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BRITISH OXYGEN (HONG KONG) LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2008

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BRITISH OXYGEN (HONG KONG) LIMITED

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of British Oxygen (Hong Kong) Limited for the year ended 31 December 2008.

Principal activity

The Company remained inactive during the year.

Results and appropriations

The results of the Company for the year are set out in the income statement on page 6.

The directors do not recommend the payment of a dividend.

Directors

The directors during the year and up to the date of this report are:

Mr Andrew Christopher BRACKFIELD

Mr Gareth MOSTYN

(resigned on 15 August 2008)

Dr Thorben FINKEN

(appointed on 3 June 2009)

There being no provision in the Company's Articles of Association for retirement by rotation, the current directors continue in office.

Directors' interests

No contracts of significance in relation to the Company's business to which the Company or its holding companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

The directors were granted options to subscribe for shares of the ultimate holding company in respect of their services provided to other group companies.

Apart from the above, at no time during the year was the Company or its holding companies a party to any arrangement to enable the directors of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a series of loops and a final horizontal stroke.

Chairman

England, 11 DEC 2009

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
BRITISH OXYGEN (HONG KONG) LIMITED**
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of British Oxygen (Hong Kong) Limited set out on the pages 5 to 15, which comprise the balance sheet as at 31 December 2008, and the income statement, the statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

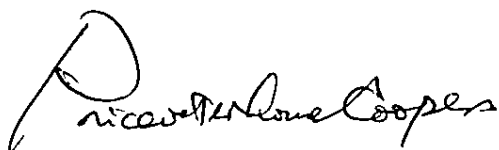
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
BRITISH OXYGEN (HONG KONG) LIMITED (Continued)**
(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2008 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', is written over a large, stylized capital letter 'P'.

PricewaterhouseCoopers
Certified Public Accountants

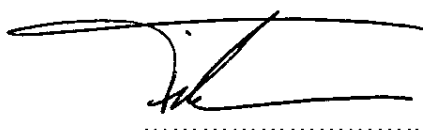
Hong Kong, 11 DEC 2009

BRITISH OXYGEN (HONG KONG) LIMITED

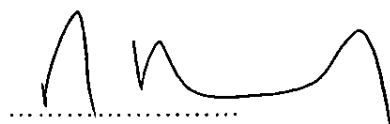
(All amounts in Hong Kong dollars unless otherwise stated)

BALANCE SHEET

	Note	As at 31 December	
		2008	2007
ASSETS			
Current assets			
Amount due from immediate holding company	6	<u>80,760,130</u>	<u>80,902,325</u>
EQUITY			
Capital and reserves attributable to the Company's equity holder			
Share capital	7	557,000	557,000
Share premium		66,908,903	66,908,903
Retained earnings		<u>13,217,984</u>	<u>13,365,422</u>
Total equity		<u>80,683,887</u>	<u>80,831,325</u>
LIABILITIES			
Current and total liabilities			
Accrued charges	8	<u>76,243</u>	<u>71,000</u>
Total equity and liabilities		<u>80,760,130</u>	<u>80,902,325</u>



Director



Director

The notes on pages 9 to 15 are an integral part of these financial statements.

BRITISH OXYGEN (HONG KONG) LIMITED

(All amounts in Hong Kong dollars unless otherwise stated)

INCOME STATEMENT

	Note	<u>Year ended 31 December</u>	
		2008	2007
Revenue	9	-	-
Administrative expenses	10	(147,438)	(81,994)
Loss for the year		<u>(147,438)</u>	<u>(81,994)</u>

The notes on pages 9 to 15 are an integral part of these financial statements.

BRITISH OXYGEN (HONG KONG) LIMITED

(All amounts in Hong Kong dollars unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holder of the Company			Total
	Share capital	Share premium	Retained earnings	
Balance at 1 January 2007	557,000	66,908,903	13,447,416	80,913,319
Loss for the year	-	-	(81,994)	(81,994)
Balance at 31 December 2007 and at 1 January 2008	557,000	66,908,903	13,365,422	80,831,325
Loss for the year	-	-	(147,438)	(147,438)
Balance at 31 December 2008	557,000	66,908,903	13,217,984	80,683,887

The notes on pages 9 to 15 are an integral part of these financial statements.

BRITISH OXYGEN (HONG KONG) LIMITED
 (All amounts in Hong Kong dollars unless otherwise stated)

CASH FLOW STATEMENT

	<u>Year ended 31 December</u>	
	2008	2007
Cash flows from operating activities		
Loss for the year	(147,438)	(81,994)
Changes in working capital:		
- Amount due from immediate holding company	142,195	77,766
- Accrued charges	5,243	4,228
	<hr/>	<hr/>
Net cash generated from operating activities	-	-
	<hr/>	<hr/>
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	-	-
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Cash and cash equivalents at end of the year	-	-
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The notes on pages 9 to 15 are an integral part of these financial statements.

BRITISH OXYGEN (HONG KONG) LIMITED

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

1 General information

British Oxygen (Hong Kong) Limited (the "Company") remained inactive during the year.

The Company is a limited liability Company incorporated in Hong Kong. The address of its registered office is Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong.

These financial statements are presented in Hong Kong dollars unless otherwise stated. They have been approved for issue by the Board of Directors on **11 DEC 2009**

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(a) Amendments and interpretations which are effective in 2008

The Hong Kong Institute of Certified Public Accountants has issued a number of amendments and interpretations which are mandatory for the Company's accounting period commencing on 1 January 2008. These amendments and interpretations do not have any impact on the Company's financial statements since they are not relevant to the Company's operation.

