa. Based in Shanghai, in this role he was responsible for the electronics business in China.

In 2010, Mr. Cook returned to Singapore as Head of Operations and Engineering for the global electronics business for Linde and in 2013, Mr. Cook was appointed to his current role.

Mr. Ganapathy Subramanian NarayanaSwamy
Director

Mr. Ganapathy NarayanaSwamy is the Head of On-site Account Management for the Regional Business Unit responsible for Linde's gases business in South Asia & ASEAN, based in Singapore. He is a member of the regional management team and is responsible for Linde's onsite business in 10 countries in Asia. He joined the Linde Pakistan Board of Directors on 6 February 2015.

Mr. Ganapathy NarayanaSwamy graduated from National University of Singapore with M.Sc in Environmental Engineering and holds an MBA from INSEAD, Fontainebleau, France. He joined Linde AG in Munich in August 2007 and has held a number of senior roles in corporate finance, sales and operations in Munich before moving to Asia in 2013.

Mr. Ganapathy NarayanaSwamy relocated to Singapore in August 2012 as a Senior Business Development Manager for On-site Business and since March 2013 has taken up his current role for the region.

Mr. Muhammad Samiullah Siddiqui
Executive Director & Chief Financial Officer

Mr. Muhammad Samiullah Siddiqui was appointed as Director of Linde Pakistan on 6 February 2015. He is also serving as Chief Financial Officer of the Company from 13 January 2014. Mr. Siddiqui has a diversified business and functional experience of over 20 years. He has served on a number of key positions in Siemens Pakistan such as CFO / Director Commercial Energy Business for Pakistan and its Branch offices in Afghanistan and Dubai, Commercial Head of Telecom Business, Head of Internal Audit and Commercial Head of IT/SAP Business.

Mr. Siddiqui is a Fellow member of Institute of Chartered Accountants of Pakistan (ICAP). He received Management & Leadership Training (Harvard Business School, USA), Management Diploma (Siemens AG & Babson University, USA) and Law for Business Executives from LUMS. He serves as a member on ICAP committees the Professional Accountants in Business and Education and is also nominated on the Taxation sub-committee of OICCI.

Mr. Siddiqui is also serving as Director on the Board of BOC Pakistan (Pvt.) Ltd., a wholly owned subsidiary of Linde Pakistan.

Directors' report.

The Directors of your Company take pleasure in presenting the Annual Report together with the Company's audited financial statements for the year ended 31 December 2014.

Economic environment

According to the recent report of State Bank of Pakistan (SBP), Pakistan's economy is showing signs of modest recovery this year as GDP growth increased to 4.1% from 3.7% in the previous year. Market sentiments are improving as a result of decline in global oil prices, reduction in the trade deficit, a stable Pak Rupee, disbursement from the International Monitory Fund (IMF), receipt of the Coalition Support Fund (CSF) and a successful issuance of Sukuk in the international market. A successful launch of Euro Bond, proceeds from Saudi Arabia under the Pakistan Development fund, and auction of long-pending 3G/4G licenses early during the year also helped significantly. CPI inflation for December decreased to 4.3% YoY as compared to 9.2% in the corresponding month of last year, and the SBP has reduced its policy rate by 150 basis points to 8.5%, which together with the decrease in oil prices is expected to increase consumption in the economy.

However, while there are indicators of improving economic scenario, the continuing energy shortages and pressures of a delicate law & order and a volatile political situation still pose a challenge. A further improvement in these areas along with deep-seated structural reforms are therefore required to ensure that economy takes full benefits of such positive trends and also ensure sustainability. In particular Large Scale Manufacturing (LSM) requires particular attention as it continues to remain under pressure from continued energy shortages, a reduced production capacity of independent power plants, a low supply of gas to fertilizer plants, lower domestic and international prices in the sugar sector, high inventories, and slower growth prospects in exports of food items and textiles.

Company's performance – overview of sales and profitability

Severe energy shortages were faced by nearly all industrial sectors in Pakistan which adversely influenced production in the Country and consequently affected demand for raw materials and other inputs. In spite of this and even with increased local competition, the Company has managed growth in its core businesses. The Company is pleased to report that all its plants remained largely fully loaded and all critical and major business contracts were renewed on long term basis despite competitive pressures. Gases volumes (oxygen, nitrogen and argon) showed a growth of 8%, but prices remained under sharp pressure due to excess market supply, lower demand and increased competition, especially in the ship breaking and health care sector. Although the Company retained its CO_2 volumes in the Beverage sector, the business was challenged by surplus capacity and consequently unrealistically competitive prices. Substantial growth was also achieved by diversifying market sectors directly and indirectly.

As a result of the above a reduction in revenue arising from a product rationalization exercise earlier in the year was very largely made up and overall Gross Revenue stood at only 2% lower than last year, but remained 7% higher when comparing the continuing businesses.

Apart from the challenges already stated, product margins were also squeezed due to a lower demand versus a higher product supply, and a higher cost of production due to rising input costs and a full year impact of increased tariffs for power and gas. To mitigate these difficulties the Company improved plant productivity and efficiency through new process initiatives and overheads (net of other income) were controlled at the same level as last year, but gross margin at Rs. 710 million was still 7% lower than last year. Consequently, operating profit for the year was Rs. 295 million and after taking into account an increased finance cost of Rs. 118 million, the Company generated a pre-tax profit of Rs. 177 million. The resulting Profit after tax and EPS was Rs. 127 million and Rs. 5.07 respectively as compared to a profit after tax of Rs. 181 million and an EPS of Rs. 7.25 last year.

Your Directors are however of the view, that the Company as a result of its continuing efforts in the face of the prevalent tough economic and business conditions, will be able to achieve sustainable growth during the coming year.

Sales

Industrial and medical gases
The industrial and medical gases segment grew by 5%, despite the energy crisis, and volumes improved in almost all major market sectors in the Bulk as well as PGP (Packaged Gases & Products) business

A new brand of electrodes called Matador®47 was launched in 2014.


Compressed gases continue to be a key focus area for Linde.

portfolios. The business expanded not only in new geographies but also new product lines were established such as dry ice and hydrogen for the steel sector. All strategically important businesses were retained against long term contracts, but the surplus situation resulted in price revisions in certain markets, mainly in the ship breaking sector, to retain market leadership.

Linde Pakistan continued to be the most trusted and reliable partner for hospitals across the country and the healthcare business which has grown consistently over the last year once again grew by 17% during 2014. Reliable product supply, and new major pipeline and equipment projects at military hospitals were some major contributing factors to this growth.

CO_2 availability remained a critical concern, due to the national natural gas crisis, as a result of which the CO_2 plant at Multan remained idle throughout the year. However, a reliable supply was ensured to the critical beverage and dry ice customers, from the CO_2 plant at Port Qasim and other alternative sources.

Welding and others

The product mix in this segment has been rationalized and as a result, profitability of the locally manufactured electrodes improved substantially. The imported electrode portfolio however faced many challenges during the year mainly due to price issues resulting from an excessive supply of cheaper welding consumables from undocumented suppliers. As a counter strategy, your Company also launched a new brand of electrodes, the Matador®47, during the year in a bid to grow the tier-2 electrode segment.

Engineering operations

During the year, all Linde plants operated safely, efficiently and reliably. However, like 2013 and as already reported, operations remained under stress by the continuing energy crisis and a suspended feed gas supply.

The Company continues to focus on improving productivity and efficiency at its plants and has launched several new initiatives to control costs and improve productivity. We are pleased to report that the Company's largest ASU at Lahore has delivered a record production of 3 million m^3 during December 2014, despite the severe challenges. All production sites have also maintained their Quality Management Certifications (ISO 9001), including the FSSC 22000 (Food Safety Standards Certification) at the Port Qasim CO_2 production facility.

Projects

In 2014, your Company completed the installation of a new nitrogen plant, replacing the old one, to cater for increased nitrogen demand at the PARCO refinery. In 2014, other investments, included improvements in healthcare supply reliability and response time in case of medical emergency at all health care installations across the country, replacement of control systems at two of the Company's major plants, and an investment in enhancing product delivery and storage capacity at customer locations, which is expected to significantly improve product delivery to industry in general and the healthcare sector in particular.

Cash flow management

During 2014, the Company continued to manage its funds and working capital efficiently and diligently. As a result of effective cash management, the Company generated a healthy cash inflow of Rs. 555 million from operations. Despite a substantial outflow of Rs. 909 million, which included a spend of Rs. 400 million on capital projects, a re-payment of long term financing including finance costs amounting to Rs. 262 million and a dividend & income tax payout of Rs. 248 million, the Company has a bank overdraft of only Rs. 36 million (i.e. cash and cash equivalents) as at December 31, 2014. Likewise, despite a capital outflow of Rs. 3.2 billion for capital projects over the last five years coupled with a dividend payout amounting to Rs. 670 million, the total external borrowing, including both long term and short term financing stands at a modest Rs. 1.3 billion as at 31 December 2014. Your Company is therefore in a healthy state of finance to support further business development.

Linde successfully completed pipeline projects at major hospitals such as Rehman Medical Institute, Peshawar.


Planning & Control Team of Finance and Control Division (FiCo) was awarded the Region South & East Asia (RSE) Finance Superheroes award.

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 53.

Health, Safety and Environment (HSE)

HSE continues to remain a primary focus of the Company. During the year, the Company achieved most of its leading indicators in this area, and enhanced the robustness of its reporting and monitoring system as well as in the system for implementation of corrective and preventative measures. The Company has also reinstated its Behavioural Safety Program, to enable the development of a safety culture at all levels of the organization.

Environment and energy conservation

The Company's core business and sustainability go hand-in-hand and it constantly strives to ensure that it grows in a sustainable and efficient manner. The environment and energy conservation initiatives launched during 2012 and 2013 continued to give the desired results towards containing all emissions and effluents within the prescribed limits of the National Environment Quality Standards (NEQS), and improving the efficiency of energy consumption. In recognition of its efforts, Linde Pakistan was awarded the 11th Environment Excellence Award 2014 by the National Forum of Environment and Health, Pakistan.

Occupational health and safety

Occupational health risks continue to be effectively controlled and there were no occupational injury cases in 2014.

Linde Pakistan Limited – a High Performance Organization (HPO)

In 2014, Linde Pakistan continued to focus on high performance and implemented projects to strengthen its position as a leading gases solutions provider. Your Directors are pleased to report that your Company successfully established its comprehensive Product Service Offering (PSO) in an effort to align with the regional and global Linde Group system. This effort is a first in the gases industry and visibly communicates to customers the Company's commitment to support them with the highest level of service quality.

At the same time Linde Pakistan is also focusing on its gas applications business and assisting customers to develop gas solutions to improve productivity and cost efficiency of their processes. The Company is using its successful global experience in the cement, steel and chemical business and has very actively engaged with major players in the local industry to establish mutually beneficial solutions. This, if successful, will lead to the opening up of some major new business opportunities.

Human resources

Several employees were trained through the "People Excellence in Action (PEIA)" initiative conducted by regionally trained in-house trainers. In addition to learning interventions to improve leadership competencies in first line managers, a Six Sigma initiative was also established to improve project management and execution capabilities.

Selected employees continue to be sponsored for external regional and local training programs and one employee is currently on a two year developmental assignment in China. The Company also continues to provide employees with career growth opportunities within The Linde Group outside Pakistan, and as a result two employees were seconded to Malaysia and Saudi Arabia, during the year.

Linde summer internship programme

Linde Pakistan offers a 6 to 8 week project-based internship program on an annual basis to students from top-tier engineering universities and leading business schools of Pakistan. The interns selected are provided specific projects to work on and are assigned to a full-

Linde employees participate enthusiastically in TCF Rahber programme.

Linde Pakistan was awarded the 11th Environment Excellence Award 2014 by the National Forum of Environment and Health, Pakistan.

time Linde employee who mentors them on an on-going basis. The programme is particularly designed to prepare the interns for the challenges that he or she will eventually face upon entering the job market, after the successful completion of their university education. It also provides the Linde Human Resource Department an opportunity to evaluate them against Linde Leadership Competencies, and identify talent for the future hiring needs of the company. In 2014 fourteen interns were engaged and placed at Linde plants and offices across the country.

Industrial relations
Industrial relations remained harmonious throughout 2014.

Corporate Social Responsibility (CSR)

Under its CSR programme, The Linde Group actively promotes its HELP agenda which focuses on resolving health and education issues, supporting local communities and protecting the environment. Linde Pakistan Limited in line with this program also therefore assists local organizations through donations, sponsorships, as well as volunteer work by employees, in the areas of education, healthcare, as well as other projects which enable Linde to use its specialist knowledge as a technology and gases expert.

This year the Company has recommitted its support to the Vocational and Technical Training Program sponsored by the German Consulate General in Karachi under the banner of GPATI (German Pakistan Training Initiative), and has sponsored a second batch of five apprentices in identified trades, in addition to continuing its sponsorship of the first batch for another year. The program objective is to promote demand based vocational and technical training across Pakistan.

During 2014, Linde Pakistan Limited financially supported hospitals which provide subsidized or free medical care to the underprivileged. It also remains committed to educating the local welding community in safety and health, and promoting skills development through sponsored training at local technical training institutes. The Company, in addition to welding and safety equipment, also provides experts to train staff and students at these institutes under this programme.

In support of the community, a voluntary blood donation drive was held by Company employees to support a programme at the Indus Hospital, Karachi, to provide free blood to needy patients. Employees also participated enthusiastically in the Rahbar program, managed by The Citizens Foundation (TCF), that mentors underprivileged youth and encourages them to be productive members of society.

Safety of all of the Company employees as well as the communities it operates in and environmental protection continued to be a high priority during the year.

Country and Regional Excellence Awards

Planning & Control Team of Finance and Control Division (FiCo) was awarded the Region South & East Asia (RSE) Finance Superheroes award in 2014 from amongst 11 countries, on successful implementation of a comprehensive planning solution to improve and enhance the planning processes in the Company. Furthermore, one of the employees in the FiCo team was also awarded a Regional level award in the category of “Empowering People”. Likewise, Country Excellence Awards were also given to several employees who exhibited outstanding performances during the year 2014 in different areas/categories including an employee of the Procurement team who was recognized for his work in driving procurement efficiencies. Linde Pakistan’s finance team was also awarded the first runner up award of Best Finance Team among 11 countries of RSE for 2014.

