



report & accounts

two thousand six
(October 05 to December 06)

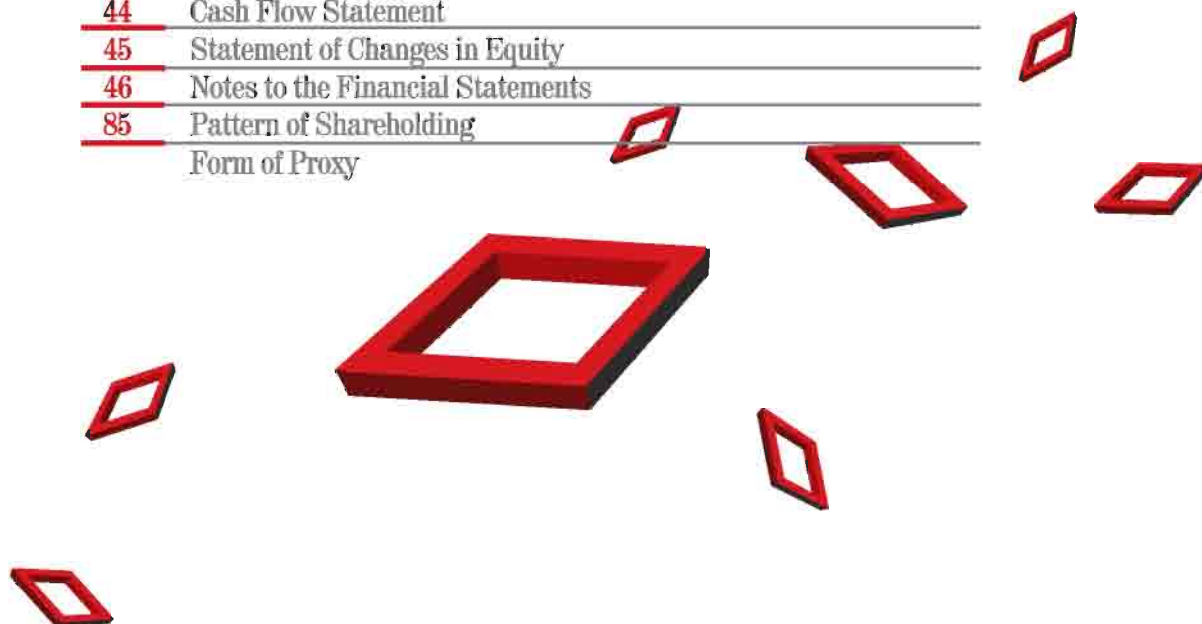
Providing Global Solutions Locally



Mr Sanjiv Lamba, Business Unit Head - South & East Asia, The Linde Group and Director, BOC Pakistan Limited (standing left), seen with Mr Syed Ayaz Bokhari, Chief Executive, BOC Pakistan Limited (standing right), while visiting the Company's West Wharf site in Karachi

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our. vision

BOCPL is the first choice of its customers, with clear market leadership in the Industrial Gases / Healthcare businesses and its other related fields.

our mission

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

This will be achieved through operating efficiency, continued dedication to serving our customers, cost effectiveness and behavioral conformance to our values, ACTS (Accountability, Collaboration, Transparency & Stretch).

The company will be recognized in the community it operates in as a safe and environmentally responsible organization. Our people will be acknowledged for their integrity and talent.

The Corporation acknowledges that commercial success and sustained profitable growth depends on the recruitment, development and retention of competent human resources. It will continue to invest in building this organizational capacity and capability.

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



board of directors

Munnawar Hamid OBE
Chairman

Syed Ayaz Bokhari
Chief Executive

Sanjiv Lamba
Director



Mike S Huggon
Director

Sanallah Qureshi
Director

Towfiq Habib Chinoy
Director

Tariq Iqbal Khan
Director
(Resigned on 27-12-06)

Syed Ainul Hadi
Executive Director

Shamim Ahmad Khan
Director
(Appointed on 24-01-07)

company information

Board of Directors

Munnawar Hamid OBE	Chairman	
Syed Ayaz Bokhari	Chief Executive	
Sanaullah Qureshi	Director	
Mike S Huggon	Director	
Towfiq Habib Chinoy	Director	
Sanjiv Lamba	Director	
Tariq Iqbal Khan	Director	(Resigned on 27-12-06)
Syed Ainul Hadi	Director	
Shamim Ahmad Khan	Director	(Appointed on 24-01-07)

Company Secretary

M Ashraf Bawany

Board Audit Committee

Sanaullah Qureshi	Chairman	Non-Executive Director
Mike S Huggon	Member	Non-Executive Director
Sanjiv Lamba	Member	Non-Executive Director
Tariq Iqbal Khan	Member	Non-Executive Director (Resigned on 27-12-06)
Shamim Ahmad Khan	Member	Non-Executive Director (Appointed on 24-01-07)
Muhammad Yousuf Patel	Secretary	Assistant Company Secretary

Board Remuneration and Appointments Committee

Towfiq Habib Chinoy	Chairman	Non-Executive Director
Sanjiv Lamba	Member	Non-Executive Director
Mike S Huggon	Member	Non-Executive Director
Amir Niazi	Secretary	Director of Human Resources

Bankers

Standard Chartered Bank (Pakistan) Ltd.
Citibank NA
Deutsche Bank AG
Crescent Commercial Bank Ltd
National Bank of Pakistan Ltd
MCB Bank Ltd
United Bank Ltd
PICIC Commercial Bank Ltd

Share Registrar

THK Associates (Pvt) Ltd

Auditors

A F Ferguson & Co.

Solicitors

Surridge & Beecheno

Registered Office

West Wharf, Dockyard Road, Karachi-74000

Website

www.bocpakistan.com



Mr Andrew Gardner, Regional Head Bangladesh, Pakistan and Philippines, The Linde Group during his visit to BOC Pakistan Limited which coincided with Safety Week

Mr Sanjiv Lamba, Regional Business Unit Head - South & East Asia, The Linde Group and Director, BOC Pakistan Limited, briefing officers of the Company at a town hall meeting



statement of ethics & business practices policy summary

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

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

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

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

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

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

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

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

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

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

BOCPL is an equal opportunity Corporation.

