

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FIRST QUARTER ENDED
31 MARCH 2011



Directors' Review

I am pleased to present the Directors' Review together with the condensed interim financial statements of your Company for the first quarter ended 31 March 2011.

Macroeconomic condition of the country continued to remain under stress, as the focus remained on rehabilitation of people affected by the August 2010 flood catastrophe. High international oil prices, escalating electricity costs and gas shortages have further added to the concerns of the country's economic managers who have been struggling to manage the resulting rampant inflation.

Inflation after touching a level of 12.90% in February 2011 jumped to 13.20% in March 2011 owing to the factors mentioned above. However, it is pertinent to note that during the quarter under review, the Government took certain revenue increasing measures including imposition of 15% flood surcharge, enhancement of rate of central excise duty and withdrawal of exemption from levy of sales tax on certain goods, all of which are expected to curb public sector borrowings. In an attempt to support the Government in its struggle to manage the inflationary pressure the Central bank, in its monetary policy for the 3rd quarter FY11, has kept the policy rate unchanged at 14%.

Despite tough economic and competitive challenges, your Company displayed a robust performance during the period under review. Your Directors are also pleased to report that net turnover at Rs 729 million increased by 47% over the same period last year. Better availability of ASU products (Oxygen, Nitrogen and Argon) due to higher production, improved prices, enhanced operational efficiencies, increase in turnover for hard goods, and additions to the customer portfolio in the healthcare business made significant contributions towards achieving this strong recovery in turnover. As a result compared to the same period last year, gross margin at Rs 210 million was higher by 74%, profit before taxation at Rs 125 million grew by 207%, and EPS at Rs 3.32 increased by Rs 2.25 representing a very significant increase of 211%.

Work on the new air separation plant in Lahore is progressing satisfactorily and, as reported earlier, on commissioning early next year will enable your Company to grow and compete even more effectively despite tough challenges in the business environment expected over the longer term. Your Directors are also confident that the strong performances achieved in the 1st Quarter FY11 will continue to witness sustainable and improved growth in the remaining part of this financial year.

On behalf of the Board

Karachi:
22 April 2011

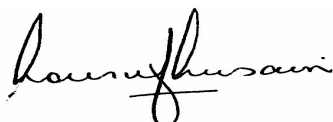


Munnawar Hamid OBE
Chairman

BOC Pakistan Limited
Condensed Interim Profit and Loss Account (Unaudited)
For the first quarter ended 31 March 2011

	<i>Note</i>	31 March 2011	31 March 2010
(Rupees in '000)			
Net sales	5	729,044	497,241
Cost of sales	5	<u>(518,862)</u>	<u>(376,665)</u>
Gross profit		210,182	120,576
Distribution and marketing expenses		<u>(47,984)</u>	<u>(38,902)</u>
Administrative expenses		<u>(39,637)</u>	<u>(34,216)</u>
Other operating expenses	6	<u>(12,215)</u>	<u>(22,008)</u>
Other operating income	7	<u>14,660</u>	<u>15,475</u>
		<u>(85,176)</u>	<u>(79,651)</u>
Profit from operations		125,006	40,925
Finance costs		<u>(259)</u>	<u>(269)</u>
Profit before taxation		124,747	40,656
Taxation	8	<u>(41,648)</u>	<u>(13,915)</u>
Profit after taxation		<u>83,099</u>	<u>26,741</u>
(Rupees)			
Earnings per share - basic and diluted		<u>3.32</u>	<u>1.07</u>