Distribution of dividends and appropriation of profits

Based on the lower profitability for the current year, and to keep overall leverage levels within prudent limits, your Directors recommend a final cash dividend of Rs. 3.25 (32.5%) per ordinary share of Rs. 10 each, making a total dividend for the year of Rs. 4.50 (45%), which represents an 88.75% payout of earnings, and also ensures suitable retention.

The appropriations approved by the Directors are as follows:

Rupees in ‘000	
Un-appropriated profit as at 31 December 2013	145,266
Final dividend for the year ended 31 December 2013 at Rs 4.00 per share	(100,155)
Transfer to general reserve	(45,111)
	-
Net profit after taxation for the year 2014	126,887
Re-measurement: net actuarial gains recognized in other comprehensive income	(3,436)
Disposable profit for appropriation	**123,451**
Interim dividend at Rs 1.25 per share paid in October 2014	(31,298)
Un-appropriated profit carried forward	92,153
Subsequent effects:	
Proposed final dividend at Rs 3.25 per share	81,376
Transfer to general reserve	10,777
	92,153
Total dividend per share for the year Rs 4.50	112,674
EPS – for the year 2014 Rs 5.07 (2013: Rs 7.25)	

Post balance sheet events

There has been no significant event since 31 December 2014 to date, except the declaration of final dividend which is subject to the approval of the Members at the 66th Annual General Meeting to be held on 29 April 2015. 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 United Kingdom. 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 2015, at a fee to be mutually agreed.

Directors’ training

During the year under review, two overseas Directors completed the Directors’ training program. However, consequent upon recent Board changes, two trained Directors have stepped down leaving only 3 certified Directors on the Board, whilst one is exempt on the basis of length of experience. The Company shall, however, arrange training for the new Directors to make up for the reduced number of certification, by 30 June 2016 as prescribed in the Code of Corporate Governance, Pakistan.

Board changes

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

On 10 October 2014, Mr. Manzoor Ahmed, a nominee of National Investment Trust Limited (NITL), resigned from his directorship at his request on account of pre occupation in many other companies. The Board would like to place on record its appreciation for the valuable services rendered by Mr. Ahmed during his tenure as director of the Company and wishes him success in his future endeavours. Mr. Khaleeq Kayani was appointed in place of Mr. Manzoor Ahmed, on 20 October 2014. Mr. Kayani is an experienced banker and has held both local and international appointments in his banking career.

Mr. Bernd Hugo Eulitz as a consequence of his appointment to the Executive Board of The Linde Group, Mr. Wong Siew Yap upon reaching superannuation, and Ms. Desiree Co Bacher due to other heavy responsibilities, also resigned from the Board during the period. As a result thereof, The Linde Group has nominated Mr. Andrew James Cook, Head of HSE, Mr. Ganapathy Subramanian NarayanaSwamy, Head of Tonnage Account Management of The Linde Group and Mr. Muhammad Samiullah Siddiqui, Chief Financial Officer of Linde Pakistan to replace them, respectively.

The Board wishes to place on record its appreciation for the significant roles played by Mr. Bernd Hugo Eulitz, Mr. Wong Siew Yap and Ms. Desiree Co Bacher in the development of Linde Pakistan during their directorship.

The Board also takes this opportunity to wish Mr. Bernd Hugo Eulitz and Ms. Desiree Co Bacher every success in their new roles and responsibilities in The Linde Group and a very happy and prosperous retired life for Mr. Wong Siew Yap.

The Board welcomes all the newly appointed Directors and looks forward to their experienced and expert guidance in the development and future progress of Linde Pakistan.

Future prospects – challenges and strategies

The Pakistan economy in the last few years has been affected by various economic challenges primarily due to the energy crisis and law and order situation, and your Company has faced these challenges as successfully as was possible under the circumstances.

In the future in line with The Linde Group strategy, your Company is focused on developing its PGP portfolio through new product introductions in both the gases and welding business. These would further add to the Company's value proposition to the customer and would also allow Linde to grow in new businesses areas, which is expected to consolidate and maximize profitability as well as enhance competitiveness.

Your Company has introduced new product ranges and is also focused on strengthening the existing product portfolio through improved product service offerings. There has been increased leveraging of the engineering expertise available within The Linde Group to provide value added and innovative solutions to customers. Linde Pakistan, will also continue to leverage the research and 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 and thereby is positioning itself to provide solutions to these industries grow its business in a profitable manner. It will also continue to implement global standardized processes to become more cost effective and remain competitive.

Inflation in the country has shown signs of improvement and with the reduction in global oil prices, the country's macro-economic indicators have begun to improve. Provided this scenario continues and political and law and order situation improves, a positive impact on the investment climate and industrial growth of the country can be expected. Linde Pakistan has continued to invest in its assets and its human resources and this will allow it to be perfectly poised to take advantage of any opportunity for growth that arises as a result, particularly in the light of the expectation that the energy crises is expected to significantly abate in the next two to three years.

Acknowledgement

The Board is fully appreciative of the dedication and commitment of its all employees and would like to thank them for their valuable contributions in producing sustainable growth in a highly competitive economic condition. The Board also acknowledges and wishes to thank all its valuable customers and other stakeholders for their continued support and loyalty to the Company.

On behalf of the Board

Karachi
27 February 2015

Munnawar Hamid – OBE
Chairman

Linde's business professionals are empowered to drive the organisation's growth.

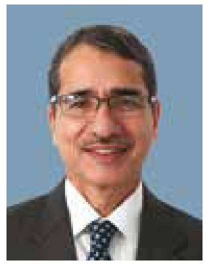
Highly trained engineering and business professionals provide customised solutions for all customer needs.

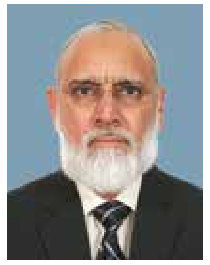
Country Leadership Team (CLT).


Muhammad Ashraf Bawany
Managing Director


Muhammad Samiullah Siddiqui
Executive Director & CFO


Farried Aman Shaikh
Marketing Manager


Zubair Ahmad
Sales Manager North


Mashhood Zia
HSE & Q Manager


Muhammad Salim Sheikh
Head of HR


Ali Ahmad
Sales Manager South


Zubair Siddiqui
Head of Operations


Mazhar Ali
Business Manager
Healthcare


Arshad Manzoor
Cluster IS Manager
Bangladesh & Pakistan

Corporate governance.

Linde Pakistan Limited (the Company) attaches great importance to good corporate governance and operates its business in full compliance with the best practices of laws, listing regulations and statutory guidelines, as applicable to companies listed on stock exchanges in Pakistan, as well as articles of association of the Company, internal policies and procedures formulated by the Board of Directors. The governance of the Company is further strengthened by its code of ethics, risk management and sound internal control system which ensures objectivity, accountability and integrity. The Company continuously strives towards betterment of its governance in order to perpetuate it into generating long term economic value for its shareholders, customers, employees, other associated stakeholders and the society as a whole.

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 48 of this annual report.

i. Information about outstanding taxes and levies is given in the Notes to the financial statements.

j. Information with respect to significant business plans and decisions for the future prospects of profits have been stated in the Directors' report as approved by the Board.

k. The value of net assets available as benefits in the staff retirement funds as per their respective financial statements is as follows:

Staff Provident Fund	–	Rs 189 million as at 31 July 2014
Employees' Gratuity Fund	Rs 121 million as at 31 December 2014	Rs 102 million as at 31 December 2013
Management Staff Pension Fund	Rs 76 million as at 31 December 2014	Rs 73 million as at 31 December 2013
Management Staff Defined Contribution Pension Fund	Rs 138 million as at 31 December 2014	Rs 120 million as at 31 December 2013

The audit of these funds is in progress.

Board of Directors

The Board of Linde Pakistan has a balance of executive, non-executive and independent Directors. The existing Board has nine Directors. Of these, seven are non-executive Directors, including two independent Directors and a Director representing a financial institution (NITL). The remaining two directors are executive Directors including the Chief Executive Officer and the Chief Financial Officer 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 2017.

During the year four (4) meetings of the Board of Directors were held while four (4) and three (3) meetings of the Audit Committee and Human Resource & Remuneration Committee were held respectively. Attendance by each Director in the meetings of the Board and its Committees is as follows:

		Board of Directors	Audit Committee	Human Resources & Remuneration Committee
		Total number of meetings held during the year/ Attendance (2014)		
	Name of Directors	4	4	3
1.	Mr. Munnawar Hamid – OBE	4/4	–	2/3
2.	Mr. M Ashraf Bawany	4/4	–	3/3
3.	Mr. Manzoor Ahmed*	2/4	–	3/3
4.	Mr. Bernd H Eulitz***	4/4	4/4	3/3
5.	Mr. Siew Yap Wong***	3/4	3/4	3/3
6.	Mr. Atif Riaz Bokhari	3/4	4/4	–
7.	Ms. Desiree Co Bacher****	4/4	–	–
8.	Mr. Humayun Bashir	4/4	4/4	–
9.	Mr. Shahid Hafiz Kardar	4/4	4/4	–
10.	Mr. Khaleeq Kayani**	1/4	–	–

*Resigned as Director of the Company w.e.f 10/10/2014
**Appointed as Director of the Company w.e.f 20/10/2014
***Resigned as Director of the Company w.e.f 31/12/2014.
****Resigned as Director of the Company w.e.f. 5/2/2015.

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.

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
Board Audit Committee (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 five non-executive Directors including its Chairman who is an independent Director. The Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and a representative of External Auditors attend the 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. The present members of BAC are as follows:

1.	Mr. Humayun Bashir	Chairman	Independent Director
2.	Mr. Atif Riaz Bokhari	Member	Non-Executive Director
3.	Mr. Shahid Hafiz Kardar	Member	Independent Director
4.	Mr. Andrew James Cook*	Member	Non-Executive Director
5.	Mr. Ganapathy S NarayanaSwamy*	Member	Non-Executive Director

*Appointed w.e.f 06/02/2015

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

Human Resource and 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 four are non-executive Directors including the Chairman whilst the fifth is the Chief Executive of the Company. The present members are as follows:

1.	Mr. Munnawar Hamid – OBE	Chairman	Non-Executive Director
2.	Mr. M Ashraf Bawany	Member	Executive Director
3.	Mr. Khaleeq Kayani	Member	Non-Executive Director
4.	Mr. Andrew James Cook*	Member	Non-Executive Director
5.	Mr. Ganapathy S NarayanaSwamy*	Member	Non-Executive Director

*Appointed w.e.f 06/02/2015

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 notified to the Board.

This Committee consists of one non-executive and one executive Director as follows:

1.	Mr. Khaleeq Kayani	Chairman	Non-Executive Director
2	Mr. M Ashraf Bawany	Member	Managing Director & CEO

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

Engagement of Directors in other companies/entities

Mr. Munnawar Hamid – OBE
- Silkbank Limited
- Human Resources and Compensation Committee of the Board, Silkbank Limited
- The Aga Khan University
- The Aga Khan University Provident Fund
- The Aga Khan University Gratuity Fund
- Physical Plant & Infrastructure Committee of the
- Aga Khan University, Board of Trustees
- Audit Committee, HR Committee, and Resource Development Committee of the Aga Khan University Board of Trustees

Mr. Muhammad Ashraf Bawany
- National Clearing Company of Pakistan Limited (NCCPL)
- Audit Committee of NCCPL (Chairman)
- Pakistan German Business Forum
- German Pakistan Trade & Investment
- BOC Pakistan (Private) Limited
- Aziz Tabba Foundation Welfare Committee
- Tabba Heart Institute Welfare Committee
- Strategic Advisory Board - Memon Professional Forum

Mr. Atif Riaz Bokhari
- NIB Bank Limited
- Board Human Resource Committee – NIB Bank Limited
- Board Risk Management Committee – NIB Bank Limited
- PICIC Asset Management Company Limited

Mr. Humayun Bashir
- IBM Pakistan & Afghanistan

Mr. Shahid Hafiz Kardar
- Beaconhouse National University (BNU)
- Board of Governors of Shaukat Khanum Memorial Trust
- Human Rights Commission of Pakistan

Mr. Khaleeq Kayani
- Nil

Mr. Andrew James Cook
- Linde LienHwa Industrial Gases Co (Taiwan)
- Asia Union Electronic Chemical Corp (Taiwan)
- Asia Union Electronic Chemical Corp (Shanghai)

Mr. Ganapathy Subramanian NarayanaSwamy
- Nil

Mr. Muhammad Samiullah Siddiqui
- BOC Pakistan (Private) Limited

Internal and external audit

Internal audit
At Linde Pakistan Limited, the internal audit function 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 to the Head of Internal Audit 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 the requirements of the role. In addition, the Head of Internal Audit has unrestricted access to the Board Audit Committee Chairman, the Managing Director and the Chief Financial Officer 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 a risk based planning approach. Further, globally identified high value reviews also form part of the audit plan to provide further value to Linde Pakistan.

The internal audit department is guided by a comprehensive audit manual as provided by its 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 or memos undergo intensive quality reviews at internal audit's local, regional and global levels. In addition, the department is guided by the Institute of Internal Auditors' 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 everyone 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 organizations 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 minimize the risk of corruption in our business.

Integrity Line (IL)

The Integrity Line (IL) reporting system is an important element of the compliance framework at The Linde Group. It enables both internal and external stakeholders to raise issues or report any doubts or suspicions that they might have through telephone or e-mail. Complete anonymity of the person using this facility is assured. If an internal investigation reveals that the doubts or suspicions raised were justified, a prescribed process is used within a defined timeframe to determine which measures are required and whether these have been implemented.

Insider trading

The Company strictly observes 'closed period' prior to announcement of its interim and final results as prescribed in the Code of Corporate Governance during which no Director, CEO, CFO, Company Secretary, Head of Internal Audit or designated executives drawing annual basic salary exceeding Rs 1.2 million as determined by the Board and their spouses can directly or indirectly deal in the shares of the Company.

During the year under review, no trading in the shares of the Company was carried out by its Directors, Chief Executive, Chief Financial Officer, Company Secretary, Head of Internal Audit, designated executives and their spouses.

Competition law

The Company strongly believes in free and fair competition as embodied in its Code of Ethics. The Company fully supports healthy competition in the country and aggressively but fairly competes with its competitors staying within the bounds of applicable laws. At LPL, we endeavour to win a business in a legitimate manner and to provide better products and services to our customers.