It is the responsibility of the Board to ensure that the above principles are complied with through its Audit Committee constituted for this purpose.

business divisions products and services

PGS - BUSINESS

Gases

Pipeline Nitrogen
Gaseous Nitrogen
Pipeline Oxygen
Pipeline Hydrogen
Liquid Oxygen No-Fabrication
Liquid Nitrogen
Liquid Carbon Dioxide
Industrial Pipeline

Industrial Gases

Liquid Oxygen - Fabrication & Distributors
Pipeline Hydrogen
Pipeline Oxygen
Industrial Pipeline
Compressed Hydrogen
Compressed Oxygen
Compressed Nitrogen
Compressed Carbon Dioxide
Argon
Dissolved Acetylene
Aviation Oxygen

Medical Gases

Compressed Medical Oxygen
Liquid Medical Oxygen
Nitrous Oxide & Entonox
Nitric Oxide

Medical Equipment

Pulse Oximeter
Oxygen Concentrator
Suction Oxygen Therapy Products

Medical Gases Pipeline

· Design, Installation & Service

ISP-BUSINESS

Welding

Gas Welding & cutting

Regulators
Cutting Torches
Welding Torches
Cutting Machines
Gas Control Equipment
Safety Equipment
Flame Cleaning
Gas Welding Rods
Fluxes

Electric Welding

Welding Machines

· Automatic
· Semi-automatic
· Manual

Welding Consumables

· Welding Electrodes
· MIG Welding Wires
· TIG Welding Wires
Accessories

Calcium Carbide

Speciality Gases

High Purity Gases
Research Grade Gases
Gaseous Chemicals
Calibration Mixtures
Argon Mixtures
Welding Gas Mixtures
Sterilisation Gases
Helium
Refrigerants
LPG

The BOC Group plc, U.K., the majority shareholder of BOC Pakistan Limited, has become a wholly owned subsidiary of Linde AG, Germany. Accordingly, Linde AG is the ultimate parent company of BOC Pakistan Limited, and BOC Pakistan Limited is a part of The Linde Group, which is now the world's largest industrial gases Group.

The Linde Group operates in some 70 countries, employs 53,000 people and has annual sales of €12.439 billion. The Linde Group is a genuine global player.

As part of The Linde Group, BOC Gases, with its 120-year history of customer service continues to operate globally. Our business and reputation are built around our customers. Whatever the industry or interest, we continue to respond to its needs as quickly and effectively as possible. The ever-changing requirements of customers are the driving force behind the development of all our products, technologies and support services.

Through our people we play a full and active role in communities around the world and are committed to the highest standards of safety and environmental practice. At the same time, we believe that the best way to assist any of the communities in which we operate is to build a successful business.

The Linde Group adds value to a diverse range of industries and organisations worldwide. That's why, as we continue to expand and develop, one thing will never change. We will always remain built around our customers.



safety

The Vision – At BOC we do not want to harm people or the environment.

The Vision of Safety in BOC will be achieved by making safety 100% of our behaviour, 100% of the time. We expect all of our employees' behaviours to reflect the highest priority for safety, health and the environment at all times. We are not expecting employees to spend a specific percentage of their time on SHEQ related issues. We expect everyone to think through the safety aspects of every decision they make at work and at home.

To achieve this vision, we are committed to the following:

- Safety, health, care for the environment and quality are a pre-requisite to any business we undertake
- We all take a personal responsibility for SHEQ
- Managers at all levels demonstrate visible leadership
- We apply this policy in our day to day behaviour and decisions
- SHEQ is 100% of our behaviour, 100% of the time

We strive to be Leading in SHEQ to meet the following objectives:

- Zero incidents
- Zero harm to communities in which we do business
- Safe, secure and healthy working conditions for all our people and all who work with us
- Supplying safe and environmentally responsible products and services
- Prevention of pollution to the environment
- Responsible use of natural resources
- Research, development and promotion of technologies, products and services that are sustainable with regard to SHEQ
- Satisfy customer needs and expectations



PGS

The Process Gas Solutions (PGS), Line of Business (LoB) in Pakistan is actively involved in delivering products and solutions to a wide array of bulk consumption customers in industrial sectors such as: chemical, metal, glass, oil & gas, fibre optics and food & beverage. The PGS product line includes Liquid Oxygen, Nitrogen, Argon, Hydrogen and Carbon Dioxide.

PGS deals in three segments: Tonnage (through pipeline supply schemes), On-site production units, and the Merchant market (supplied through road Tankers).

The strategic intent of PGS Business is to be more than a product supplier. It aims to be a real business partner and a solution provider to its customers through:

Value Driven Growth: Growing the business by providing value added solutions to our customers' needs and thus maintain and sustain our current clear market leadership position.

Operational Excellence: Leveraging Best Operating Practices from across the Group to enhance productivity and efficiency at all our Plants and Road Transport service.

People: A customer focused high performance flexible organisation with a winning culture that recognises, rewards and develops its employees, offering future growth opportunities within and outside Pakistan.





ISP

Industrial and Special Products (ISP) is globally the largest Line of Business (LoB) of BOC. In Pakistan ISP is characterized by over 1800 nationwide corporate and institutional customers, and the diverse ways in which they use BOC gases and technology.

Working under the varied range of cylinders and packaged gas activities, the ISP line of business covers products and services grouped under the headings of Industrial Products, Welding and Cutting, Medical and Special Products. The Special Products include Packaged Chemicals, Beverage Dispense Solutions, Refrigeration and Scientific Gases.

As one of the foundation business lines of the BOC Group, ISP business unit continues to earn significant market share and bring the expertise of cutting-edge industry with absolute service excellence to meet the market demand for it.

ISP's current priorities include increasing safety awareness and systems, geographical presence, extending its product offering, delivering commercial innovation, achieving operational excellence, and improving global teamwork. The basic philosophy under Safety is very simple, we ensure that "Nobody gets hurt".