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



Yousuf Husain Mirza
Chief Executive

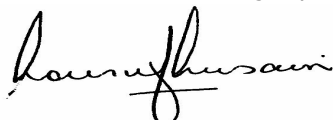


Munnawar Hamid OBE
Chairman

BOC Pakistan Limited
Condensed Interim Balance Sheet
As at 31 March 2011

	Note	31 March 2011 Unaudited	31 December 2010
ASSETS			
(Rupees in '000)			
Non-current assets			
Property, plant and equipment	9	1,313,122	1,249,277
Net investment in finance lease	10	66,087	81,288
Long term loans		711	677
Long term deposits and prepayments		<u>11,174</u>	<u>11,229</u>
		1,391,094	1,342,471
Current assets			
Stores and spares		95,220	100,785
Stock-in-trade	11	228,121	184,455
Current maturity of net investment in finance lease	10	67,916	65,022
Trade debts		226,910	168,854
Loans and advances		9,412	7,716
Deposits and prepayments		11,895	12,837
Other receivables		19,412	27,031
Cash and bank balances		<u>446,014</u>	<u>478,064</u>
		<u>1,104,900</u>	<u>1,044,764</u>
		<u>2,495,994</u>	<u>2,387,235</u>
EQUITY AND LIABILITIES			
Share capital			
		250,387	250,387
General reserve		<u>1,128,069</u>	<u>1,039,567</u>
Unappropriated profit		<u>83,240</u>	<u>201,176</u>
		<u>1,211,309</u>	<u>1,240,743</u>
		1,461,696	1,491,130
Non-current liabilities			
Long term deposits		<u>123,720</u>	<u>122,495</u>
Deferred liabilities	12	<u>180,079</u>	<u>195,281</u>
		303,799	317,776
Current liabilities			
Trade and other payables		<u>535,869</u>	<u>536,202</u>
Provision for taxation - net		<u>81,956</u>	<u>42,127</u>
Dividend payable		<u>112,674</u>	<u>-</u>
		<u>730,499</u>	<u>578,329</u>
		<u>2,495,994</u>	<u>2,387,235</u>
CONTINGENCIES AND COMMITMENTS			
	13		

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



Yousuf Husain Mirza
Chief Executive

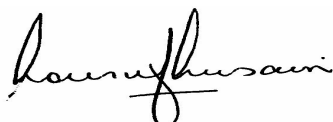


Munnawar Hamid OBE
Chairman

BOC Pakistan Limited
Condensed Interim Cash Flow Statement (Unaudited)
For the first quarter ended 31 March 2011

	Note	31 March 2011	31 March 2010
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	14	72,489	152,382
Reorganization / restructuring cost paid		-	(8,994)
Finance costs paid		(261)	(258)
Income tax paid		(17,305)	(46,541)
Post retirement medical benefits paid		(15)	(34)
Long term loans, deposits and prepayments		21	(145)
Long term deposits		1,225	1,986
Net investment in finance lease		15,201	29,393
<i>Net cash from operating activities</i>		71,355	127,789
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(114,798)	(8,884)
Proceeds from disposal of operating assets		232	-
Interest received on balances with banks		10,081	10,997
Interest received on investment in finance lease		1,239	2,720
<i>Net cash from/(used in) investing activities</i>		(103,246)	4,833
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(159)	(123)
<i>Net cash used in financing activities</i>		(159)	(123)
Net increase in cash and cash equivalents		(32,050)	132,499
Cash and cash equivalents at beginning of the period		478,064	500,310
Cash and cash equivalents at end of the period		446,014	632,809

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Yousuf Husain Mirza
Chief Executive

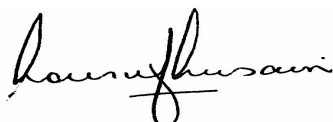


Munnawar Hamid OBE
Chairman

BOC Pakistan Limited**Condensed Interim Statement of Comprehensive Income (Unaudited)***For the first quarter ended 31 March 2011*

	For the first quarter ended	
	31 March 2011	31 March 2010
	(Rupees in '000)	
Profit for the period	83,099	26,741
<i>Other comprehensive income</i>		
Defined benefit plan actuarial gain / (loss)	217	(1,116)
Less:Deferred tax	(76)	390
Total comprehensive income for the period	83,240	26,015

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Yousuf Husain Mirza
Chief Executive