The Legal and Secretarial Department of the Company also endeavours to keep all the functional heads of the Company well informed of the importance of the competition laws and shares with them all related news items that appear from time to time in the press to ensure compliance with the competition laws.

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.

Moreover, the Company follows the Companies Ordinance, 1984 and applicable International Financial Reporting Standards (IFRS) and endeavours to provide as much supplementary information in the financial statements as possible.

Material interests of Board of Directors

At the time of election/appointment and thereafter, on an annual basis, each of the Directors is required to disclose his/her Directorship or membership held in any other body corporate or firm in compliance with Section 214 of the Companies Ordinance, 1984. List of offices held by the Directors is maintained and updated as and when any change is notified by a Director which helps determine the related parties.

Related party transactions

The Company maintains a record of transactions entered into with related parties. All transactions with related parties are carried out at arm's length basis. The details of related party transactions are placed before the Audit Committee and upon its recommendations the same is put up before the Board for review and approval.

Evaluation of the Board's own performance

As required under the amended Code of Corporate Governance 2012, the Board, on the basis of a mechanism carries out an annual evaluation of its own performance. The mechanism is designed to assess and identify strengths and weaknesses in the performance of the Board covering sound corporate governance practices, strategy, roles of the Chairman and Directors, objective settings, effectiveness of meetings of the Board and its committees.

Annual General Meeting

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 to the Directors present, but is also an opportunity for informing the shareholders about 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 94 and 95 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.

Statement of compliance with the Code of Corporate Governance. Year ended 31 December 2014.

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

The Company has applied the principles contained in the 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:

Independent Directors
- Mr. Humayun Bashir
- Mr. Shahid Hafiz Kardar

Executive Directors
- Mr. Muhammad Ashraf Bawany
- Mr. Muhammad Samiullah Siddiqui*

Non-Executive Directors
- Mr. Munnawar Hamid – OBE
- Mr. Atif Riaz Bokhari
- Mr. Khaleeq Kayani
- Mr. Andrew James Cook*
- Mr. Ganapathy Subramanian NarayanaSwamy*

Note: Mr. Manzoor Ahmed resigned as Director from the Company on 10 October 2014 while Mr Bernd Hugo Eulitz Mr Wong Siew Yap resigned from their Directorship with effect from 31 December 2014. Subsequent to year-end, Ms Desiree Co Bacher resigned as Director of the Company on 05 February 2015.

2. The independent Directors meet the criteria of independence under clause I (b) of the CCG.

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.

4. 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.

5. During the year, three casual vacancies were occurred on the Board of the Company which were filled up accordingly within the prescribed time (90 days). Further, subsequent to the year-end, a vacancy also occurred on the Board on 05 February 2015 which was filled up on 06 February 2015.

6. As required, a Code of Ethics of the ultimate parent company, Linde AG, Germany, is in place as a Code of Conduct of the Company. Company ensures that the Directors and employees are familiar with the Code of Ethics which is also available on the Company's website at www.linde.pk

7. 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.

8. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of annual remuneration and terms and conditions of employment of the CEO and non-executive Directors, have been taken by the Board.

9. All the meetings of the Board held during the year were presided over by the Chairman. The Board met four times this year including once in every quarter for consideration and approval of the financial statements. 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.

10. 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, newly appointed Directors were provided with the copies of Listing Regulations, Memorandum & Articles of Association and Code of Corporate Governance while orientation sessions were also arranged for them during the year to acquaint them with the market situations, business objectives and affairs of the Company.

11. Additionally, Directors were kept abreast with the changes in the laws as and when notified to ensure compliance thereon. During the year under review, two overseas Directors completed Directors' training program. However, consequent upon recent Board changes, two trained Directors have stepped down leaving three certified Directors on the Board, whilst one is exempt on the basis of prescribed education and experience. The Company shall, however, arrange training for rest of the Directors by 30 June 2016 as prescribed in the CCG.

12. 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.

13. 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.

14. The financial statements of the company were duly endorsed by the CEO and CFO before approval of the Board. The half yearly and annual financial statements were also initialed by the external auditors before presentation to the Board.

15. The Directors, CEO and designated executives or their spouses do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

16. The Company has complied with all the corporate and financial reporting requirements of the CCG.

17. The Board Audit Committee has been in existence since May 2002. It comprises five members, all of whom are non-executive Directors including the Chairman of the Committee who is also an independent Director. Currently, Mr. Jamal A Qureshi, Company Secretary, is the Secretary to the Audit Committee.

18. 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.

19. The Company has a Human Resource & Remuneration Committee of the Board. It has five members. Of these, four are non-executive Directors including the Chairman of the Committee while the CEO, an executive Director, is also a member of the Committee in terms of clause xxv of the CCG.

20. 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.

21. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control

*Appointed with effect from 06 February 2015 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.

22. 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.

23. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's shares, was determined and intimated to Directors, CEO, CFO, Head of Internal Audit, designated Executives and stock exchanges.

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

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

Karachi
27 February 2015

Muhammad Ashraf Bawany
Chief Executive

Munnawar Hamid – OBE
Chairman

KPMG Taseer Hadi & Co.
Chartered Accountants
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Karachi, 75530 Pakistan

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Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Linde Pakistan Limited** ("the Company") for the year ended 31 December 2014 to comply with the requirements of Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 of Directors' 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 as applicable to the Company for the year ended 31 December 2014.

Date: 27 February 2015

Karachi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Ten-year financial review.

Rupees in '000	2005	15 months ended 31 December (Restated) 2006	2007	2008	2009	2010	2011	2012	2013	2014
Operating results										
Sales	1,752,399	2,299,531	2,174,515	2,453,341	2,307,741	2,530,022	3,044,800	3,739,405	4,016,101	3,925,036
Gross profit	735,383	910,212	934,021	835,647	710,989	686,774	769,209	954,170	764,231	710,372
Profit from operations	518,285	667,598	685,866	550,395	491,609*	413,224*	404,639	564,252*	350,459	295,078
Profit before taxation	502,159	598,037	682,370	547,693	374,284	375,026	402,723	315,414	245,408	177,402
Taxation	(132,235)	(130,073)	(223,321)	(145,587)	(122,672)	(131,201)	(139,848)	(39,125)	(63,941)	(50,515)
Profit after taxation	369,924	467,964	459,049	402,106	251,612	243,825	262,875	276,289	181,467	126,887
Dividends	300,464	375,581	325,503	325,503	225,349	150,232	175,271	175,271	137,713	112,674
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	812,704	1,094,681	1,175,745	1,257,040	1,202,319	1,240,743	1,331,291	1,428,510	1,452,807	1,440,580
Shareholders' fund	**1,063,127**	**1,345,068**	**1,426,132**	**1,507,427**	**1,452,706**	**1,491,130**	**1,581,678**	**1,678,897**	**1,703,194**	**1,690,967**
Deferred liabilities	249,857	278,811	277,175	229,124	202,034	195,281	167,315	204,192	291,789	339,425
Long-term liabilities and borrowings (net of cash)	(68,937)	(188,117)	(442,534)	(221,477)	(384,745)	(355,569)	204,329	538,037	959,159	827,866
	1,244,047	**1,435,762**	**1,260,773**	**1,515,074**	**1,269,995**	**1,330,842**	**1,953,322**	**2,421,126**	**2,954,142**	**2,858,258**
Represented by										
Non-current assets	1,321,234	1,313,880	1,190,726	1,380,166	1,276,004	1,342,471	2,075,442	2,631,493	3,076,995	3,214,373
Working capital	(77,187)	121,882	70,047	134,908	(6,009)	(11,629)	(122,120)	(210,367)	(122,853)	(356,115)
	1,244,047	**1,435,762**	**1,260,773**	**1,515,074**	**1,269,995**	**1,330,842**	**1,953,322**	**2,421,126**	**2,954,142**	**2,858,258**
Statistics										
Expenditure on fixed assets	69,321	89,435	66,561	417,354	123,421	311,453	991,470	839,481	684,267	400,265
Annual depreciation and amortisation	138,780	144,801	139,319	148,817	171,647	177,492	204,304	268,203	244,873	290,509
Earnings per share – Rupees	14.77	18.69	18.33	16.06	10.05	9.74	10.50	11.03	7.25	5.07
Dividend per share – Rupees (Note 1)	12.00	15.00	13.00	13.00	9.00	6.00	7.00	7.00	5.50	4.50
Dividend cover – times (Note 1)	1.23 x	1.25 x	1.41 x	1.24 x	1.12 x	1.62 x	1.50 x	1.58 x	1.32 x	1.13 x
Net asset backing per share – Rupees	42.46	53.72	56.96	60.20	58.02	59.55	63.17	67.05	68.02	67.53
Return on average shareholders' fund (based on profit after tax)	35.54%	38.86%	33.13%	27.41%	17.00%	16.57%	17.11%	16.95%	10.73%	7.48%
Dividend on average shareholders' fund (Note 1)	28.87%	31.19%	23.49%	22.19%	15.23%	10.21%	11.41%	10.75%	8.14%	6.64%
Return on average capital employed (Based on profit before financial charges and tax)	41.06%	45.60%	50.87%	39.66%	27.03%	29.01%	24.64%	16.44%	13.04%	9.59%
Price/earning ratio (unadjusted)	10.66	7.55	13.78	7.03	12.73	9.36	9.62	13.91	24.67	40.94
Dividend yield ratio (Note 1)	7.62%	10.63%	5.14%	11.52%	7.03%	6.59%	6.93%	4.56%	3.08%	2.17%
Dividend payout ratio (Note 1)	81.22%	80.26%	70.91%	80.95%	89.55%	61.61%	66.67%	63.44%	75.86%	88.75%
Fixed assets/turnover ratio	1.39	2.46	2.53	2.17	2.17	2.03	1.50	1.44	1.31	1.22
Debt/equity ratio	9:91	1:99	0:100	0:100	0:100	0:100	11:89	31:69	39:61	37:63
Current ratio	1.21	1.88	2.31	2.01	1.91	1.81	1.00	1.17	1.06	0.86
Interest cover – times	32.14 x	48.23 x	196.19 x	203.70 x	177.13 x	171.62 x	211.19 x	8.13 x	3.34 x	2.51 x
Debtors turnover ratio	16.87	15.92	14.57	17.15	14.86	15.72	18.71	20.78	17.79	14.49
Gross profit ratio (as percentage of turnover)	41.96%	39.58%	42.95%	34.06%	30.81%	27.14%	25.26%	25.52%	19.03%	18.10%
Market value per share at year end – Rupees	157.55	141.15	252.70	112.82	127.95	91.10	101.00	153.49	178.86	207.48

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

*Profit from operations represent operating profit before reorganisation / restructuring cost

Profit and loss account.
Vertical and horizontal analysis.

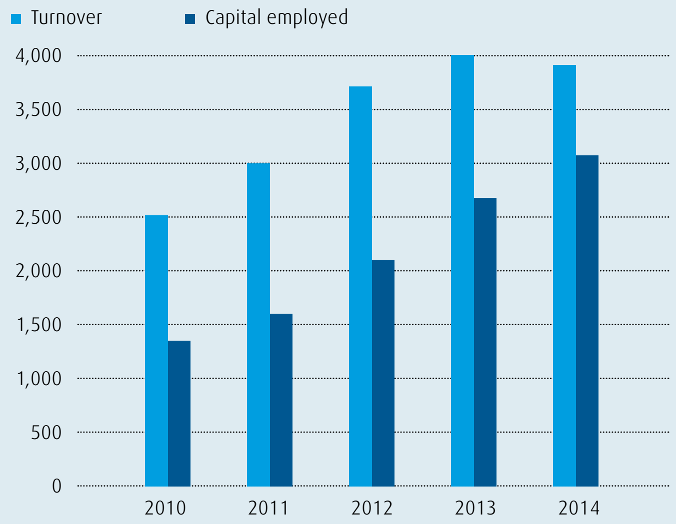
Rupees in '000	2014	2013	2012	2011	2010	2009
Net sales	3,925,036	4,016,101	3,739,405	3,044,800	2,530,022	2,307,741
Cost of sales	(3,214,664)	(3,251,870)	(2,785,235)	(2,275,591)	(1,843,248)	(1,596,752)
Gross profit	**710,372**	**764,231**	**954,170**	**769,209**	**686,774**	**710,989**
Distribution and marketing expenses	(240,854)	(209,527)	(231,066)	(211,490)	(195,134)	(152,785)
Administrative expenses	(233,622)	(214,358)	(193,676)	(171,376)	(149,054)	(132,727)
Other operating expenses	(26,897)	(46,472)	(33,811)	(40,554)	(52,576)	(99,612)
Other income	86,079	56,585	68,635	58,850	123,214	165,744
Operating profit before reorganization / restructuring cost	**295,078**	**350,459**	**564,252**	**404,639**	**413,224**	**491,609**
Reorganization / restructuring cost	-	-	(204,572)	-	(36,000)	(115,200)
Operating profit after reorganization / restructuring cost	**295,078**	**350,459**	**359,680**	**404,639**	**377,224**	**376,409**
Finance costs	(117,676)	(105,051)	(44,266)	(1,916)	(2,198)	(2,125)
Profit before tax	**177,402**	**245,408**	**315,414**	**402,723**	**375,026**	**374,284**
Taxation	(50,515)	(63,941)	(39,125)	(139,848)	(131,201)	(122,672)
Profit for the year	126,887	181,467	276,289	262,875	243,825	251,612
Vertical analysis – percentage (%) of sales						
Net sales	100	100	100	100	100	100
Cost of sales	(82)	(81)	(74)	(75)	(73)	(69)
Gross profit	**18**	**19**	**26**	**25**	**27**	**31**
Distribution and marketing expenses	(6)	(5)	(6)	(7)	(8)	(7)
Administrative expenses	(6)	(5)	(5)	(6)	(6)	(6)
Other operating expenses	(1)	(1)	(1)	(1)	(2)	(4)
Other income	2	1	2	2	5	7
Operating profit before reorganization / restructuring cost	**7**	**9**	**16**	**13**	**16**	**21**
Reorganization / restructuring cost	0	0	(5)	0	(1)	(5)
Operating profit after reorganization / restructuring cost	**7**	**9**	**11**	**13**	**15**	**16**
Finance costs	(3)	(3)	(1)	0	0	0
Profit before tax	**4**	**6**	**10**	**13**	**15**	**16**
Taxation	(1)	(2)	(1)	(5)	(5)	(5)
Profit for the year	3	4	9	8	10	11
Horizontal analysis (year on year) Percentage increase / (decrease) over preceeding year						
Net sales	(2)	7	23	20	10	(6)
Cost of sales	(1)	17	22	23	15	(1)
Gross profit	**(7)**	**(20)**	**24**	**12**	**(3)**	**(15)**
Distribution and marketing expenses	15	(9)	9	8	28	(4)
Administrative expenses	9	11	13	15	12	2
Other operating expenses	(42)	37	(17)	(23)	(47)	81
Other income	52	(18)	17	(52)	(26)	183
Operating profit before reorganization / restructuring cost	**(16)**	**(38)**	**39**	**(2)**	**(16)**	**(11)**
Reorganization / restructuring cost	0	(100)	100	(100)	(69)	100
Operating profit after reorganization / restructuring cost	**(16)**	**(3)**	**(11)**	**7**	**0**	**(32)**
Finance costs	12	137	2210	(13)	3	(21)
Profit before tax	**(28)**	**(22)**	**(22)**	**7**	**0**	**(32)**
Taxation	(21)	63	(72)	7	7	(16)
Profit for the year	(30)	(34)	5	8	(3)	(37)

Balance sheet.
Vertical and horizontal analysis.