Areas offering significant growth potential for ISP in Pakistan are:

- Expansion of CO2 delivery solution in cylinders for Beverage and Industrial consumers,
- Extension of the product line in Special Products, mainly targeting the Refrigeration and Auto Industry,
- Providing unique and advanced product solutions in the Medical business, especially for home care patients,
- Increasing the range of Welding products through successful introduction of a dedicated BOC range of welding products,

Customer focus remains an important cornerstone of the ISP line of business and to this end recent developments and initiatives at the Customer Service Centers are providing BOC with a powerful competitive edge in terms of developing and cementing relationships with customers in a number of key geographies. This is demonstrated by understanding the actual customer needs and providing solutions which are helpful in reduction of costs for the customer, coupled with movement towards global technologies which are available through BOC to maximise the benefits to the customers; in short, to be a partner in progress.

"The Line of Business (LoB) Operating Model viz Process Gas Solutions (PGS) and Industrial and Special Products (ISP) ceased to exist on 31 December 2006. Under the new Operating Model effective 1 January 2007, reporting would be done on a different Group aligned format."





human resources

Since the acquisition of BOC by The Linde Group, the organizational focus was towards integration. This included defining the organizational structure, preparing job descriptions, identifying suitable candidates, interviewing them and finalizing their appointments.

Change management support was also provided. This work was aligned with the South & East Asia Regional Business Unit, where the Pakistan business reports. These milestones were delivered by the management team on time, and with quality.

The Linde Group communicated its integration values, which were a key part of the HR and the organizational development process. These values included being pragmatic, fast, optimizing learning, fair, collaborative, demonstrating courage and having an international mind set.

While this transition was taking place, the Company was successful at retaining the organization's core skills and capabilities. Consequently, the organization continues to be able to meet its safety, business, customer service and health objectives.

The Company values the views of its employees, and to this end, The Linde Group conducted a 'Pulse Survey' during October - November of this year. The primary focus was to obtain candid feedback from over 3,000 Managers from legacy BOC and Linde organizations. The response rate was 84 percent across both organizations. The survey covered the Integration process, Leadership, Communications, Change Management, Business Continuity and finally Engagement & Effectiveness. Pakistan's middle & senior management team fully participated in this survey.

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

BOC provides guidance, leading edge HR policies and a set of corporate values to support its people. At the heart of this approach is the continuous development of a high performance culture. This will determine sustainable competitive advantage in the market. Delivering this strategy is a leadership imperative today and in the future.

finance & control

The Finance & Control team of BOC Pakistan remained highly committed to manage the challenges and achieve the stretched targets. The goal is to deliver quality services to the Business and all other Stakeholders of the Company by applying the best practices. Maintaining sound internal controls is a critical element of the finance function. The department reviews, assesses and challenges the performance, strategic plans and growth initiatives for ensuring better returns.

Focus Areas

- Enhance customer focus and improve service delivery
- Support / challenge the growth initiatives and always strive for highly profitable and sustainable growth
- Support the strategy formulation and long - term investment plans
- Capex discipline by ensuring sound controls and review
- Manage costs effectively
- Constantly review, assess and challenge the actual performance and benchmarking against plans
- Ensure efficient system and processes for transaction processing
- Maintain an appropriate control environment for the business
- Ensure effective risk management procedures
- Focus on cash flow generation through effective working capital management
- Deliver savings by focusing on tax and treasury initiatives
- Ensure compliance with the statutory and listing requirements





information services

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

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

Information Services provide services to a user base of 210 spread over 11 plants and sales centers out of a total of 416 employees. Most of the sites are connected to the Head Office. BOC network is integrated into the BOC global backbone and able to access a vast repository of information and applications like Maximo, SAP HR, Integrated Management Systems and Standards (IMSS), People Finder, GROW, Operations Portals, Intranets, etc.

SAP, the world class enterprise resource planning package is implemented in BOC Pakistan with Sales and Distribution, Finance, Material Management, SAP HR and SAP Business Warehouse modules. Most of the plants and sales centers are using SAP for day to day operations and the entire financial accounting is handled through this application.

IS has extended the network and SAP footprint in Pakistan to cover 80% of the sites with instant connectivity.

IS is highly committed to deliver continuous value addition to the Company.

internal audit

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

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

To maintain the highest level of Independence, Internal Audit in Pakistan has functional reporting relationship directly to the Board Audit Committee (BAC) as well as to the Regional Hub - Asia-Pacific. The work of the internal audit is focused on areas of material risk to the company, determined on the basis of a risk management approach. Further, globally identified high value reviews also form part of the audit plan to assist management in implementing global best practices.

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

Based upon internal control system, it is professionally opined that the Company's Internal Controls provide reasonable but not absolute assurance that assets are safeguarded, transactions are authorized and recorded properly, and that material errors and irregularities are either prevented or would be detected on time.



A view of the Directors of BOC Pakistan during the Annual General Meeting



A glimpse of BOCPL shareholders during the Annual General Meeting

Mr S Ayaz Bokhari, Chief Executive BOC Pakistan Limited, attending to a shareholder's query



A glimpse of shareholders at the registration desk



Notice of Annual General Meeting

Notice is hereby given that the Fifty-eighth Annual General Meeting of **BOC PAKISTAN LIMITED** will be held at Karachi Sheraton Hotel & Towers, Club Road, Karachi on Monday, the 30th day of April 2007 at 10:00 a.m. to transact the following business:

1. To confirm the Minutes of the 57th Annual General Meeting held on 27th January 2006.
2. To receive and consider the Statement of Accounts of the Company for the 15 months period from 1 October 2005 to 31 December 2006, and Reports of the Directors and Auditors thereon.
3. To consider and if thought fit to authorise the payment of final dividend of Rs 12.00 per ordinary share of Rs 10/= each for the 15 months period ended 31 December 2006 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 16 April 2007.
4. To appoint auditors and to fix their remuneration. The Company has received from its parent company, The BOC Group plc., U.K., a notice under Section 253(1) of the Companies Ordinance 1984 proposing Messrs KPMG Taseer Hadi & Co., Chartered Accountants, for appointment as auditors of the Company in place of Messrs A. F. Ferguson & Co., Chartered Accountants, the retiring auditors of the Company.