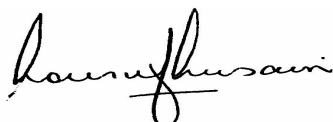


Munnawar Hamid OBE
Chairman

BOC Pakistan Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
For the first quarter ended 31 March 2011

	Share capital	Revenue reserves		Total
	Issued, subscribed and paid-up capital	General reserve	Unappropriated profit	
	----- (Rupees in '000) -----			
Balance as at 1 January 2010	250,387	1,006,653	195,666	1,452,706
Profit for the year	-	-	26,741	26,741
Other comprehensive income for the period - Defined benefit plan actuarial gain / (loss)-net	-	-	(726)	(726)
	-	-	26,015	26,015
<i>Transaction with owners</i>				
Final dividend for the year ended 31 December 2009 - Rs 6.50 per share	-	-	(162,752)	(162,752)
Transfer to general reserve	-	32,914	(32,914)	-
Balance as at 31 March 2010	<u>250,387</u>	<u>1,039,567</u>	<u>26,015</u>	<u>1,315,969</u>
Balance as at 1 January 2011	250,387	1,039,567	201,176	1,491,130
Profit for the year	-	-	83,099	83,099
Other comprehensive income for the period - Defined benefit plan actuarial gain / (loss)-net	-	-	141	141
	-	-	83,240	83,240
<i>Transaction with owners</i>				
Final dividend for the year ended 31 December 2010 - Rs 4.50 per share	-	-	(112,674)	(112,674)
Transfer to general reserve	-	88,502	(88,502)	-
Balance as at 31 March 2011	<u>250,387</u>	<u>1,128,069</u>	<u>83,240</u>	<u>1,461,696</u>

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



Yousuf Husain Mirza
Chief Executive



Munnawar Hamid OBE
Chairman

BOC Pakistan Limited**Notes to the Condensed Interim Financial Statements (Unaudited)***For the first quarter ended 31 March 2011***1. LEGAL STATUS AND OPERATIONS**

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

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

The Company is a subsidiary of The BOC Group Limited whereas its ultimate parent company is Linde AG, Germany.

2. BASIS OF PREPARATION

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

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

These condensed interim financial statements do not include the information reported for full annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding published financial statements of the Company for the year ended 31 December 2010.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets and 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 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.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published financial statements of the Company for the year ended 31 December 2010.

5. SEGMENT RESULTS

	For the first quarter ended					
	31 March 2011			31 March 2010		
	Industrial and medical gases	Welding and others	Total	Industrial and medical gases	Welding and others	Total
	----- (Rupees in '000) -----					
Gross sales	615,213	217,082	832,295	489,628	85,361	574,989
Less:						
Trade discount	16,547	-	16,547	27,950	-	27,950
Sales tax	55,407	31,297	86,704	38,124	11,674	49,798
	71,954	31,297	103,251	66,074	11,674	77,748
Net sales	543,259	185,785	729,044	423,554	73,687	497,241
Less:						
Cost of sales	358,208	160,654	518,862	316,091	60,574	376,665
Distribution and marketing expenses	42,106	5,878	47,984	34,671	4,231	38,902
Administrative expenses	34,797	4,840	39,637	30,495	3,721	34,216
	435,111	171,372	606,483	381,257	68,526	449,783
Segment result	108,148	14,413	122,561	42,297	5,161	47,458
<i>Unallocated corporate expenses:</i>						
Other operating expenses ⁶			(12,215)			(22,008)
Other operating income ⁷			14,660			15,475
Operating profit			125,006			40,925
Finance costs			(259)			(269)
Taxation ⁸			(41,648)			(13,915)
Profit for the period			83,099			26,741

6. OTHER OPERATING EXPENSES

	For the first quarter ended	
	31 March 2011	31 March 2010
	(Rupees in '000)	
Workers' profit participation fund	6,715	2,265
Workers' welfare fund	2,833	2,451
Legal and professional charges and Donations	2,667	2,275
Exchange loss - net	-	15,017
	12,215	22,008

- 6.1 This includes donation of welding equipment and related accessories amounting to Rs. 262 thousand (31 March 2010: Nil) to SOS Technical Training Institute, Karachi. Mr. Sanaullah Qureshi, Non-Executive Director, is Chairman of SOS Technical Training Institute Committee.