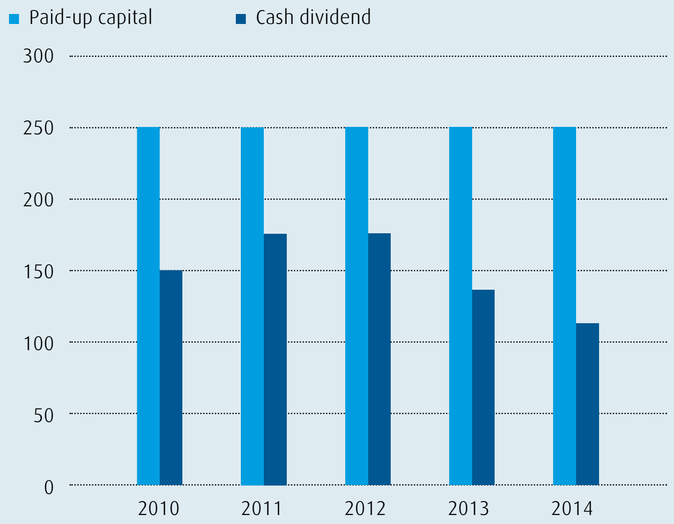
Rupees in '000	2014	2013	2012	2011	2010	2009
Equity and liabilities						
Total equity	1,690,967	1,703,194	1,678,897	1,581,678	1,491,130	1,452,706
Total non-current liabilities	1,289,903	1,441,147	1,095,778	497,195	317,776	317,599
Total current liabilities	1,616,945	1,045,058	863,816	692,760	578,329	545,644
Total equity and liabilities	**4,597,815**	**4,189,399**	**3,638,491**	**2,771,633**	**2,387,235**	**2,315,949**
Assets						
Total non-current assets	3,214,373	3,076,995	2,631,493	2,075,442	1,342,471	1,276,004
Total current assets	1,383,442	1,112,404	1,006,998	696,191	1,044,764	1,039,945
Total assets	**4,597,815**	**4,189,399**	**3,638,491**	**2,771,633**	**2,387,235**	**2,315,949**
Vertical analysis						
Equity and liabilities						
Total equity	37	41	46	57	63	63
Total non-current liabilities	28	34	30	18	13	14
Total current liabilities	35	25	24	25	24	23
Total equity and liabilities	**100**	**100**	**100**	**100**	**100**	**100**
Assets						
Total non-current assets	70	73	72	75	56	55
Total current assets	30	27	28	25	44	45
Total assets	**100**	**100**	**100**	**100**	**100**	**100**
Horizontal analysis (year on year) Percentage increase / (decrease) over preceeding year						
Equity and liabilities						
Total equity	(1)	1	6	6	3	(4)
Total non-current liabilities	(10)	32	120	56	0	(7)
Total current liabilities	55	21	25	20	6	18
Total equity and liabilities	**10**	**15**	**31**	**16**	**3**	**0**
Assets						
Total non-current assets	4	17	27	55	5	(8)
Total current assets	24	10	45	(33)	0	12
Total assets	**10**	**15**	**31**	**16**	**3**	**0**

Key financial data.

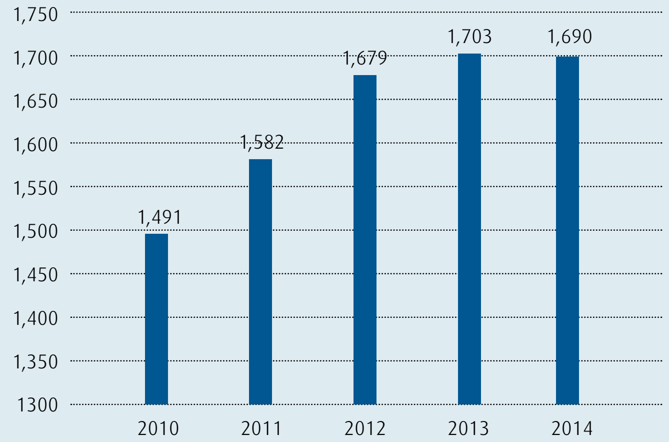
Turnover (net) and average capital employed (Rupees in million)



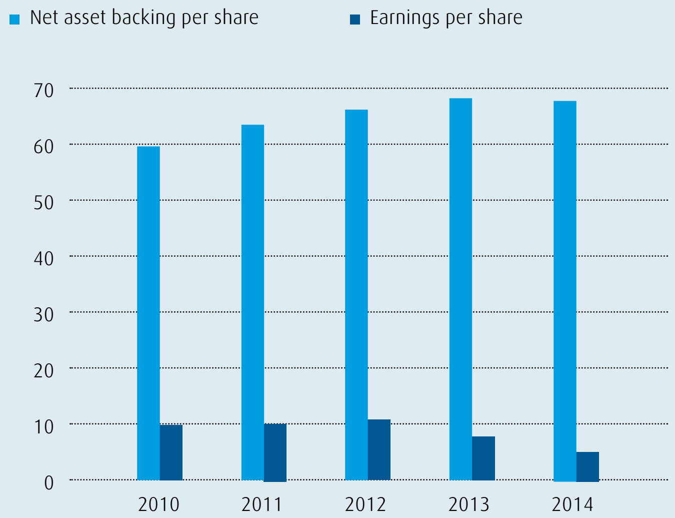
Paid-up capital and cash dividend (Rupees in million)



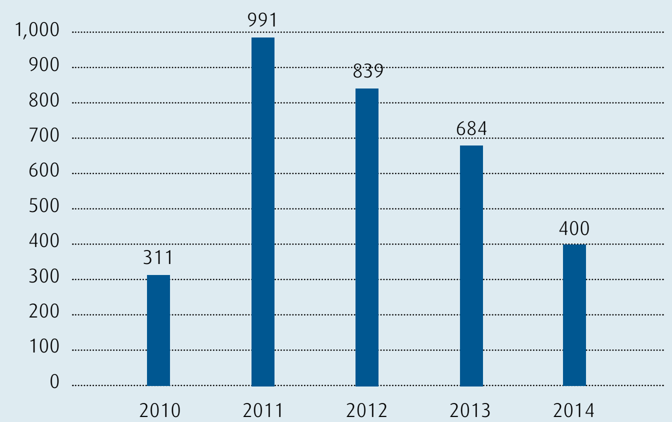
Shareholders' fund (Rupees in million)



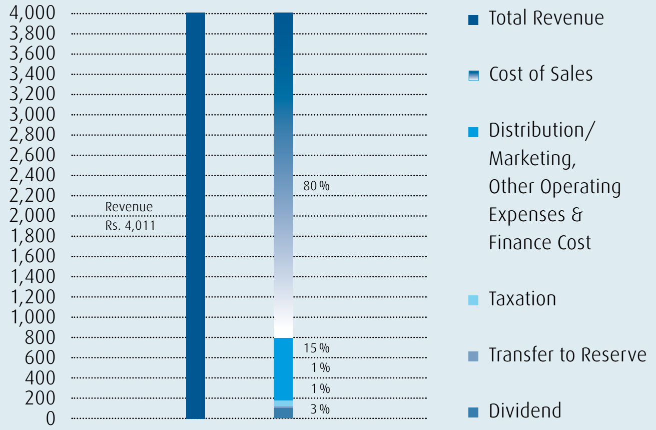
Break up value and EPS (Rupees)



Capital expenditure (Rupees in million)



Application of revenue 2014 (Rupees in million)



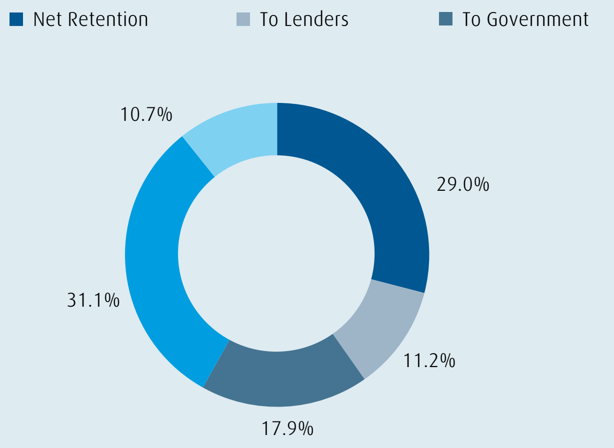
Statement of value added during 2014.

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

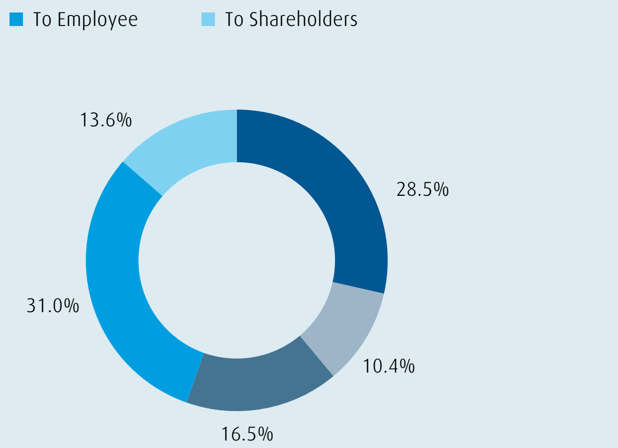
Rupees in '000	2014	2013
Wealth Generated		
Total Revenue (net of sales tax)	4,011,115	4,072,686
Bought-in-material & services	(2,961,777)	(3,061,556)
	1,049,339	1,011,130
Wealth Distributed		
To Employees		
Salaries, wages and benefits	326,759	313,203
To Government		
Income tax on profit, Workers' Funds, import duties (exclusive of capital items) and un-adjustable sales tax	187,507	166,536
To Providers of Capital		
Cash Dividends to Shareholders *	112,674	137,713
To Lenders		
Finance cost	117,676	105,051
Retained in the Business		
Represented by depreciation and transfer to general reserve for replacement of fixed assets	304,722	288,627
	1,049,339	1,011,130

*Includes proposed final dividend declared subsequent to year end

Wealth generated and distributed 2014



Wealth generated and distributed 2013



Financial Statements of the Company.

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60 Cash flow statement
61 Statement of changes in equity
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Karachi, 75530 Pakistan

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Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed balance sheet of **Linde Pakistan Limited** ("the Company") as at 31 December 2014 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 2014 and of the profit, 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 2015

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Profit and loss account.

Rupees in '000	Note	For the year ended 31 Dec. 2014	For the year ended 31 Dec. 2013
Gross sales	5	4,451,066	4,553,537
Trade discount and sales tax	5	(526,030)	(537,436)
Net sales		**3,925,036**	**4,016,101**
Cost of sales	6	(3,214,664)	(3,251,870)
Gross profit		**710,372**	**764,231**
Distribution and marketing expenses	7	(240,854)	(209,527)
Administrative expenses	8	(233,622)	(214,358)
Other operating expenses	9	(26,897)	(46,472)
Other income	10	86,079	56,585
Operating profit		**295,078**	**350,459**
Finance costs	11	(117,676)	(105,051)
Profit before taxation		**177,402**	**245,408**
Taxation	12	(50,515)	(63,941)
Profit for the year		126,887	181,467
Earnings per share – basic and diluted in Rupees	13	5.07	7.25

The annexed notes 1 to 43 form an integral part of these financial statements.

Muhammad Ashraf Bawany
Chief Executive

Munnawar Hamid – OBE
Chairman

Statement of comprehensive income.

Rupees in '000	Note	For the year ended 31 Dec. 2014	For the year ended 31 Dec. 2013
Profit for the year		126,887	181,467
Other comprehensive income			
Items that will never be reclassified to profit and loss account			
Net re-measurement on defined benefit plans	33.1	(5,328)	2,056
Tax thereon		1,892	(699)
		(3,436)	**1,357**
Items that will be reclassified subsequently to profit and loss account			
Gain on derivative financial instruments		(6,401)	6,401
Tax thereon		2,176	(2,176)
		(4,225)	**4,225**
Total comprehensive income for the year		119,226	187,049

The annexed notes 1 to 43 form an integral part of these financial statements.

Muhammad Ashraf Bawany
Chief Executive

Munnawar Hamid – OBE
Chairman

Balance sheet.

Rupees in '000	Note	As at 31 Dec. 2014	As at 31 Dec. 2013
Assets			
Non-current assets			
Property, plant and equipment	14	3,162,583	3,021,241
Intangible assets	15	25,370	29,026
Investment in subsidiary		10	10
Long-term loans	16	-	55
Long-term deposits		26,410	26,663
		3,214,373	**3,076,995**
Current assets			
Stores and spares	17	114,790	113,146
Stock-in-trade	18	276,591	226,226
Trade debts	19	293,490	248,320
Loans and advances	20	15,231	11,291
Deposits and prepayments	21	46,882	33,105
Other receivables	22	96,511	68,547
Taxation – net		232,335	121,570
Cash and bank balances	23	307,612	290,199
		1,383,442	**1,112,404**
Total assets		4,597,815	4,189,399
Equity and liabilities			
Share capital and reserves			
Share capital	24	250,387	250,387
Reserves		1,348,427	1,307,541
Unappropriated profit		92,153	145,266
		1,690,967	**1,703,194**
Non-current liabilities			
Long-term financing	25	810,000	995,000
Long-term deposits	26	140,478	154,358
Deferred liabilities	27	339,425	291,789
		1,289,903	**1,441,147**
Current liabilities			
Trade and other payables	28	1,088,752	945,058
Short term borrowings	29	343,193	-
Current maturity of long-term financing		185,000	100,000
		1,616,945	**1,045,058**
Total equity and liabilities		4,597,815	4,189,399
Contingencies and commitments	30		

The annexed notes 1 to 43 form an integral part of these financial statements.