By Order of the Board

M ASHRAF BAWANY
Company Secretary

Karachi: 22 February 2007

NOTES:

1. The Share Transfer Books of the Company will be closed from 17 April to 30 April 2007 (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, THK Associates (Private) Limited, Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi.
4. Members are also requested to immediately send copy of their NTN/CNIC which is required to be furnished in the annual and quarterly statements of tax collected or deducted in accordance with the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1, dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original National Identity Card (NIC) or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

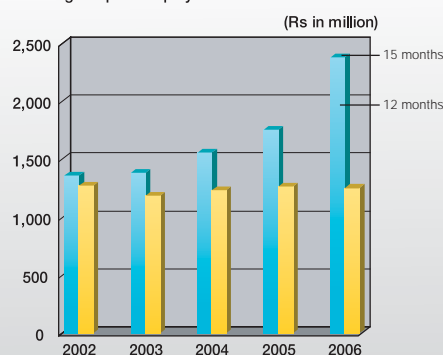
B. For Appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
- iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original NIC or original passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

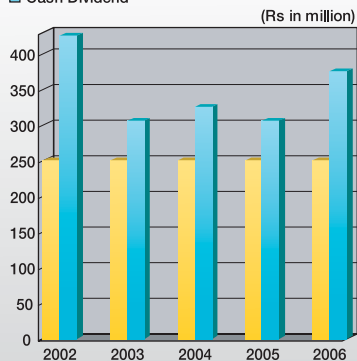
15 months at a Glance

	CURRENT PERIOD			COMPARATIVE	
	12 Months Sep 30, 2006	3 Months Dec 31, 2006	15 Months Dec 31, 2006	12 Months Sep 30, 2005	3 Months Dec 31, 2005
	Rupees in Thousand				
Net sales	1,891,313	490,107	2,381,420	1,752,399	431,454
Cost of sales	(1,143,121)	(289,861)	(1,432,982)	(1,017,016)	(270,193)
Gross profit	748,192	200,246	948,438	735,383	161,261
Distribution & marketing expenses	(132,809)	(40,086)	(172,895)	(117,361)	(30,913)
Administration expenses	(108,740)	(26,375)	(135,115)	(114,797)	(25,004)
Other operating expenses	(42,780)	(6,411)	(49,191)	(38,067)	(10,920)
Other operating income	42,974	6,391	49,365	53,127	7,670
	(241,355)	(66,481)	(307,836)	(217,098)	(59,167)
	506,837	133,765	640,602	518,285	102,094
Restructuring Cost	-	(56,900)	(56,900)	-	-
Operating profit	506,837	76,865	583,702	518,285	102,094
Finance costs	(11,524)	(1,137)	(12,661)	(16,126)	(6,739)
Profit before taxation	495,313	75,728	571,041	502,159	95,355
Taxation	(100,828)	(20,452)	(121,280)	(132,235)	(35,337)
Profit for the period/year	394,485	55,276	449,761	369,924	60,018
Number of permanent employees at period/year end			416	411	

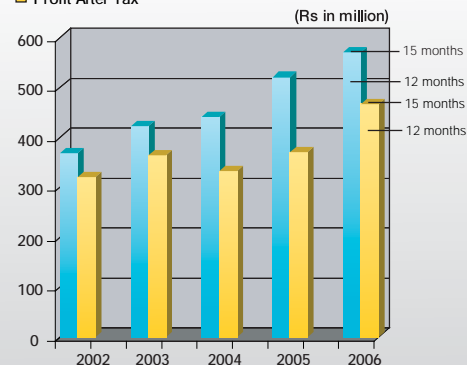
Turnover
Average Capital Employed



Paid-up Capital
Cash Dividend



Profit Before Tax
Profit After Tax



Ten-Year Financial Review

	1 9 9 7 Rs 000	1 9 9 8 Rs 000	1 9 9 9 Rs 000
Operating Results			
Sales	838,584	1,020,786	1,145,908
Gross Profit	370,143	445,777	535,723
Profit from Operations	266,715	342,356	429,703
Profit before Taxation	264,719	266,980	319,710
Taxation	(3,815)	15,984	(73,990)
Profit after Taxation	260,904	282,964	245,720
Dividends - Interim	27,216	27,216	-
- Final (Note 2)	81,648	81,648	104,328
Dividends	108,864	108,864	104,328
Capital Employed			
Paid-up Capital	181,440	181,440	208,656
Revenue Reserves and Unappropriated Profits	497,639	671,739	808,595
Shareholders' Fund	679,079	853,179	1,017,251
Deferred Liabilities	-	-	-
Long-term Liabilities & Borrowings (net of cash)	625,845	593,550	362,189
	1,304,924	1,446,729	1,379,440
Represented by:			
Fixed Assets	1,419,210	1,553,683	1,470,371
Working Capital	(114,286)	(106,954)	(90,931)
	1,304,924	1,446,729	1,379,440
Statistics			
Expenditure on Fixed Assets	1,125,428	221,798	31,249
Annual Depreciation & Amortisation	43,690	84,027	114,452
Adjusted Earnings per share-Rupees (Note 1)	10.42	11.30	9.81
Adjusted Dividend per share-Rupees (Note 1 & 2)	4.35	4.35	4.17
Dividend Cover ; Times (Note 2)	2.40 x	2.60 x	2.36 x
Adjusted Net Asset Backing per share-Rupees (Note 1)	27.12	34.07	40.63
Return on average Shareholders' Fund (based on profit after tax)	43.72%	36.93%	26.27%
Dividend on average Shareholders' Fund	18.24%	14.21%	11.16%
Return on average Capital Employed (based on profit before financial charges & tax)	33.80%	24.88%	30.41%
Price/Earning Ratio (unadjusted)	10.43	5.58	7.22
Fixed Assets/Turnover Ratio	0.59	0.66	0.78
Debt/Equity Ratio	47:53	45:55	36:64
Interest Cover - Times	-	4.54 x	3.91 x
Debtors Turnover Ratio	10.80	12.61	14.08
Gross Profit Ratio (as percentage of Turnover)	44.14%	43.67%	46.75%
Market Value per Share at year/period end	150.00	87.00	85.00