7. OTHER OPERATING INCOME

For the first quarter
ended

	31 March 2011	31 March 2010
	(Rupees in '000)	
Income on saving accounts and deposits	9,070	12,755
Income on investment in finance lease	1,239	2,720
Exchange gain - net	4,125	-
Gain on disposal of property, plant and equipment	226	-
	<u>14,660</u>	<u>15,475</u>

8. TAXATION

Current	57,134	42,772
Deferred	(15,486)	(28,857)
	<u>41,648</u>	<u>13,915</u>

9. PROPERTY, PLANT AND EQUIPMENT

31 March
2011

31 December
2010

(Rupees in '000)

Operating assets	9.1 1,070,813	1,063,832
Capital work-in-progress	242,309	185,445
	<u>1,313,122</u>	<u>1,249,277</u>

9.1 Operating assets

Net book value (NBV) as at 1 January 2011 / 2010	1,063,832	1,020,722
Additions during the period / year:		
- Land & Building	3,172	54,931
- Plant and machinery	45,295	145,646
- Vehicles	5,874	6,550
- Furniture and fittings	2,032	1,771
- Office equipments	1,561	11,719
	57,934	220,617
Less:		
- Disposals during period / year (NBV)	(6)	(15)
- Depreciation charge during the period / year	(50,947)	(177,492)
	(50,953)	(177,507)
	<u>1,070,813</u>	<u>1,063,832</u>

10. NET INVESTMENT IN FINANCE LEASE

	31 March 2011		
	Minimum lease payments	Finance income for future periods	Principal outstanding
	----- (Rupees in '000) -----		
Not later than one year	71,447	3,531	67,916
Later than one year and not later than five years	67,227	1,140	66,087
	<u>138,674</u>	<u>4,671</u>	<u>134,003</u>

	31 December 2010		
	Minimum lease payments	Finance income for future periods	Principal outstanding
	----- (Rupees in '000) -----		
Not later than one year	69,127	4,105	65,022
Later than one year and not later than five years	83,093	1,805	81,288
	<u>152,220</u>	<u>5,910</u>	<u>146,310</u>

11. STOCK-IN-TRADE

	31 March 2011	31 December 2010
	(Rupees in '000)	
Raw and packing materials	68,921	63,659
In transit	1,881	23,367
	<u>70,802</u>	<u>87,026</u>
Finished goods		
- in hand	92,630	75,461
- in transit	64,689	21,968
	<u>157,319</u>	<u>97,429</u>
	<u>228,121</u>	<u>184,455</u>

11.1 Raw and packing materials and finished goods include inventories with a value of Rs. 13,537 thousand (31 December 2010: Rs. 12,157 thousand) which were held by third parties.

12. DEFERRED LIABILITIES

Deferred taxation	173,537	188,947
Post retirement medical benefits	6,542	6,334
	<u>180,079</u>	<u>195,281</u>

13. CONTINGENCIES AND COMMITMENTS
Contingencies

13.1 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 March 2011 amounted to Rs. 30,896 thousand (31 December 2010: Rs. 30,429 thousand).

Commitments

13.2 Capital commitments outstanding as at 31 March 2011 amounted to Rs. 596,495 thousand (31 December 2010: Rs. 560,187 thousand).