Muhammad Ashraf Bawany
Chief Executive

Munnawar Hamid – OBE
Chairman

Cash flow statement.

Rupees in '000	Note	For the year ended 31 Dec. 2014	For the year ended 31 Dec. 2013
Cash flow from operating activities			
Cash generated from operations	31	554,844	554,147
Finance costs paid		(161,806)	(94,902)
Income tax paid		(115,773)	(83,128)
Post-retirement medical benefits paid		(177)	(584)
Long-term loans and deposits		253	22
Long-term deposits		24,896	12,772
Net cash from operating activities		302,237	388,327
Cash flow from investing activities			
Acquisition of property, plant and equipment		(399,521)	(666,986)
Acquisition of intangible assets		(744)	(17,281)
Proceeds from disposal of operating assets		765	45,299
Interest received on balances with banks		3,513	5,714
Net cash used in investing activities		(395,987)	(633,254)
Cash flow from financing activities			
(Repayment of) / proceeds from long-term financing		(100,000)	345,000
Dividends paid		(132,030)	(163,423)
Net cash (used in) / from financing activities		(232,030)	181,577
Net (decrease) in cash and cash equivalents		(325,780)	(63,350)
Cash and cash equivalents at beginning of the year		290,199	353,549
Cash and cash equivalents at end of the year	32	(35,581)	290,199

The annexed notes 1 to 43 form an integral part of these financial statements.

Muhammad Ashraf Bawany
Chief Executive

Munnawar Hamid – OBE
Chairman

Statement of changes in equity.

For the year ended 31 Dec. 2014

Rupees in '000	Issued, subscribed and paid-up capital	Reserves: Hedging reserve	Reserves: General reserve	Unappropriated profit	Total
Balance as at 1 January 2013	250,387	-	1,207,623	220,887	1,678,897
Total comprehensive income for the year					
Profit for the year	-	-	-	181,467	181,467
Other comprehensive income for the year	-	4,225	-	1,357	5,582
	-	4,225	-	182,824	187,049
Transactions with owners of the Company, recognised directly in equity					
Final dividend for the year ended 31 December 2012 – Rs. 5.00 per share	-	-	-	(125,194)	(125,194)
Interim dividend for the year ended 31 December 2013 – Rs.1.5 per share	-	-	-	(37,558)	(37,558)
	-	-	-	(162,752)	(162,752)
Transfer to general reserve	-	-	95,693	(95,693)	-
Balance as at 31 December 2013	250,387	4,225	1,303,316	145,266	1,703,194
Total comprehensive income for the year					
Profit for the year	-	-	-	126,887	126,887
Other comprehensive income for the year	-	(4,225)	-	(3,436)	(7,661)
	-	(4,225)	-	123,451	119,226
Transactions with owners of the Company, recognised directly in equity					
Final dividend for the year ended 31 December 2013 – Rs. 4.00 per share	-	-	-	(100,155)	(100,155)
Interim dividend for the year ending 31 December 2014 – Rs. 1.25 per share	-	-	-	(31,298)	(31,298)
	-	-	-	(131,453)	(131,453)
Transfer to general reserve	-	-	45,111	(45,111)	-
Balance as at 31 December 2014	250,387	-	1,348,427	92,153	1,690,967

The annexed notes 1 to 43 form an integral part of these financial statements.

Muhammad Ashraf Bawany
Chief Executive

Munnawar Hamid – OBE
Chairman

Notes to the financial statements.
For the year ended 31 December 2014.

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

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 as otherwise disclosed.

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

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision 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 40 to these financial statements.

3. Standards, amendments and interpretations

3.1 During the year certain standards, interpretations and amendments became effective which were not relevant to the Company.

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 2015.

- Amendments to IAS 19 Employee Benefits
- Amendments to IAS 38 Intangible Assets and IAS 16 Properties, Plant and Equipment
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interest in Other Entities
- IFRS 13 Fair Value Measurement
- Amendment to IAS 27 Separate Financial Statement
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41]
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Improvements to:
- IFRS 2 Share-based Payment
- IFRS 3 Business Combinations
- IFRS 8 Operating Segments
- Amendments to IAS 16 Property, plant and equipment and IAS 38 Intangible Assets
- IAS 24 Related Party Disclosure
- IAS 40 Investment Property
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments – Disclosures
- IAS 19 Employee Benefits
- 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 reserve
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, carried forward unused tax losses and unutilised tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be 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 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.

4.9 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.

4.10 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.

4.11 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 24.

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 2014, using the "Projected Unit Credit Method".

Amount recognized in the balance sheet with respect to above schemes represent the present value of obligations under the schemes as reduced by the fair value of plan assets, if any.

Remeasurements of net defined benefit liability / (asset) which comprises actuarial gains / (losses), return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income.

Net interest cost, calculated by applying discount rate at the beginning of reporting period to the net defined benefit liability or asset at the beginning of that reporting period adjusted for contribution and benefit payments.

Service cost, including past service cost and settlement gains / (losses) are recognized in profit and loss account.

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 and loss account.

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. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

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:

			2014			2013
Rupees in '000	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
Gross sales	3,695,228	755,838	4,451,066	3,499,390	1,054,147	4,553,537
Less						
Trade discount	7,418	-	7,418	11,181	-	11,181
Sales tax	410,067	108,545	518,612	378,132	148,123	526,255
	417,485	**108,545**	**526,030**	**389,313**	**148,123**	**537,436**
Net sales	**3,277,743**	**647,293**	**3,925,036**	**3,110,077**	**906,024**	**4,016,101**
Less						
Cost of sales	2,699,418	515,246	3,214,664	2,451,074	800,796	3,251,870
Distribution and marketing expenses	196,083	44,771	240,854	180,677	28,850	209,527
Administrative expenses	190,195	43,427	233,622	184,843	29,515	214,358
	3,085,696	**603,444**	**3,689,140**	**2,816,594**	**859,161**	**3,675,755**
Segment result	192,047	43,849	235,896	293,483	46,863	340,346
Unallocated corporate expenses						
Other operating expenses			(26,897)			(46,472)
Other income			86,079			56,585
Operating profit			295,078			350,459
Finance costs			(117,676)			(105,051)
Taxation			(50,515)			(63,941)
Profit for the year			126,887			181,467

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

5.3 There was no major customer whose revenue accounted for more than 10% of the Company's revenue.

5.4 The segment assets and liabilities as at 31 December 2014 and capital expenditure for the year then ended are as follows:

			2014			2013
Rupees in '000	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
Segment assets	3,700,058	172,766	3,872,824	3,482,154	162,205	3,644,359
Unallocated assets			724,991			545,040
Total assets			**4,597,815**			**4,189,399**
Segment liabilities	377,822	19,907	397,729	298,353	28,416	326,769
Unallocated liabilities			2,509,119			2,159,436
Total liabilities			**2,906,848**			**2,486,205**
Capital expenditure	**428,195**	**-**	**428,195**	**695,512**	**-**	**695,512**

5.5 All non-current assets of the Company as at 31 December 2014 were located within Pakistan. Depreciation expense mainly relates to industrial, medical and other gases segment.

6. Cost of sales

Rupees in '000	Note	2014	2013
Fuel and power		1,385,381	1,113,305
Raw materials consumed		553,692	412,376
Third party manufacturing charges		26,606	21,928
Depreciation	14.5	263,234	220,043
Salaries, allowances and other benefits	6.1	148,932	151,918
Transportation expenses		252,404	280,965
Repairs and maintenance		60,199	55,339
Consumable spares		60,754	54,320
Insurance		45,311	44,239
Travelling and conveyance		32,558	28,374
Safety and security expenses		16,978	16,122
Rent, rates and taxes		5,385	4,930
Staff training, development and other expenses		591	1,267
Other expenses		8,507	7,503
Cost of goods manufactured		**2,860,532**	**2,412,629**
Opening stock of finished goods		145,302	130,262
Purchase of finished goods		425,191	849,105
Write down of inventory to net realisable value		4,010	5,176
Closing stock of finished goods		**(220,371)**	**(145,302)**
		3,214,664	3,251,870

6.1 Salaries, allowances and other benefits included in respect of:

Rupees in '000	2014	2013
Defined benefit schemes	2,844	3,261
Defined contribution plans	5,676	5,314
	8,520	8,575

7. Distribution and marketing expenses

Rupees in '000	Note	2014	2013
Salaries, allowances and other benefits	7.1	119,389	116,052
Technical assistance fee		42,524	44,304
Travelling and conveyance		19,606	17,112
Systems support and shared services		14,908	-
Depreciation	14.5	8,038	6,558
Provision for doubtful debts		13,459	4,923
Communications and stationery		6,694	5,708
Repairs and maintenance		2,533	2,376
Safety and security expenses		1,216	1,631
Office light		4,596	4,509
Rent, rates and taxes		3,418	3,505
Sales promotion and symposium		1,137	536
Staff training, development and other expenses		2,264	1,681
Other expenses		1,072	632
		240,854	209,527

7.1 Salaries, allowances and other benefits include in respect of:

Rupees in '000	2014	2013
Defined benefit schemes	3,970	4,144
Defined contribution plans	8,945	8,080
	12,915	12,224

8. Administrative expenses

Rupees in '000	Note	2014	2013
Salaries, allowances and other benefits	8.1	99,186	86,995
Travelling and conveyance		20,610	19,050
Systems support and shared services		49,241	47,116
Communications and stationery		16,417	15,273
Depreciation	14.5	14,837	15,674
Repairs and maintenance		7,429	7,637
Office light		6,476	7,199
Directors' fee and remuneration		5,672	4,576
Amortization	15.1	4,400	2,598
Safety and security expenses		2,302	2,333
Staff training, development and other expenses		2,196	2,128
Insurance		814	790
Rent, rates and taxes		642	614
Other expenses		3,400	2,375
		233,622	214,358

8.1 Salaries, allowances and other benefits included in respect of:

Rupees in '000	2014	2013
Defined benefit schemes	1,830	2,492
Defined contribution plans	9,072	8,100
	10,902	10,592

9. Other operating expenses

Rupees in '000	Note	2014	2013
Workers' Profits Participation Fund		9,528	13,180
Workers' Welfare Fund		3,621	5,008
Net investment in finance lease written off		-	14,260
Legal and professional charges		11,709	8,294
Auditors' remuneration	9.1	1,614	1,588
Donations	9.2	425	637
Exchange loss – net		-	3,505
		26,897	46,472

9.1 Auditors' remuneration

Rupees in '000	2014	2013
Audit fee	850	805
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	240	220
Out-of-pocket expenses	94	133
	1,614	1,588

9.2 Donation includes an amount of Rs 100 thousand (2013: Nil) to Tabba Heart Institute, Karachi. Mr. Ashraf Bawany (Chief Executive) is a member of Tabba Heart Institute Welfare Committee.

10. Other income

Rupees in '000	2014	2013
Mark-up income on savings and deposit accounts	3,479	5,246
Liquidated damages	25,794	-
Gain on disposal of property, plant and equipment	765	40,184
Liabilities no more payable written back	47,516	8,874
Exchange gain – net	5,936	-
Others	2,589	2,281
	86,079	56,585

11. Finance costs

Rupees in '000	2014	2013
Bank charges	1,089	1,912
Mark-up on long-term financing	100,077	99,163
Mark-up on short-term running finances	16,463	3,798
Interest on Workers' Profits Participation Fund	47	178
	117,676	105,051

12. Taxation

Rupees in '000	2014	2013
Current tax – prior year	-	(20,725)
Deferred tax	50,515	84,666
	50,515	63,941

12.1 Relationship between tax expense and accounting profit
The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Company's applicable tax rate as follows:

Rupees in '000	2014	2013
Profit before taxation	177,402	245,408
Tax at the applicable tax rate of 33% (2013: 34%)	58,543	83,439
Effect of change in tax rate	3,567	(5,713)
Prior year reversal	-	(20,725)
Tax effect of non-deductible expenses	(8,038)	16,140
Effect of tax under final tax regime	18,599	13,909
Effect of tax credit	(23,900)	(30,097)
Others	1,744	6,988
	50,515	63,941

12.2 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 current period owing to tax losses brought forward from previous year. The applicable minimum tax charge has been adjusted against the tax credits available to the Company under section 65B of the Income Tax Ordinance, 2001.

12.3 The returns of total income for and upto the tax year 2014 have been filed by the Company and the said returns, as per the provisions of Section 120 of the Income Tax Ordinance, 2001 ("the Ordinance"), have been taken to be the deemed assessment orders passed by the concerned Commissioner on the day the said returns were furnished. However, the Commissioner may, at any time during a period of five years from the date of filing of return, select the deemed assessment order for audit.