2 0 0 0 Rs 000	2 0 0 1 Rs 000	2 0 0 2 Rs 000	2 0 0 3 Rs 000	2 0 0 4 Rs 000	Year ended September 30, 2 0 0 5 Rs 000	15 months ended December 31, 2 0 0 6 Rs 000
1,143,164	1,240,331	1,358,961	1,386,235	1,521,649	1,752,399	2,381,420
528,543	541,571	609,787	585,113	679,848	735,383	948,438
370,256	396,823	407,565	437,480	444,374	518,285	583,702
312,772	355,026	368,904	403,593	429,823	502,159	571,041
(50,401)	(85,865)	(67,193)	(39,628)	(97,784)	(132,235)	(121,280)
262,371	269,161	301,711	363,965	332,039	369,924	449,761
31,298	31,298	363,061	150,232	75,116	75,116	75,116
104,328	208,656	62,597	150,232	250,387	225,348	300,465
135,626	239,954	425,658	300,464	325,503	300,464	375,581
208,656	208,656	250,387	250,387	250,387	250,387	250,387
935,340	822,229	510,492	661,628	768,319	812,740	962,037
1,143,996	1,030,885	760,879	912,015	1,018,706	1,063,127	1,212,424
-	254,030	237,159	215,738	245,944	249,857	208,210
333,519	76,576	183,347	61,969	15,970	(68,937)	(188,117)
1,477,515	1,361,491	1,181,385	1,189,722	1,280,620	1,244,047	1,232,517
1,505,395	1,402,507	1,290,277	1,276,623	1,348,962	1,275,466	1,175,894
(27,880)	(41,016)	(108,892)	(86,901)	(68,342)	(31,419)	56,623
1,477,515	1,361,491	1,181,385	1,189,722	1,280,620	1,244,047	1,232,517
159,586	21,131	17,260	109,304	201,122	69,321	89,435
119,980	123,895	125,008	122,496	126,441	138,780	187,977
10.48	10.75	12.05	14.54	13.26	14.77	17.96
5.42	9.58	17.00	12.00	13.00	12.00	15.00
1.93 x	1.12 x	0.71 x	1.21 x	1.02 x	1.23 x	1.20 x
45.69	41.17	30.39	36.42	40.69	42.46	48.42
24.28%	24.75%	33.68%	43.51%	34.40%	35.54%	39.53%
12.55%	22.07%	47.51%	35.92%	33.72%	28.87%	33.01%
25.92%	27.96%	32.06%	36.90%	35.98%	41.06%	47.14%
9.78	6.60	9.44	10.39	11.16	10.66	7.86
0.76	0.88	1.05	1.09	1.13	1.37	2.03
27:73	19:81	40:60	23:77	16:84	9:91	1:99
6.44 x	9.49 x	10.54 x	12.91 x	30.54x	32.14 x	46.10 x
15.88	17.67	19.13	19.07	18.36	16.87	16.48
46.24%	43.66%	44.87%	42.21%	44.68%	41.96%	39.83%
122.95	85.15	113.75	151.00	147.95	157.55	141.15

Note 1 Figures restated on bonus issue

Note 2 Includes proposed final dividend declared subsequent to the year/period end

business locations

REGISTERED HEAD OFFICE	Karachi	P.O. Box 4845, West Wharf Phones: (021) 2313361 (9 Lines) Fax: (021) 2312968	
NORTH WESTERN REGION	Lahore	P.O.Box 205 Shalamar Link Road, Moghalpura Phones: (042) 6824091 (4 Lines) Fax: (042) 6817573	Oxygen/Nitrogen & Argon Factory Nitrous Oxide Factory
	Multan	Opp. Gultex Limited Vehari Road Phones: (061) 6526141 & 6529568 Fax: (061) 6529820	Sales Depot
		Adjacent to PFL Khanewal Road Khanewal Phones: (061) 6562201 (2 Lines) Fax: (061) 6778401	Carbon Dioxide Factory
	Mehmood Kot	Adjacent to PARCO Mid Country Refinery, Mehmood Kot Qasba Gujrat, Muzaffargarh Phones: (066) 2290751 & 2290484-85 Fax: (066) 2290752	Nitrogen Factory
	Faisalabad	Altaf Ganj Chowk Near Usman Flour Mills, Jhang Road Phones: (041) 2653463 & 2650564	Sales Depot
	Gujranwala	Pindi By-Pass, G.T. Road Phones: (055) 3254720 & 3259115 (055) 6411273	Sales Depot & Oxygen Compressing Station
	Wah Cantonment	Kabul Road Phones: (051) 4545359	Acetylene Factory
	Taxila	Adjacent to HMC No.2 Phones: (051) 9270562 (5 Lines) Ext. 383 (051) 4537041 & 4546127 Fax: 0320-4535217	Oxygen/Nitrogen & Argon Factory
	Hasanabdal	Adjacent to LT Engineering, Haripur Road Phones: (0572) 520017 (Ext. 104) (0572) 522428 (Ext. 104)	Hydrogen Factory
	Peshawar	Jhagra Chowk, G.T. Road Phones: (091) 2261573 (2 Lines)	Sales Depot & Oxygen Compressing Station
SOUTHERN REGION	Karachi	P.O. Box 4845, West Wharf Phones: (021) 2313361 (9 Lines) Fax: (021) 2312968	Oxygen/Nitrogen & Argon Facility Acetylene Factory Nitrous Oxide Factory Electrode Factory Speciality Gases
	Port Bin Qasim	Plot EZ/1/P-5 (SP-1), Eastern Zone Phones: (021) 4750416 (7 Lines) Fax: (021) 4750418	Oxygen/Nitrogen & Argon Factory Hydrogen Factory
	Hyderabad	Kh. Gharib Nawaz Road, Near Hyderabad Petroleum, Hali Road Phone: (0223) 880930	Sales Depot
	Sukkur	A-15, Airport Road, Near Bhatti Hospital Phone: (071) 5630871	Sales Depot
	Quetta	Eissa Khan Street, Off Sirki Road Phone: (081) 2451706	Sales Depot



Mr Arthur Zhang (standing 2nd from left) of The Linde Group during his recent visit to Pakistan is being briefed about time and motion of the cylinder handling at Company's West Wharf site in Karachi

Safe Manual Handling



Directors' Report

Your directors are pleased to present their Annual Report together with the Company's audited financial statements for the fifteen months period ended 31st December 2006.

As earlier communicated through the Stock Exchanges and our quarterly accounts for the 4th Quarter ended 30th September 2006, The BOC Group plc, UK, the majority shareholder of BOC Pakistan Limited, has with effect from 5th September 2006, become a wholly owned subsidiary of Linde AG, Germany. Accordingly, with effect from that date Linde AG is the ultimate parent company of BOC Pakistan Limited, and BOC Pakistan Limited is a part of The Linde Group, which is now the world's largest industrial gases Group.