(b) Standards, amendments and interpretations to existing standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards (collectively, the "Amendments") have been published that are mandatory for accounting periods commencing on or after 1 January 2009. Some of the Amendments are relevant and applicable to the Company; however, they have not been adopted early in these financial statements. The Company has commenced, but not yet completed, an assessment of the impact of the applicable Amendments on its results of operations and financial positions. Following the receipt of advice, the directors are of the view that the impact on the financial statements will not be significant other than certain additional disclosures.

BRITISH OXYGEN (HONG KONG) LIMITED

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.3 Receivables

Receivables, including the amount due from the Company's immediate holding company, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the income statement.

2.4 Share capital

Ordinary shares are classified as equity.

2.5 Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, unless the discounting effect is insignificant.

Payables are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liabilities for at least 12 months after the balance sheet date.

BRITISH OXYGEN (HONG KONG) LIMITED

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.6 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3 Financial and capital risks management

3.1 Financial risk factors

The Company's activities are exposed to the following financial risks:

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The directors are of the opinion the Company's business activities are not exposed to significant foreign exchange risk as it is inactive and, accordingly, no sensitivity analysis is performed.

(b) Credit risk

The Company's credit risk is primarily attributable to its receivable due from its immediate holding company. In the opinion of the director, the exposure to credit risk is considered to be low as the financial position of the immediate holding company is considered to be sound and no payment default is noted.

BRITISH OXYGEN (HONG KONG) LIMITED

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS**3 Financial and capital risks management (Continued)****3.1 Financial risk factors (Continued)****(c) Liquidity risk**

Prudent liquidity risk management implies the availability of funding from its immediate holding company to meet its financial commitments so as to enable the Company to meet its liabilities as and when they fall due.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31 December 2008, the maturity analysis of accrued charges is as follows:

	2008	2007
<u>Less than one year:</u>		
Accrued charges	<u>76,243</u>	<u>71,000</u>

(d) Cash flow interest rate risks

The Company has no interest-bearing assets or liabilities. Accordingly, in the opinion of the directors, the cash flow interest rate risks are low and no sensitivity analysis is performed.

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to the shareholder, to procure adequate financial resources from the shareholder and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt.

3.3 Fair value estimation

The carrying value less impairment provision of receivables and payables, as well as amount due from immediate holding company are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments, unless the effect of discounting will be immaterial.

BRITISH OXYGEN (HONG KONG) LIMITED

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS**4 Critical accounting estimates and judgements**

Estimates and judgements are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, there are no estimates or assumptions used in these financial statements that the directors expect will have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

5 Financial instruments by category

The Company's financial instruments include the following:

	2008	2007
Financial assets – loans and receivables		
Amount due from immediate holding company	<u>80,760,130</u>	<u>80,902,325</u>
Financial liabilities – other financial liabilities		
Accrued charges -	<u>76,243</u>	<u>71,000</u>

6 Amount due from immediate holding company

The amount due is unsecured, interest-free, repayable on demand.

The carrying amount approximates its fair value as at 31 December 2008 and 2007 respectively and is denominated in Hong Kong dollars.

There are no past due, impaired or default receivables as at 31 December 2008 and 2007.

7 Share capital

	2008	2007
Authorised, issued and fully paid:		
55,700 Ordinary shares of HK\$10 each	<u>557,000</u>	<u>557,000</u>

8 Accrued charges

The carrying amounts of accrued charges approximate their fair values as at 31 December 2008 and 2007 respectively and are denominated in Hong Kong dollars.

BRITISH OXYGEN (HONG KONG) LIMITED

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS**9 Revenue**

The Company remained inactive during the year and no turnover has been generated (2007: Nil).

10 Administrative expenses

	2008	2007
Auditor's remuneration		
- current year	53,000	45,000
- underprovision in prior year	8,000	-
Professional fees	81,500	35,500
Sundry expenses	4,938	1,494
	<u>147,438</u>	<u>81,994</u>
Total	<u>147,438</u>	<u>81,994</u>

11 Income tax expense

No provision for Hong Kong profits tax has been made in the financial statements as the Company has no estimated assessable profit for the year (2007: Nil). In 2008, the Government of the Hong Kong Special Administrative Region enacted a change in the profits tax rate from 17.5% to 16.5% for the fiscal year 2008/2009.

The tax on the Company's loss for the year differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2008	2007
Loss for the year	<u>(147,438)</u>	<u>(81,994)</u>
Calculated at a tax rate of 16.5% (2007: 17.5%)	(24,327)	(14,349)
Expenses not deductible for tax purposes	<u>24,327</u>	<u>14,349</u>
Income tax expense	<u>-</u>	<u>-</u>

There was no material unprovided deferred taxation for the year and at the balance sheet date (2007: Nil).

12 Directors' emoluments (equivalent to key management compensation)

None of the directors received or will receive any fees or other emoluments in respect of their services to the Company during the year (2007: Nil).

BRITISH OXYGEN (HONG KONG) LIMITED

(All amounts in Hong Kong dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

13 Related party transactions

The Company is controlled by BOC Holdings, a Company incorporated in England, which owns 100% (2007: 100%) of the Company's equity interest. The director regards Linde AG, a Company incorporated in Germany as being the ultimate holding Company.

Other than as disclosed elsewhere in the financial statements, during the year, the Company has no significant related party transactions.