13. Earnings per share – basic and diluted

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

	2014	2013
Profit for the year – Rupees in '000	126,887	181,467
Number of ordinary shares in '000	25,039	25,039
Earnings per share – basic and diluted in Rupees	5.07	7.25

14. Property, plant and equipment

Rupees in '000	Note	2014	2013
Operating assets	14.1	3,060,895	2,720,118
Capital work in progress	14.6	101,688	301,123
		3,162,583	3,021,241

14.1 Operating assets

Rupees in '000	Freehold land	Leasehold land	Buildings on Freehold land	Buildings on Leasehold land	Buildings on Customers' land	Plant and machinery	Vehicles	Furniture, fittings and office equipments	Computer equipments	Total
As at 1 January 2013										
Cost	43,071	10,526	133,688	84,529	20,149	3,844,069	80,059	59,537	31,652	4,307,280
Accumulated depreciation	-	(7,314)	(10,499)	(36,999)	(11,360)	(1,782,177)	(36,254)	(24,372)	(28,571)	(1,937,546)
Net book value	43,071	3,212	123,189	47,530	8,789	2,061,892	43,805	35,165	3,081	2,369,734
Additions	-	-	149,473	472	-	416,333	24,144	1,754	5,598	597,774
Disposals										
Cost	-	-	-	-	-	(67,723)	(20,013)	-	(85)	(87,821)
Accumulated depreciation	-	-	-	-	-	67,723	14,922	-	61	82,706
	-	-	-	-	-	-	(5,091)	-	(24)	(5,115)
Depreciation	-	(856)	(11,255)	(4,435)	(970)	(199,203)	(13,019)	(7,239)	(5,298)	(242,275)
Net book value as at 31 December 2013	43,071	2,356	261,407	43,567	7,819	2,279,022	49,839	29,680	3,357	2,720,118
Additions	-	15,000	-	6,948	1,692	589,778	6,479	-	6,989	626,886
Disposals										
Cost	-	-	-	-	-	(140)	(855)	-	(17,136)	(18,131)
Accumulated depreciation	-	-	-	-	-	140	855	-	17,136	18,131
	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(856)	(13,742)	(4,039)	(941)	(239,537)	(15,699)	(6,675)	(4,620)	(286,109)
Net book value as at 31 December 2014	43,071	16,500	247,665	46,476	8,570	2,629,263	40,619	23,005	5,726	3,060,895
As at 31 December 2013										
Cost	43,071	10,526	283,161	85,001	20,149	4,192,679	84,190	61,291	37,165	4,817,233
Accumulated depreciation	-	(8,170)	(21,754)	(41,434)	(12,330)	(1,913,657)	(34,351)	(31,611)	(33,808)	(2,097,115)
Net book value	43,071	2,356	261,407	43,567	7,819	2,279,022	49,839	29,680	3,357	2,720,118
Annual rate of depreciation (%)	-	5	2.5 to 5	2.5 to 5	2.5 to 5	5 to 10	20	10 to 20	25 to 33.33	
As at 31 December 2014										
Cost	43,071	25,526	283,161	91,949	21,841	4,782,317	89,814	61,291	27,018	5,425,988
Accumulated depreciation	-	(9,026)	(35,496)	(45,473)	(13,271)	(2,153,054)	(49,195)	(38,286)	(21,292)	(2,365,093)
Net book value	43,071	16,500	247,665	46,476	8,570	2,629,263	40,619	23,005	5,726	3,060,895
Annual rate of depreciation (%)	-	5	2.5 to 5	2.5 to 5	2.5 to 5	5 to 10	20	10 to 20	25 to 33.33	

14.2 Borrowing costs capitalized during the year amounted to Rs. 27,930 thousand (2013: Rs. 11,245 thousand).

14.3 Additions to plant and machinery include an amount of Rs. 207,602 thousand (2013: Nil) against purchase of plant from an associated company.

14.4 As at 31 December 2014, plant and machinery include cylinders held by customers and Vacuum Insulated Equipments (VIEs) installed at certain customer sites for supply of gas products. Cost and net book values of such cylinders and VIEs are as follows:

Rupees in '000	Cost 2014	Cost 2013	Net book value 2014	Net book value 2013
Cylinders	157,512	134,727	104,672	88,527
Vacuum Insulated Equipments	604,345	535,766	366,551	330,708
	761,857	670,493	471,223	419,235

14.5 Depreciation has been allocated as follows:

Rupees in '000	2014	2013
Cost of sales	263,234	220,043
Distribution and marketing expenses	8,038	6,558
Administrative expenses	14,837	15,674
	286,109	242,275

14.6 Capital work in progress

Rupees in '000	Land and Buildings	Plant and machinery	Advances to suppliers against vehicles	Furniture, fittings and office equipments	Total
As at 1 January 2013	-	216,002	4,664	-	220,666
Additions during the year	149,945	494,975	25,959	7,352	678,231
Transfers during the year	(149,945)	(416,333)	(24,144)	(7,352)	(597,774)
As at 31 December 2013	-	294,644	6,479	-	301,123
Additions during the year	23,640	370,432	14,799	18,580	427,451
Transfers during the year	(23,640)	(589,778)	(6,479)	(6,989)	(626,886)
As at 31 December 2014	-	75,298	14,799	11,591	101,688

15. Intangible assets

Rupees in '000	Note	2014	2013
Computer software	15.1	25,370	26,077
Advance against software development	15.2	-	2,949
		25,370	29,026

15.1 Computer software

Rupees in '000	2014	2013
Cost		
Additions during the year	3,693	28,675
Accumulated Amortization		
Amortization for the year	4,400	2,598
Carrying amounts		
Cost	32,368	28,675
Accumulated amortization	(6,998)	(2,598)
	25,370	26,077

Intangible assets are amortized over an estimated useful life of 8 years and the amortization is allocated to administrative expenses.

15.2 Advance against software development

Rupees in '000	2014	2013
Opening balance	2,949	14,343
Additions during the year	744	17,281
Transfers during the year	(3,693)	(28,675)
Closing balance	-	2,949

16. Long-term loans – secured, considered good

Rupees in '000	Note	2014	2013
Loans to employees		55	314
Recoverable within one year shown under current assets	20	(55)	(259)
		-	55

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

17. Stores and spares

Rupees in '000	2014	2013
Stores	2,696	2,837
Spares	208,982	197,602
In-transit	1,787	2,890
	213,465	203,329
Provision against slow moving stores and spares	(98,675)	(90,183)
	114,790	113,146

18. Stock-in-trade

Rupees in '000	2014	2013
Raw and packing materials		
In-hand	56,220	58,774
In-transit	-	22,150
	56,220	80,924
Finished goods		
In-hand	220,270	142,584
In-transit	101	2,718
	220,371	145,302
	276,591	226,226

18.1 The cost of raw and packing materials and finished goods has been adjusted net of provision for slow moving and obsolete stock by Rs.19,870 thousand (2013: Rs. 18,315 thousand).

18.2 Raw and packing materials and finished goods include inventories with a value of Rs. 11,282 thousand (2013: Rs. 21,186 thousand) which are held by third parties for manufacturing purposes.

19. Trade debts – unsecured

Rupees in '000	Note	2014	2013
Considered good	19.1	293,490	248,320
Considered doubtful		31,329	19,010
		324,819	267,330
Provision for doubtful debts		(31,329)	(19,010)
		293,490	248,320

19.1 These include balances due from related parties as follows

Rupees in '000	2014	2013
Atlas Honda Limited	-	1,197
International Steel Limited	-	313
Packages Limited	-	103
Tabba Heart Hospital	752	113
	752	1,726

The aging of the trade debts receivable from related parties as at the balance sheet date are as under:

Rupees in '000	2014	2013
Not past due	752	337
Past due from 1 – 90 days	-	1,384
Past due from 90 days onward	-	61
Past due considered doubtful as per Company's credit policy	-	(56)
	752	1,726

20. Loans and advances – considered good

Rupees in '000	Note	2014	2013
Loans to employees – secured	16	55	259
Advances			
Employees		1,412	1,236
Suppliers		13,764	9,796
		15,176	11,032
		15,231	11,291

21. Deposits and prepayments

Rupees in '000	2014	2013
Security deposits	7,966	1,845
Other deposits	37,919	29,513
Prepayments	997	1,747
	46,882	33,105

22. Other receivables

Rupees in '000	2014	2013
Mark-up income accrued on savings and deposit accounts	-	34
Receivable from staff retirement benefit funds	16,385	22,887
Sales tax recoverable	80,091	38,517
Others	35	7,109
	96,511	68,547

23. Cash and bank balances

Rupees in '000	2014	2013
Cash in hand	593	424
Cash at bank		
Current and savings accounts	307,019	289,775
	307,612	290,199

24. Share Capital

24.1 Authorized share capital

	Number of shares		Rupees in '000	
	2014	2013	2014	2013
Ordinary shares of Rs. 10 each	40,000,000	40,000,000	400,000	400,000

24.2 Issued, subscribed and paid-up capital

	Number of shares		Rupees in '000	
	2014	2013	2014	2013
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 2014 and 2013, The BOC Group Limited – U.K., held 15,023,232 ordinary shares of Rs. 10 each of the Company, whose parent company is Linde AG, Germany.

25. 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 installments over a period of five years beginning June 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.

26. Long-term deposits

Rupees in '000	2014	2013
Against cylinders	123,623	141,803
Others	16,855	12,555
	140,478	154,358

27. Deferred liabilities

Rupees in '000	Note	2014	2013
Deferred taxation	27.1	333,308	286,863
Post-retirement medical benefits	33.1	6,117	4,926
		339,425	291,789

27.1 Deferred taxation

Rupees in '000	2014	2013
Taxable temporary differences		
Accelerated tax depreciation	501,081	457,404
Net re-measurement: actuarial gain on staff retirement defined benefit schemes	828	2,664
Deductible temporary differences		
Slow moving stores and spares and stock-in-trade	(39,120)	(36,889)
Post retirement medical benefits	(3,080)	(3,048)
Tax losses carried forward	(65,213)	(69,650)
Tax credit on certain capital investments	(46,447)	(50,215)
Doubtful receivables and other provisions	(14,741)	(13,403)
	333,308	286,863

28. Trade and other payables

Rupees in '000	Note	2014	2013
Creditors	28.1	397,729	326,769
Accrued liabilities		413,716	384,480
Advances from customers		57,490	34,976
Technical assistance fee		45,969	44,304
Payable to staff retirement benefit funds		15,575	17,995
Workers' Profits Participation Fund		1,883	4,712
Workers' Welfare Fund		14,588	15,974
Unclaimed dividends		14,003	14,580
Vendor claims		28,437	26,587
Mark-up payable		16,324	32,524
Other payables		83,038	42,157
		1,088,752	945,058

28.1 This includes trade and other liabilities payable to associated / Group companies amounting to Rs. 130,623 thousand (2013: Rs. 87,245 thousand).

29. Short term borrowings – secured

Running finance under markup arrangements

The Company has arrangement for short-term running finance facility from a bank. The overall facility for the running finance under mark up arrangement and short-term revolving credit amounts to Rs. 425,000 thousand (2013: Rs. 287,000 thousand).

The rate of mark-up on the running finance facility is 3 months KIBOR + 1% (2013: ranging from 1 month KIBOR + 1% to 3 months KIBOR + 1%) per annum. The arrangement is secured by way of first pari passu charge against hypothecation of stock in trade, trade debts and an inter group guarantee from the bank.

The facilities for opening letters of credit and issuing guarantees as at 31 December 2014 amounted to Rs. 275,000 thousand (2013: Rs. 737,000 thousand) of which the amount remaining unutilised as at the year end was Rs. 94,422 thousand (2013: Rs. 359,773 thousand).

30. Contingencies and commitments

Contingencies

30.1 The Company has disputed the unilateral increase in rentals of one of its leased premises being exorbitant, unreasonable and unjustified. Therefore, a civil suit has been filed against the Lessor. The Court has directed parties to maintain status quo. The amount not acknowledged as debt in this regard as at 31 December 2014 amounted to Rs. 38,501 thousand (2013: Rs. 36,363 thousand).

Commitments

30.2 Capital commitments outstanding as at 31 December 2014 amounted to Rs. 100,209 thousand (2013: Rs. 91,722 thousand).

30.3 Commitments under letters of credit for inventory items as at 31 December 2014 amounted to Rs. 57,150 thousand (2013: Rs. 63,379 thousand).

31. Cash generated from operations

Rupees in '000	Note	2014	2013
Profit before taxation		177,402	245,408
Adjustments for			
Depreciation		286,109	242,275
Gain on disposal of property, plant and equipment		(765)	(40,184)
Mark-up income from savings and deposit accounts		(3,479)	(5,246)
Investment in finance lease written off		-	14,260
Finance costs		117,676	105,051
Amortization		4,400	2,598
Liabilities written back		(47,516)	-
Liquidated damages		(25,794)	-
Post retirement medical benefits		605	566
Working capital changes	31.1	46,206	(10,581)
		554,844	554,147

31.1 Working capital changes

Rupees in '000	2014	2013
(Increase) / decrease in current assets		
Stores and spares	(1,643)	3,586
Stock-in-trade	(50,366)	(17,531)
Trade debts	(45,170)	(45,051)
Loans and advances	(3,940)	7,844
Deposits and prepayments	(13,778)	(6,076)
Other receivables	(35,707)	(19,648)
	(150,604)	(76,876)
Increase / (decrease) in current liabilities		
Trade and other payables	196,810	66,295
	46,206	(10,581)

32. Cash and cash equivalents

Rupees in '000	Note	2014	2013
Cash and bank balances	23	307,612	290,199
Short term borrowings – running finance under mark-up arrangement	29	(343,193)	-
		(35,581)	290,199

33. Staff retirement benefits

33.1 Defined benefit schemes

The actuarial valuation of pension, gratuity and medical benefit schemes was carried out at 31 December 2014. The projected unit credit method using the following significant assumptions, has been used for the actuarial valuation:

Percent (%) per annum	Pension fund	Gratuity fund	Medical scheme
Financial assumptions			
Rate of discount	11.00%	11.00%	11.00%
Expected rate of pension increase	9.00%	-	-
Expected rate of salary increase			
for first four years following valuation	-	13% to 14%	-
long-term (fifth year following valuation)	-	11.00%	-
Medical cost escalation rate	-	-	11.00%
Demographic assumptions			
Mortality rate	SLIC (2001-05)	SLIC(2001-05)	SLIC(2001-05)
Rates of employee turnover		Moderate	

The amounts recognised in balance sheet are as follows:

				2014
Rupees in '000	Pension fund	Gratuity fund	Medical scheme	Total
Present value of defined benefit obligation	62,193	134,744	6,117	203,054
Fair value of plan assets	(76,071)	(121,121)	-	(197,192)
(Asset) / liability in balance sheet	(13,878)	13,623	6,117	5,862
Movements in the present value of defined benefit obligation				
Present value of defined benefit obligation – beginning of the year	53,942	117,682	4,926	176,550
Current service cost	-	8,431	-	8,431
Interest cost	6,611	14,813	605	22,029
Re-measurements: Actuarial (gains) / losses on obligation	6,370	(2,067)	763	5,066
Benefits paid	(4,730)	(4,115)	(177)	(9,022)
Present value of defined benefit obligation – closing date	62,193	134,744	6,117	203,054
Movements in the fair value of plan assets				
Fair value of plan assets - beginning of the year	(72,411)	(101,342)	-	(173,753)
Interest income on plan assets	(8,965)	(12,851)	-	(21,816)
Re-measurements: Return on plan assets over interest income loss / (gain)	575	(313)	-	262
Benefits paid	4,730	4,115	-	8,845
Contribution to fund	-	(10,730)	-	(10,730)
Fair value of plan assets – closing date	(76,071)	(121,121)	-	(197,192)
Movement in the net defined benefit liability / (asset)				
Opening balance	(18,469)	16,340	4,926	2,797
Net periodic benefit (income) / cost for the year	(2,354)	10,393	605	8,644
Contribution paid during the year	-	(10,730)	-	(10,730)
Benefits paid during the year	-	-	(177)	(177)
Re-measurements recognized in other comprehensive income during the year	6,945	(2,380)	763	5,328
Closing balance	(13,878)	13,623	6,117	5,862