Further, as mentioned in the Directors' Review which accompanied the 4th Quarter Accounts, BOC Pakistan Limited has decided to change its accounting year to the calendar year to coincide with that of the rest of The Linde Group. To enable this change, as a one off, accounts for 15 months for the period 1st October 2005 to 31st December 2006 have been prepared and audited and are annexed to this report, for which due permission has been accorded by the Securities and Exchange Commission of Pakistan. Accordingly these will be placed before the Members at the forthcoming Annual General Meeting which has been convened for 30th April 2007.

ECONOMY

Pakistan's financial year 2005/2006 was yet another year of growth when real GDP grew by 6.6%. The key drivers of this growth were the services & financial sectors and industry. As a result, Pakistan has achieved a solid base for a stronger economic growth, despite a surge in oil prices and the devastating earthquake in October 2005, and the GDP growth target for the year 2006/2007 has consequently being fixed at 7%. There are however visible challenges in meeting this target. Though an anticipated recovery in large scale industry is likely, the targeted growth of 13% in this sector may prove difficult to achieve, and the weak performance of the three major crops has reduced the probability of a sharp rebound in agriculture. Trade deficit continued to rise during the first half of fiscal year 2007, which could also pose a challenge to the prospects of strong growth. Despite these factors, achievement of the GDP growth target remains possible if there is strong growth in the service sector.

COMPANY PERFORMANCE

Your Company is faced with the challenge of increased competition in the overall gases business which has put pressure on both prices and volumes. The ship-breaking industry which was an important segment of the industrial gases business continues to show very low activity with no signs of revival. Despite this, your management has been able to achieve growth in business by expanding customer base and availing new business opportunities.

(i) Sales

– Process Gas Solutions (PGS)

In the PGS business major customers in the Chemicals and Oil & Gas sectors continued to perform well and growth was also seen in the Steel segment where all emerging business opportunities were secured. The CO₂ business continues to grow sharply with excellent plant utilization.

As a result on a like to like basis for the 12 months between October 2005 and September 2006, sales grew by 3% and for the remaining 3 months by 31% over the corresponding period of the previous year.

– Industrial & Special Products (ISP) Sales

Industrial and Speciality Products business also continued to show growth. Volumes for Oxygen from steel remelting and scrap customers and the use of Argon in various infrastructure projects were the main factors for growth, supported by the automotive sector and its complementary effect on the ancillary vendor market. However, as mentioned already the Gadani ship-breaking business continued to suffer due to inability of local ship-breakers to compete with imported steel billets and scrap. As a result, on a like to like basis for the 12 months between October 2005 and September 2006, sales grew by 13% but for the remaining 3 months it remained more or less in line with last year. The flat growth in the last quarter was also a result of the refurbishment, & consequent lower production, of the Electrode plant which has now positioned the business well to provide increased volumes for the expected large infrastructure projects in the future.

Overall, the Company's net sales on a like to like basis for the 12 months between October 2005 and September 2006 have grown by 8% and for the remaining 3 months by 14% over the corresponding period of the previous year.

(ii) Profit

Increased competition and higher distribution cost due to rising fuel prices has, however, put pressure on margins. In addition, during the period under review, the Company has revised the estimated useful life of certain assets and basis for provision against doubtful trade debts due to change in Group guidelines, as a result of which an additional charge of Rs 18 million for depreciation and provision for doubtful debt has been booked in the last quarter. A further Rs 57 million has been charged in respect of provision for staff redundancy consequent to a planned restructuring for a more efficient management structure of the Company. Operating profit on a like to like basis for the 12 months period between October 2005 and September 2006 at Rs 506.8 million remains marginally lower than the previous year, and for the remaining 3 months the additional charge of Rs 75 million has further lowered the operating profit compared to the same period last year.

Taxation for the period is low, despite the fact that the benefit of the Presumptive Tax Regime (PTR) is no longer available, primarily due to reversals of prior years tax provision amounting to Rs 65 million. As a result profit after tax for the period was Rs 450 million, and EPS was Rs 17.96 compared to Rs 14.77 at the end of September 2005.

(iii) Cash Flow Management

During the period, almost all working capital requirements and other liquidity commitments were funded from the Company's own resources. Prudent investment of surplus funds has resulted in interest income of Rs 22 million compared to Rs 11.6 million in the financial

year 2005. In addition, financial costs were strongly controlled and remained substantially low, resulting in a strong cash position and a healthy balance sheet throughout the period.

(iv) Financial Risk Mitigation

Overall risks arising from the Company's financial assets and liabilities are limited. The Company manages its exposure to financial risks as disclosed in Note No: 35.2 of the Financial Statements.

(v) Operations

– Process Gas Solutions

Plants at all the five locations, i.e. Port Qasim, Multan, Qasba Gujrat, Lahore and Taxila, operated efficiently during FY06, with a strong focus on safety and product quality, & average plant reliability remained at 98.89%. All sites, as a result, had excellent safety records with ZERO loss time incidents, and operating costs and operating parameters remained well within the budget. Operations at Lahore and Multan however remained under pressure of frequent power failures, but the power situation at Port Qasim, Qasba Gujrat and Taxila remained stable.

The MAXIMO (Enterprises Assets Management) Project, in collaboration with the Group, has been launched successfully and is expected to ensure economies in maintenance, spares management and plant reliability. It has already yielded favourable results in terms of breakdown costs.

– Industrial & Special Products

All ISP production facilities operated at acceptable levels of safety, quality and productivity. Volumes of Welding Electrodes production were at capacity during the period October 2005 to September 2006 but Argon volumes, for which demand remained high, had to be supplemented by imports for which very attractive and cost effective solutions were structured. Nitrogen, DA and NO₂ volumes remained at constant levels.

Integrated Management Systems & Standards (IMSS) were implemented at all the three major ISP sites, in addition to systems for a sharper focus on supply chain planning and management.

SALE OF OXYGEN PLANT

An obsolete Air Separation Unit of the Company located at West Wharf, Dockyard Road, Karachi was sold at a sum of Rs 12.3 million as scrap.

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 35.