14. CASH GENERATED FROM OPERATIONS

	For the first quarter ended	
	31 March 2011	31 March 2010
	(Rupees in '000)	
Profit before taxation	124,747	40,656
<i>Adjustments for:</i>		
Depreciation	50,947	44,180
Gain on disposal of property, plant and equipment	(226)	-
Mark-up income from savings and deposit accounts	(9,070)	(12,755)
Income on investment on finance lease	(1,239)	(2,720)
Finance costs	259	269
Post retirement medical benefits	223	189
Working capital changes	14.1 (93,152)	82,563
	<u>72,489</u>	<u>152,382</u>

14.1 Working capital changes

(Increase) / decrease in current assets:

Stores and spares	5,565	(400)
Stock-in-trade	(43,666)	20,689
Trade debts	(58,056)	(9,249)
Loans and advances	(1,696)	(7,725)
Deposit and prepayments	942	1,119
Net investment in finance lease	(2,894)	3,909
Other receivables	6,825	3,594
	<u>(92,980)</u>	<u>11,937</u>

(Decrease) / increase in current liabilities:

Trade and other payables	(172)	70,626
	<u>(93,152)</u>	<u>82,563</u>

15. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

**15.1 Transactions with related parties are summarised as follows:**

Nature of relationship	Nature of transactions	31 March	31 March
		2011	2010
		(Rupees in '000)	
The BOC Group Limited (Parent)	Technical assistance fee	<u>7,547</u>	<u>5,882</u>
Linde AG (Ultimate parent)	Information systems support / maintenance	<u>3,069</u>	<u>2,386</u>
Associated Companies	Purchase of plant and machinery, plant spares, welding equipments and electrodes, gases and gas cylinders	<u>3,974</u>	<u>3,916</u>
	Reimbursement of staff related cost incurred by associated companies on behalf of the Company	<u>272</u>	<u>76</u>
	Reimbursement of staff related cost incurred by the Company on behalf of associated companies	<u>2,216</u>	<u>1,129</u>
	Sale of goods	<u>3,180</u>	<u>3,598</u>
Related entities by virtue of common directorship	Insurance premium	<u>-</u>	<u>178</u>
	Contributions to BOC Pakistan Limited Staff Provident Fund	<u>2,263</u>	<u>1,984</u>
Staff Retirement Benefits	Contributions to Management Staff Defined Contribution Pension Fund	<u>2,326</u>	<u>2,037</u>
	Contributions to Management Staff Pension Fund	<u>(509)</u>	<u>(529)</u>
	Contributions to BOC Pakistan Limited - Pakistan Employees' Gratuity Fund	<u>1,762</u>	<u>1,268</u>
	Meeting fee to Directors and remuneration to Non-Executive Directors	<u>1,243</u>	<u>680</u>
Actuarial (loss) / gain recognised during the period in the Statement of Comprehensive Income on account of:			
- Management Staff Pension Fund		<u>(2,059)</u>	<u>(440)</u>
- Pakistan Employees' Gratuity Fund		<u>2,276</u>	<u>(676)</u>

15.2 Balances with related parties are summarised as follows:

	31 March 2011	31 December 2010
	(Rupees in '000)	
Receivable from associates in respect of trade debts	526	475
Receivable from associates in respect of other receivables	1,420	2,779
Payable to holding company / associate in respect of trade and other payables	(47,479)	(59,939)
Payable to Staff Provident Fund	(1,502)	(1,536)
(Payable) / Receivable from Management Staff Defined Contribution Pension Fund	(97)	2,266
Receivable from Management Staff Pension Fund	12,500	14,050
Receivable from Pakistan Employees' Gratuity Fund	5,074	3,310

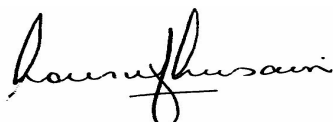
15.3 Sales, purchases and other transactions with related parties are carried out on commercial terms and conditions. The cost of technical assistance fee has been determined on the basis of agreement, duly acknowledged by the State Bank of Pakistan, between the Company and the BOC Group Limited based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

16. DATE OF AUTHORISATION

These financial statements were authorized for issue on 22 April 2011 by the Board of Directors of the Company.

17. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the preceding balance sheet as at the period end, whereas the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the corresponding period of the previous year. Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison.



Yousuf Husain Mirza
Chief Executive



Munnawar Hamid OBE
Chairman