Amount recognised in total comprehensive income

The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:

Rupees in '000	Pension Fund	Gratuity Fund	Medical Scheme	2014 Total
Component of defined benefit costs recognized in profit and loss account				
Current service cost	-	8,431	-	8,431
Net interest cost				
Interest cost on defined benefit obligation	6,611	14,813	605	22,029
Interest income on plan assets	(8,965)	(12,851)	-	(21,816)
	(2,354)	10,393	605	8,644
Component of defined benefit costs (re-measurement) recognized in other comprehensive income				
Re-measurements: Actuarial (gain) / loss on obligation				
(Gain) / loss due to change in financial assumptions	(166)	6,774	1,249	7,857
(Gain) / loss due to change in demographic assumptions	3,351	20	342	3,713
(Gain) / loss due to change in experience adjustments	3,185	(8,861)	(828)	(6,504)
	6,370	(2,067)	763	5,066
Re-measurements: Net return on plan assets over interest income				
Actual return on plan assets	(8,390)	(13,164)	-	(21,554)
Interest income on plan assets	8,965	12,851	-	21,816
	575	(313)	-	262
Net re-measurement recognized in other comprehensive income	6,945	(2,380)	763	5,328
Total defined benefit cost recognized in profit and loss account and other comprehensive income	4,591	8,013	1,368	13,972
Actual return on plan assets	(8,390)	(13,164)	-	(21,554)
Expected contributions to funds in the following year	(1,527)	10,073	649	9,195
Expected benefit payments to retirees in the following year	4,870	8,957	443	14,270
Re-measurements: Accumulated actuarial (gains) / losses recognised in equity	(23,346)	24,054	(3,217)	(2,509)
Weighted average duration of the defined benefit obligation (years)	8.49	7.38	8.49	

Rupees in '000	Pension fund	Gratuity fund	Medical scheme	2014 Total
Analysis of present value of defined benefit obligation				
Type of members				
Pensioners	62,193	-	-	62,193
Beneficiaries	-	-	6,117	6,117
Officers	-	107,788	-	107,788
Supervisors	-	26,956	-	26,956
	62,193	134,744	6,117	203,054
Vested / Non-vested				
Vested benefits	62,193	132,312	6,117	200,622
Non-vested benefits	-	2,432	-	2,432
	62,193	134,744	6,117	203,054
Type of benefits				
Accumulated obligations	62,193	62,793	6,117	131,103
Amounts attributed to future salary increase	-	71,951	-	71,951
	62,193	134,744	6,117	203,054
Disaggregation of fair value of plan assets				
The fair value of the plan assets at balance sheet date for each category are as follows:				
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities)-quoted	367	6,461	-	6,828
Debt instruments				
AAA	48,075	90,215	-	138,290
AA	12,290	4,842	-	17,132
A	2,012	3,049	-	5,061
	62,377	98,106	-	160,483
Equity instruments – Oil and gas sector	1,712	1,097	-	2,809
Mutual funds				
Money market fund	1,130	-	-	1,130
Stock market fund	-	5,447	-	5,447
Income fund	-	1,006	-	1,006
Assets allocation fund	1,511	1,580	-	3,091
Islamic income fund	7,201	6,736	-	13,937
Islamic asset allocation fund	1,367	-	-	1,367
Islamic stock fund	406	688	-	1,094
	11,615	15,457	-	27,072
	76,071	121,121	-	197,192

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Rupees in '000				2014
Discount rate +0.5%	59,646	129,935	5,853	-
Discount rate -0.5%	64,935	139,882	6,402	-
Long-term pension / salary increase +0.5%	64,974	139,961	-	-
Long-term pension / salary decrease -0.5%	59,590	129,818	-	-
Withdrawal rates – Light	-	136,132	-	-
Withdrawal rates – Heavy	-	133,145	-	-
Medical cost +1% – effect on service cost and interest cost	-	-	23	-
Medical cost +1% – effect on defined benefit obligation	-	-	230	-
Medical cost -1% – effect on service cost and interest cost	-	-	(21)	-
Medical cost -1% – effect on defined benefit obligation	-	-	(215)	-

The sensitivity analysis prepared presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The actuarial valuation of pension, gratuity and medical benefit schemes was carried out at 31 December 2013 using the projected unit credit method. The following significant assumptions, were used for the actuarial valuation:

Percent % per annum	Pension fund	Gratuity fund	Medical scheme
Financial assumptions			
Rate of discount	12.75%	12.75%	12.75%
Expected rate of pension increase	10.75%	-	-
Expected rate of salary increase			
for first five years following valuation	-	13.5 to 14%	-
long-term (sixth year following valuation)	-	12.75%	-
Medical cost escalation rate	-	-	12.75%
Demographic assumptions			
Mortality rate	PA (90)	SLIC (2001-05)	PA (90)
Rates of employee turnover	-	Moderate	-

The amounts recognised in balance sheet are as follows:

				2013
Rupees in '000	Pension fund	Gratuity fund	Medical scheme	Total
Present value of defined benefit obligation	53,942	117,682	4,926	176,550
Fair value of plan assets	(72,411)	(101,342)	-	(173,753)
(Asset) / liability in balance sheet	**(18,469)**	**16,340**	**4,926**	**2,797**
Movements in the present value of defined benefit obligation				
Present value of defined benefit obligation – beginning of the year	54,297	110,563	4,870	169,730
Current service cost	-	8,767	-	8,767
Interest cost	6,278	13,561	566	20,405
Re-measurements – Actuarial (gains)/losses on obligation	(2,487)	1,593	74	(820)
Benefits paid	(4,146)	(16,802)	(584)	(21,532)
Present value of defined benefit obligation – closing date	**53,942**	**117,682**	**4,926**	**176,550**
Movements in the fair value of plan assets				
Fair value of plan assets – beginning of the year	(68,295)	(95,132)	-	(163,427)
Interest income on plan assets	(7,958)	(11,317)	-	(19,275)
Re-measurements – Return on plan assets over interest income gain / (loss)	(304)	(932)	-	(1,236)
Benefits paid	4,146	16,802	-	20,948
Contribution to fund	-	(10,763)	-	(10,763)
Fair value of plan assets – closing date	**(72,411)**	**(101,342)**	**-**	**(173,753)**
Movement in the net defined benefit liability / (asset)				
Opening balance	(13,998)	15,431	4,870	6,303
Net periodic benefit cost / (income) for the year	(1,680)	11,011	566	9,897
Contribution paid during the year	-	(10,763)	-	(10,763)
Benefits paid during the year	-	-	(584)	(584)
Re-measurements recognized in other comprehensive income during the year	(2,791)	661	74	(2,056)
Closing balance	**(18,469)**	**16,340**	**4,926**	**2,797**

Amounts recognized in total comprehensive income

The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:

				2013
Rupees in '000	Pension fund	Gratuity fund	Medical scheme	Total
Component of defined benefit costs recognized in profit and loss account				
Current service cost	-	8,767	-	8,767
Net interest cost				
Interest cost on defined benefit obligation	6,278	13,561	566	20,405
Interest income on plan assets	(7,958)	(11,317)	-	(19,275)
	(1,680)	**11,011**	**566**	**9,897**
Component of defined benefit costs (re-measurement) recognized in other comprehensive income				
Re-measurements: Actuarial (gain) / loss on obligation				
(Gain) / loss due to change in financial assumptions	61	1,162	197	1,420
(Gain) / loss due to change in demographic assumptions	-	(19)	-	(19)
(Gain) / loss due to change in experience adjustments	(2,548)	450	(123)	(2,221)
	(2,487)	**1,593**	**74**	**(820)**
Re-measurements: Net return on plan assets over interest income				
Actual return on plan assets	(8,262)	(12,249)	-	(20,511)
Interest income on plan assets	7,958	11,317	-	19,275
	(304)	**(932)**	**-**	**(1,236)**
Net re-measurement recognized in other comprehensive income	**(2,791)**	**661**	**74**	**(2,056)**
Total defined benefit cost recognized in profit and loss account and other comprehensive income	(4,471)	11,672	640	7,841
Actual return on plan assets	8,262	12,249	-	20,511
Expected contributions to funds in the following year	(2,355)	10,393	604	8,642
Expected benefit payments to retirees in the following year	4,310	11,519	378	16,207
Re-measurements: Accumulated actuarial (gains) / losses recognised in equity	(30,291)	26,434	(3,980)	(7,837)
Weighted average duration of the defined benefit obligation (years)	9.21	7.98	9.96	-

Rupees in '000	Pension fund	Gratuity fund	Medical scheme	2013 Total
Analysis of present value of defined benefit obligation				
Type of members				
Pensioners	53,942	-	-	53,942
Beneficiaries	-	-	4,926	4,926
Officers	-	92,638	-	92,638
Supervisors	-	25,044	-	25,044
	53,942	117,682	4,926	176,550
Vested / Non-Vested				
Vested benefits	53,942	111,371	4,926	170,239
Non-vested benefits	-	6,311	-	6,311
	53,942	117,682	4,926	176,550
Type of benefits				
Accumulated obligations	53,942	53,710	4,926	112,578
Amounts attributed to future salary increase	-	63,972	-	63,972
	53,942	117,682	4,926	176,550
Disaggregation of fair value of plan assets				
The fair value of the plan assets at balance sheet date for each category are as follows				
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) – quoted	1,747	616	-	2,363
Debt instruments				
AAA	45,924	79,158	-	125,082
AA	10,369	5,101	-	15,470
A	2,027	2,057	-	4,084
	58,320	86,316	-	144,636
Equity instruments – Oil and gas sector	2,325	1,489	-	3,814
Mutual funds				
Money market fund	1,019	-	-	1,019
Stock market fund	-	4,093	-	4,093
Income fund	-	904	-	904
Assets allocation fund	1,301	1,166	-	2,467
Islamic income fund	6,284	6,177	-	12,461
Islamic asset allocation fund	1,062	-	-	1,062
Islamic stock fund	353	581	-	934
	10,019	12,921	-	22,940
	72,411	101,342	-	173,753

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Rupees in '000	Pension Fund	Gratuity Fund	Medical Scheme	2013 Total
Discount rate +0.5%	51,789	113,598	4,756	-
Discount rate –0.5%	56,257	122,043	5,111	-
Long-term pension / salary increase +0.5%	56,290	122,138	-	-
Long-term pension / salary decrease –0.5%	51,742	113,472	-	-
Withdrawal rates – Light	-	119,253	-	-
Withdrawal rates – Heavy	-	116,862	-	-
Medical cost +1% – effect on service cost and interest cost	-	-	44	-
Medical cost +1% – effect on defined benefit obligation	-	-	382	-
Medical cost -1% – effect on service cost and interest cost	-	-	(38)	-
Medical cost -1% – effect on defined benefit obligation	-	-	(330)	-

33.2 Defined contribution plan

Staff Provident Fund

The following information is based on latest audited financial statements of the Fund:

Rupees in '000	31 July 2014	31 July 2013
Size of the Fund (net of liabilities)	192,912	177,232
Cost of investment made	123,059	115,273
Fair value/amortized cost of the investments	189,397	175,760
Percentage of investment made (%) – based on fair value/amortized cost	98%	99%

Break up of the investments is as follows:

	Rupees in '000		% of total investment	
	31 July 2014	31 July 2013	31 July 2014	31 July 2013
National savings schemes	114,267	111,276	60.33	63.32
Government securities	52,516	37,305	27.73	21.22
Term finance certificates	987	4,060	0.52	2.31
Certificate of deposits	2,471	2,177	1.30	1.24
Listed securities	14,486	12,680	7.65	7.21
Cash and bank balances	4,670	8,262	2.47	4.70
	189,397	175,760	100.00	100.00

Investments out of the Staff Provident Fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

34. Remuneration of Chief Executive, Directors and Executives

		2014			2013		
Rupees in '000	Note	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
Managerial remuneration		13,035	-	90,707	15,868	4,555	64,726
Bonus, house rent, utilities, etc.	34.3	2,899	-	75,489	5,527	3,684	57,635
Company's contribution to staff retirement benefits		2,855	-	29,129	3,780	1,574	19,314
Medical and others		485	-	4,627	168	71	2,695
		19,274	-	199,952	25,343	9,884	144,370
Number of persons (including those who worked part of the year)		1	-	70	2	1	52

34.1 The Chief Executive, executive director and certain executives of the Company are provided with company maintained cars as per terms of employment. During the year, a motor vehicle was sold to an executive, as per the Company policy. 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 five non-executive directors was Rs. 893 thousand (2013: four directors – Rs. 484 thousand).

34.3 In addition to the above, Rs. Nil (2013: Rs. 690 thousand), Rs. Nil (2013: Rs. 965 thousand) and Rs. 251 thousand (2013: Rs. Nil) have been charged in respect of Chief Executive, an executive director, and an executive respectively, on account of long-term incentive plan payable upon completion of qualifying period of service and subject to satisfactory fulfilment of certain performance conditions over such qualifying period, and is based on share value of the ultimate parent company. The number of options available under the scheme are 493 (2013: 364), and the accrued liability in respect of this benefit amounted to Rs. 3,153 thousand (2013: Rs. 3,573 thousand).

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 as per their terms of employment.