SAFETY, HEALTH, ENVIRONMENT, QUALITY AND SECURITY (SHEQS)

A behavioural safety programme, SITE SAFE, was initiated in the 1st quarter of the financial year with a 3 week intensive programme at Lahore followed by a number of other initiatives during the period as follows:

- Yearly "Safety Implementation Plans" based on "Safety in BOC Roadmap"
- Visible Leadership Matrix, to objectively measure visible leadership of top management in SHEQS
- Driver safety programmes based on on-road behaviour observation
- Customer training and customer engineering audits
- A country-wide safety champion contest for employees across various departments.

These and other Safety initiatives continue to be an integral part of Company's commitment to Safety as a top priority.

TRAINING & DEVELOPMENT

Training & development remained robust throughout the year, covering both the specific functional streams as well as general management, with a focus on Performance Management/Coaching and a number of Safety related programmes in collaboration with the Pakistan Navy.

SAP HUMAN RESOURCES

After the successful implementation of phase 1 of the SAP HR module, the technology platform has continued to grow, with notable initiatives successfully executed, including Compensation & Benefits information, its direct interface with the in-house designed payroll system and the application of Performance Management skills.

MANAGEMENT AND EMPLOYEE RELATIONS

The Industrial Relations environment remained positive throughout the year, and the CBA continued to participate constructively in all Company operations.

DISTRIBUTION OF DIVIDENDS AND APPROPRIATION OF PROFITS

In view of an improved EPS in the period and a healthy balance sheet, the Directors recommend a final dividend of 120%, which takes the total dividend for the period to 150%. This level of dividend also adequately ensures appropriate retention to support any future investment opportunities.

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

	(Rupees in thousand)
Profit for the year before taxation	571,041
Out of which the Directors have accounted for taxation, as under:	
Current - for the year	(231,321)
- for prior years	64,774
Deferred	<u>45,267</u>
	<u>(121,280)</u>
Disposable profit for appropriation	449,761
From which an interim dividend at Rs 3.00 per share was paid in June 06	(75,116)
Un-appropriated profit	<u><u>374,645</u></u>

Subsequent Effects

Appropriations out of un-appropriated profits

The Directors now recommend payment of final dividend at Rs 12.00 per share against un-appropriated profit	300,465
Transfer to General Reserves	<u>74,180</u>
Total dividend per share for the period Rs 15.00 (2005: Rs 12.00)	<u><u>375,581</u></u>

Post tax earnings per share amount to Rs 17.96 (2005: Rs 14.77)

MATERIAL CHANGES

There have been no material changes since 31 December 2006 and the Company has not entered into any commitments which would affect its financial position at that date.

BOARD OF DIRECTORS

The following changes have taken place in the Board of your Company since the last Annual Report 2005.

Mr Tariq Iqbal Khan, a director of the Company representing National Investment Trust Limited (NITL), resigned from the Board of Directors on 27th December 2006. The directors would like to express their deep appreciation for the valuable contributions made by Mr Tariq Iqbal Khan during his tenure of approximately 5 years as director of the Company.

Mr Shamim Ahmad Khan, representing NITL, has been appointed as director of the Company with effect from 24th January 2007 in place of Mr Tariq Iqbal Khan. The Board welcomes Mr Shamim Ahmad Khan, who brings with him a wealth of experience in formulation of Government policies on issues relating to Trade, Finance and Corporate Governance.

HOLDING COMPANY

Pursuant to the acquisition of The BOC Group plc., U.K. by Linde AG of Germany with effect from 5th September 2006, The BOC Group plc, U.K. is now a wholly owned subsidiary of Linde AG and Linde AG is with effect from that date now the ultimate parent company of BOC Pakistan Limited. The BOC Group plc, incorporated in U.K. however continues to be the immediate holding company of BOC Pakistan Limited.

AUDITORS

The auditors Messrs A. F. Ferguson & Co., Chartered Accountants, retire at the conclusion of the Annual General Meeting. The Company has received a notice from its parent company, The BOC Group plc., U.K., of its intention to propose Messrs KPMG Taseer Hadi & Co., Chartered Accountants, for appointment as auditors of the Company for the year 2007. As suggested by the Audit Committee, the Board of Directors recommend the appointment of KPMG Taseer Hadi & Co. as auditors of the Company for the year ending 31st December 2007, at a remuneration to be mutually agreed.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The following is confirmed as per requirement under this framework:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows 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 judgement.
- d) International Accounting Standards, as applicable in Pakistan, and requirements of Companies Ordinance, 1984 have been followed in preparation of financial statements.
- e) The Company maintains sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed, has been formalized by the Board's Audit Committee and is updated as and when needed.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) Key operating and financial data of last 10-year in a summarized form is given on page number 22.

- i) Information about outstanding taxes and levies is given in the Notes to the Accounts.
- j) The value of investments made by the staff retirement funds operated by the Company as per their respective un-audited Financial Statements (audit in progress) are as follows:

BOC Pakistan Limited
Staff Provident Fund as of 31st July 2006 Rs 230 million

BOC Pakistan Limited
Pakistan Employees Gratuity
Fund as of 30th September 2006 Rs 95 million

BOC Pakistan Limited
Management Staff Pension Fund
as of 30th September 2006 Rs 157 million

- k) During the period five meetings of the Board of Directors were held. Attendance by each Director was as follows:

Name of Directors	Number of Board Meetings Attended	
1. Mr Munnawar Hamid OBE	05	
2. Mr Syed Ayaz Bokhari	05	
3. Mr Sanaullah Qureshi	05	
4. Mr Mike S Huggon	02	
5. Mr Towfiq Habib Chinoy	03	
6. Mr Tariq Iqbal Khan	03	Resigned on 27/12/06
7. Mr Sanjiv Lamba	02	
8. Mr Syed Ainul Hadi	05	

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


- l) i. An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance, which comprises 04 non-executive directors including its Chairman. During the period 05 meetings of the Committee were held. The Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.
- ii. In addition, a Remuneration and Appointments Committee of the Board has been in operation since May 2002 as a measure of ensuring good governance. It comprises 03 members, all of whom are non-executive directors including the Chairman of the Committee.
- m) The pattern of shareholding together with additional information thereon is given on pages 85 and 87.
- n) The Directors, CEO, Company Secretary & CFO and their spouses and minor children did not carry out any trade in the shares of the Company.

- o) The Board of Directors of the Company in its meeting held on 20 September 2002 adopted the "Statement of Ethics and Business Practices" which appears on page number 7. The statement is regularly circulated within the Company since 2002. The directors and employees are also aware of the "Code of Conduct" which was introduced by the Company's Holding Company, The BOC Group plc., U.K. in the year 2003.

FUTURE PROSPECTS

Pakistan's economic reforms driven by a Policy of deregulation, liberalization and privatization have yielded positive results in actualizing the growth potential of the Country. As a result investor confidence has grown and increased direct foreign investment is expected in the industrial sector during the year which should provide additional opportunities for the growth of your Company.

Your Board would like to take the opportunity to express its appreciation and gratitude, to all its customers, bankers, suppliers, contractors, service providers and shareholders for their continued support, as well as to the management and employees of the Company for their hard work and dedication throughout the year in continuing to achieve a strong performance.

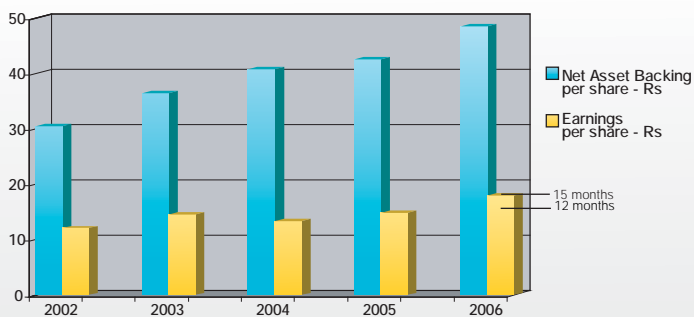
On behalf of the Board

MUNNAWAR HAMID OBE
 Chairman

Karachi
 22 February 2007

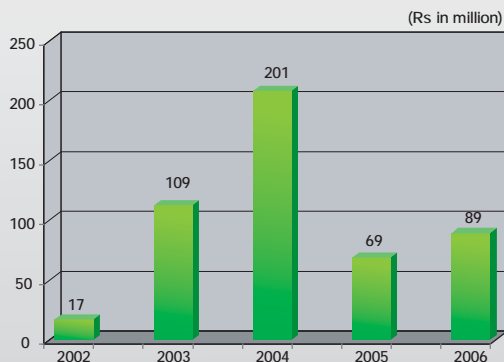
Shareholders' Fund



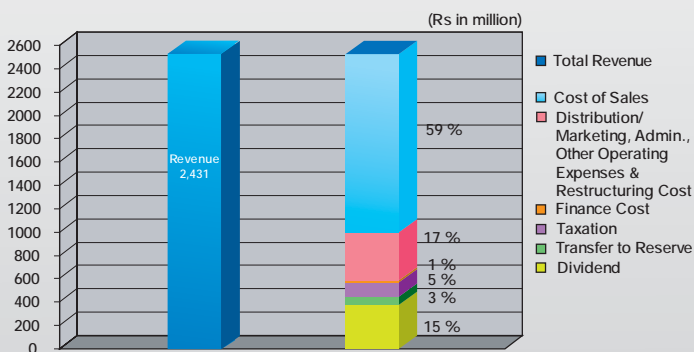
Break up Value and EPS



Capital Expenditure



Application of Revenue 2006





For the first time in Pakistan, BOC has successfully implemented its Liquid Nitrogen application in the cotton yarn dyeing process

BOC's Liquid Nitrogen and Oxygen applications in special steel manufacturing, which is a high growth market sector in the economy



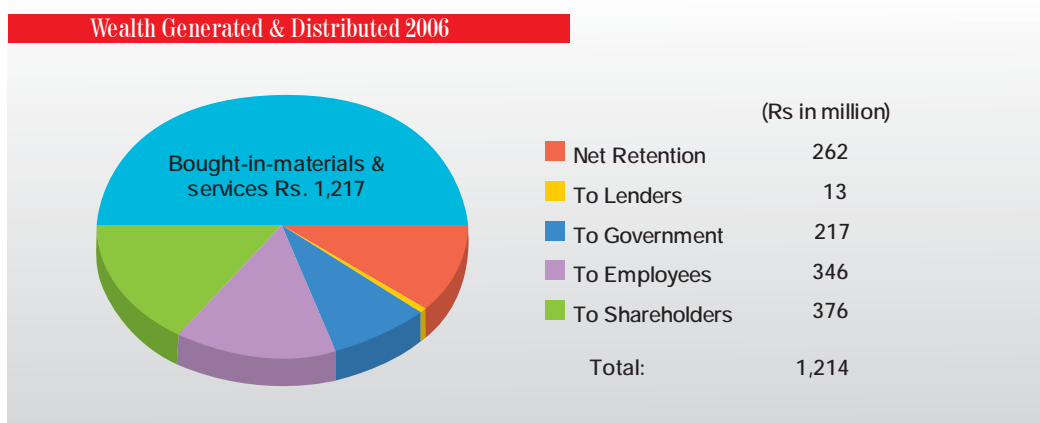
Statement of Value Added

by BOC Pakistan during 2006

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

	Fifteen months ended December 31, 2006		Year ended September 30, 2005	
	Rs 000	%	Rs 000	%
Wealth Generated				
Total Revenue, net of sales tax	2,430,785		1,805,526	
Bought-in-materials & services	(1,216,785)		(838,879)	
	<u>1,214,000</u>	100%	<u>966,647</u>	100%
Wealth Distributed				
To Employees				
Salaries, wages and benefits	289,657	24%	244,117	25%
Restructuring Cost	56,900	4%	-	-
	<u>346,557</u>		<u>244,117</u>	
To Government				
Income Tax on Profit, Workers' Funds, Import Duties (exclusive of capital items) and un-adjustable Sales Tax	217,044	18%	197,700	20%
To Providers of Capital				
Cash Dividends to Shareholders (Note)	375,581	31%	300,464	31%
Finance cost – Net	12,661	1%	16,126	2%
Retained in the Business				
For replacement of fixed assets: depreciation, amortisation & transfer to general reserves	262,157	22%	208,240	22%
	<u>1,214,000</u>	100%	<u>966,647</u>	100%

Note: Includes proposed final dividend declared subsequent to period/year end





Management in Training