34.5 Remuneration paid to non-executive directors are as follows:

Rupees in '000	2014	2013
Remuneration to Chairman of the Board of Directors	4,620	3,300
Remuneration to Chairman of Board Audit Committee	66	792
	4,686	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. 672,894 thousand (2013: Rs. 603,573 thousand), the financial assets which are subject to credit risk amount to Rs. 365,820 thousand (2013: Rs. 313,484 thousand) and the details are as follows:

Rupees in '000	Note	2014	2013
Loans to employees	35.1.1	55	314
Deposits		72,295	58,021
Trade debts	35.1.2	293,490	248,320
Other receivables		35	7,143
Bank balances		307,019	289,775
		672,894	603,573

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. 279,866 thousand (2013: Rs. 245,911 thousand). Trade debts due by more than 90 days amounted to Rs. 13,624 thousand (2013: Rs. 2,409 thousand), net of impairment, as at 31 December 2014

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

Rupees in '000	2014	2013
Opening balance	19,010	17,470
Provision for the year	13,459	4,923
Written off during the year	(1,140)	(3,383)
Closing balance	31,329	19,010

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:

	2014				2013			
Rupees in '000	Carrying amount	Contractual cashflows	Maturity upto one year	Maturity after one year	Carrying amount	Contractual cashflows	Maturity upto one year	Maturity after one year
Long-term financing	810,000	(981,734)	-	(981,734)	995,000	(1,264,485)	-	(1,264,485)
Current portion of long term financing	185,000	(302,372)	(302,372)	-	100,000	(227,409)	(227,409)	-
Long-term deposits	140,478	(140,478)	(140,478)	-	154,358	(154,358)	(154,358)	-
Trade and other payables	982,110	(982,110)	(982,110)	-	859,517	(859,517)	(859,517)	-
Short term borrowings	343,193	(349,559)	(349,559)	-	-	-	-	-
	2,460,781	(2,756,253)	(1,774,519)	(981,734)	2,108,875	(2,505,769)	(1,241,284)	(1,264,485)

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, where required.

The significant currency exposure at year end was as follows:

							2014
Equivalent Rupees in '000	THB	Euro	USD	SGD	GBP	Others	Total
Financial assets							
Other receivables	-	19,538	-	12,639	-	-	32,177
Financial liabilities							
Trade and other payables	(13)	(87,114)	(78,452)	(5,207)	(1,666)	(783)	(173,235)
Net exposure	(13)	(67,576)	(78,452)	7,432	(1,666)	(783)	(141,058)

							2013
Equivalent Rupees in '000	THB	Euro	USD	SGD	GBP	Others	Total
Financial Assets							
Other receivables	-	-	-	382	-	80	462
Financial liabilities							
Trade and other payables	(7,012)	(40,092)	(106,713)	(2,707)	(44,721)	(293)	(201,538)
Net exposure	(7,012)	(40,092)	(106,713)	(2,325)	(44,721)	(213)	(201,076)

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	
	2014	2013	2014	2013
Thai Baht (THB)	3.14	3.30	3.08	3.22
Euro (EUR)	135.14	135.70	123.46	144.81
US Dollar (USD)	102.04	101.92	101.01	105.35
Singapore Dollar (SGD)	80.65	81.34	76.34	83.40
Pound Sterling (GBP)	166.67	147.45	156.25	174.44
Others				
Korean Won (KRW)	0.10	0.09	0.09	0.10
Bangladesh Takka (BDT)	1.33	1.32	1.31	1.36

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	2014	2013
Thai Baht (THB)	(1)	(449)
Euro (EUR)	(4,528)	(2,566)
US Dollar (USD)	(5,256)	(6,830)
Singapore Dollar (SGD)	498	(149)
Pound Sterling (GBP)	(112)	(2,862)
Others		
Korean Won (KRW)	(5)	(19)
Bangladesh Takka (BDT)	(47)	5

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, short 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. 9,813 thousand (2013: Rs. 5,332 thousand) 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		2014	2013
Nature of relationship	Nature of transactions		
	Technical assistance fee	42,524	44,304
The BOC Group Limited (parent)	Dividends	78,872	97,651
Linde AG (ultimate parent)	Information systems support / maintenance and development	36,774	41,636
	Purchase of goods and receipt of services	58,438	53,979
Associated Companies	Reimbursement of Staff related cost incurred by the Company on behalf of associated companies	29,980	14,068
Related entities by virtue of common directorship	Sale of goods	14,451	26,253
Staff retirement benefits	Contributions to staff retirement funds	31,731	30,825
Re-measurement: Actuarial gain / (loss) recognised in other comprehensive income on account of staff retirement funds		(4,565)	2,130

37.2 Balances with related parties are summarised as follows:

Rupees in '000	2014	2013
Receivable from staff retirement funds	810	4,894

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 2014 are included in trade debts, other receivables and trade and other payables, respectively.

38. Production capacity

	Capacity		Actual production*	
Cubic meters (m^3)	2014	2013	2014	2013
Oxygen/Nitrogen	76,482,000	73,374,000	62,358,236	57,482,587
Hydrogen	3,434,400	3,434,400	2,256,981	1,909,572
Dissolved acetylene	278,667	278,667	136,021	124,366
Nitrous oxide	120,097,698	120,097,698	66,973,673	65,124,404
Carbon dioxide	13,656,483	13,656,483	2,068,562	2,292,102
	213,949,248	210,841,248	133,793,473	126,933,031

* Actual production is net of normal losses and is mainly based on triple shift.

In case of almost all of the above mentioned products, production is demand driven and, hence, the variance is mainly attributed to reduced demand. Additionally, countrywide load shedding of electricity and non availability of natural gas throughout the year also contributed towards reduced utilization of plants.

39. Number of employees

	2014	2013
Average number of employees during the year	153	158
Number of employees as at 31 December*	148	154

* Number of employees at year end includes one (2013: one) employee on contractual basis.

40. 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.

41. Date of authorization

These financial statements were authorized for issue on 27 February 2015 by the Board of Directors of the Company.

42. Corresponding figures

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

43. Non-adjusting events after the balance sheet

The Board of Directors in its meeting held on 27 February 2015 (i) approved the transfer of Rs. 10,777 thousand from unappropriated profit to general reserve; and (ii) proposed a final dividend of Rs. 3.25 per share for the year ended 31 December 2014, amounting to Rs. 81,376 thousand for approval of the members at the Annual General Meeting to be held on 29 April 2015.

Muhammad Ashraf Bawany
Chief Executive

Munnawar Hamid – OBE
Chairman

BOC Pakistan (Private) Limited.

BOC Pakistan (Private) Limited ("BOCPL") is wholly owned subsidiary of Linde Pakistan Limited.

Consolidation

As explained in note 1 of the financial statements of Linde Pakistan Limited for the year ended 31 December 2014, the Securities and Exchange Commission of Pakistan ("SECP") has granted exemption to Linde Pakistan Limited from the application of sub-section (1) to (7) of section 237 of the Companies Ordinance, 1984 requiring consolidation of subsidiary in the preparation of financial statements for the year ended 31 December 2014.

Financial highlights

Rupees	2014	2013
Profit after taxation	56	26
Net assets / shareholders fund	10,322	10,266
Total assets and liabilites	10,930	10,317

Auditors' opinion
The auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants, have expressed unmodified opinions on the financial statements of BOCPL for the year ended 31 Decemeber 2014 and 31 December 2013 respectively.

General
The annual audited accounts of BOCPL are available for inspection to the members at its registered office situated at P.O Box 4845, Dockyard Road, West Wharf, Karachi – 74400, on their request without any cost.

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 2014, the market capitalization of Linde Share stood at Rs. 5.20 billion with a market value of Rs. 207.48 per share and breakup value of Rs. 67.53 per share.

The 16% increase in the value of the shares compared to last year reflects the confidence of our members and investors in the Company.

Market share price

Highest price per share during the year	Rs. 235.75
Lowest price per share during the year	Rs. 147.91
Closing price per share at year-end	Rs. 207.48

Financial calendar

The Company follows the period of January 01 to December 31 as the financial year.

Financial results during the year 2015 will be announced as per the following tentative schedule:

1st quarter ending 31 March 2015	April 2015
2nd quarter ending 30 June 2015	August 2015
3rd quarter ending 30 September 2015	October 2015
Year ending 31 December 2015	February 2016

Announcements of the financial results for the year ended 31 December 2014 were made as follows:

1st quarter ended 31 March 2014	16 April 2014
2nd quarter ended 30 June 2014	20 August 2014
3rd quarter ended 30 September 2014	23 October 2014
Year ended 31 December 2014	27 February 2015

Annual General Meeting

The sixty-sixth Annual General Meeting of the shareholders will be held on 29 April 2015 at 11:00 a.m. 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 Fax +92.21. 32312968
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 be addressed to CDC at:

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S.
Main Shahrah-e-Faisal, Karachi – 74400
Phone +92.21.111111500 Fax +92.21.34326031
Timings 9:00 a.m. to 1:00 p.m. and
from 2:30 p.m. to 4:30 p.m. (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.
Year ended 31 December 2014.

Number of shareholders	Shareholdings from		to	Total number of shares held
547	1	–	100	21,769
452	101	–	500	139,823
260	501	–	1,000	214,748
337	1,001	–	5,000	829,535
89	5,001	–	10,000	632,347
34	10,001	–	15,000	401,115
21	15,001	–	20,000	372,837
11	20,001	–	25,000	257,346
8	25,001	–	30,000	219,306
7	30,001	–	35,000	230,127
10	35,001	–	40,000	383,276
6	40,001	–	45,000	256,472
1	45,001	–	50,000	46,102
1	50,001	–	55,000	53,786
1	60,001	–	65,000	63,952
1	65,001	–	70,000	70,000
1	75,001	–	80,000	78,787
2	80,001	–	85,000	167,039
1	85,001	–	90,000	88,376
2	155,001	–	160,000	316,000
1	190,001	–	195,000	194,189
1	295,001	–	300,000	300,000
1	415,001	–	420,000	420,000
1	425,001	–	430,000	430,000
1	515,001	–	520,000	515,585
1	955,001	–	960,000	955,843
1	965,001	–	970,000	966,841
1	1,390,001	–	1,395,000	1,392,791
1	15,020,001	–	15,025,000	15,020,728
1801				**25,038,720**

Categories of shareholders.

Categories of shareholders	Number of shareholders	Shares held	Percentage
Associated Companies, undertakings and related parties			
The BOC Group Limited and its 5 nominees*	6	15,023,232	60.00
Directors and their spouse(s) and minor children**			
Mr. Humayun Bashir	1	50	-
Mr. Shahid Hafiz Kardar	1	50	-
Executives	-	-	-
Public sector companies and corporations	5	1,910,319	7.63
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	16	786,659	3.14
Mutual Funds			
CDC – Trustee National Investment (UNIT) Trust	1	966,841	3.86
General Public			
Local	1,712	3,892,890	15.55
Foreign	-	-	-
Foreign Companies	3	1,805,843	7.21
Others	56	652,836	2.61
Total	1,801	25,038,720	100.00
Shareholders holding 5% or more voting interest			
The BOC Group Limited and its 5 nominees*		15,023,232	60.00
State Life Insurance Corporation of Pakistan		1,392,791	5.56

* Represents the 60% shareholding of The BOC Group Limited, U.K. and includes its five nominee shareholders.
** No spouse and minor children of the directors hold shares in the Company

Notice of Annual General Meeting.

Notice is hereby given that the sixty-sixth Annual General Meeting of Linde Pakistan Limited will be held on Wednesday, 29 April 2015 at 11:00 a.m. at the Company's Registered Office, West Wharf, Dockyard Road, Karachi to transact the following business:

1. To receive and consider the Financial Statements of the Company for the year ended 31 December 2014 and Reports of the Directors and Auditors thereon.

2. To consider and, if thought fit, to authorise the payment of final dividend of Rs. 3.25 per ordinary share of Rs 10/– each for the year ended 31 December 2014 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 2015.

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

By order of the Board

Karachi
27 February 2015

Jamal A Qureshi
Company Secretary

Notes:
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 10:15 a.m. sharp on 29 April 2015.

1. The Share Transfer Books of the Company will be closed from 16 April to 29 April 2015 (both days inclusive).

2. 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.

3. 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.

4. 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 CNIC 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.

Submission of CNIC (mandatory)

Pursuant to the directives of the Securities & Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are therefore once again requested to submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi – 74400. In the absence of a member's valid CNIC, the Company will be constrained to withhold dispatch of dividend warrants to such members.

Dividend Mandate – payment of cash dividend electronically (optional)

In compliance with the SECP's Circular No.8(4)SM/CDC 2008 dated 5 April 2013, the Company wishes to inform its shareholders that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Shareholders, wishing to exercise this option, may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant)/CDC.

Consent for circulation of audited financial statements and Notice of AGM through e-mail

The SECP through its SRO No. 787(1)2014 dated 8 September 2014 has allowed circulation of Audited Financial Statements (Annual Report) to the shareholders along with the notice of the Annual General Meeting (AGM) through e-mail. Therefore, all those members, who wish to receive soft copy of the Audited Financial Statements (Annual Report) along with notice of AGM, may send their written consent and e-mail address to the Company's Share Registrar. For convenience of the members, a "Standard Request Form" is available at the Company's website www.linde.pk. In this regard, a letter seeking consent of the shareholders has already been sent separately to their registered address.

Deduction of withholding tax on the amount of dividend

As per SECP's directives vide its Circular No. 19/2014 dated 24 October 2014, shareholders are hereby advised of the changes made in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as under:

For filers of income tax returns	10%
For non-filers of income tax returns	15%

To enable the Company to make tax deduction on the amount of cash dividend at the rate of 10% instead of 15%, all the shareholders whose names are not entered into the active tax-payers list (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the said final cash dividend otherwise tax on their cash dividend will be deducted at the rate of 15% instead of 10%. For any query/problem/information, the investors may contact the Company and/or the Share Registrar.

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Company's Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

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 — Nitrous oxide plant; Gas compression facility
P.O.Box 205
Shalamar Link Road, Mughalpura
Phones +92.42.36824091 (4 lines)
Fax + 92.42.36817573

Plot No. 705, Sundar Industrial Estate — ASU plant
Phones +92.42.35297244-47 (4 lines)

Multan — Carbon dioxide plant
Adjacent to PFL Khanewal Road
Phones + 92.61.6562201 &
+92.61.6001360 (2 lines)
061-6001360
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; Gas compression facility
Altaf Ganj Chowk
Near Usman Flour Mills
Jhang Road
Phones +92.41.2653463 & 2650564
Sales depot

Wah Cantonment — Acetylene plant
Kabul Road
Phone +92.51.4545359

Taxila — Gas compression facility
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 (3 lines)
Fax +92.51.2315050

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

Southern region

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

Acetylene plant
Electrode factory
Speciality gases

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

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 29 April 2015 and at any adjournment thereof.

As witness my/our hand/seal this __________ day of __________ 2015.

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:

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

2. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

3. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

4. 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
P.O. Box 4845, Dockyard Road, West Wharf, Karachi-74000, Pakistan
Phone +92.21.32313361 (9 lines), info.pk@linde.com, www.linde.pk

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