

Scaling New Heights.

Annual Report 2016.



Our Vision.

We shall be recognised as the leader
in all the business sectors in which we
compete in Bangladesh.

Our Values.

Passion to excel.
Innovating for customers.
Empowering people.
Thriving through diversity.

Our Principles.

Safety.
Integrity.
Respect.
Sustainability.

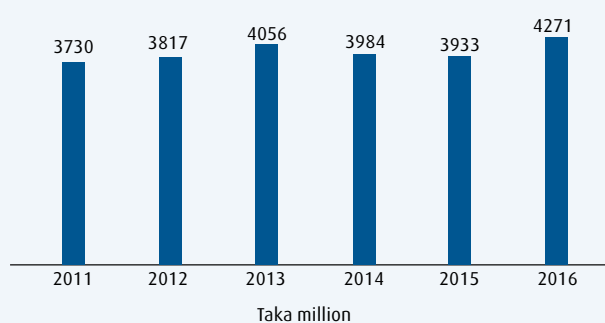


Financial History.

		2011	2012	2013	2014	2015	2016
Revenue	'000 Taka	3,729,754	3,817,127	4,056,278	3,984,482	3,933,185	4,270,585
Profit before tax	"	940,136	660,493	1,001,587	851,035	881,343	1,190,832
EBITDA	"	1,003,086	776,996	1,138,255	994,095	1,031,104	1,381,796
Taxation	"	230,584	180,575	225,544	242,659	213,086	324,114
Deferred tax	"	28,037	-2,593	37,148	-11,756	17,786	-14,480
Earnings	"	681,515	482,511	738,895	620,132	650,471	881,198
Final dividend proposed	"	152,183	167,401	167,401	167,401	167,401	167,401
Interim dividend paid	"	380,457	304,366	304,366	304,366	304,366	304,366
General reserve*	"	1,993,048	2,019,010	2,286,138	2,434,503	2,613,207	3,032,750
Share capital	"	152,183	152,183	152,183	152,183	152,183	152,183
Revaluation reserve	"	20,174	20,174	20,174	20,174	20,174	-
Shareholder's equity*	"	2,165,405	2,191,367	2,458,495	2,606,860	2,785,564	3,184,933
Net fixed assets	"	1,238,834	1,474,836	1,508,991	1,535,145	1,914,405	2,543,935
Depreciation	"	131,915	146,144	157,425	164,531	162,617	201,863
Earnings per share	Taka	44.78	31.71	48.55	40.75	42.74	57.90
Price earnings ratio-times		14	17	13	22	27	22
Return on Capital Employed	%	32	22	30	24	24	28
Gross profit ratio	%	39	34	37	40	43	46
Debt equity ratio-times		-	-	-	-	-	-
Current ratio-times		3.64	2.60	3.08	3.11	2.44	1.55
Dividend per share	Taka	35.00	31.00	31.00	31.00	31.00	31.00
Dividend percentage	%	350	310	310	310	310	310
Net assets per share*	Taka	142.29	144.00	161.55	171.30	183.04	209.28
Operating cashflow per share	"	34.57	31.78	54.91	50.89	67.14	73.18

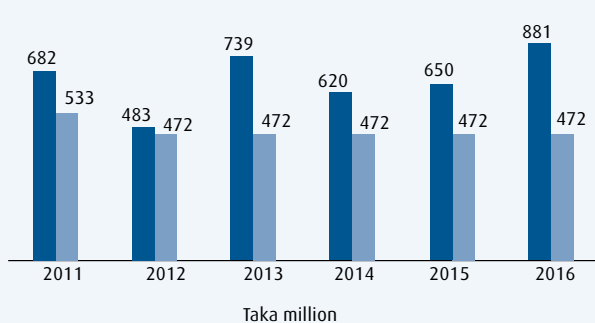
Revenue

■ Revenue



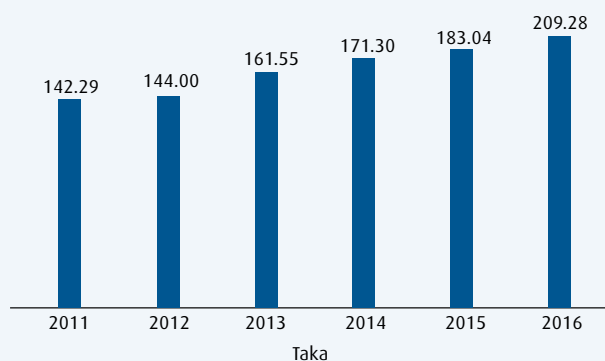
Earnings & dividend

■ Earnings ■ Dividend



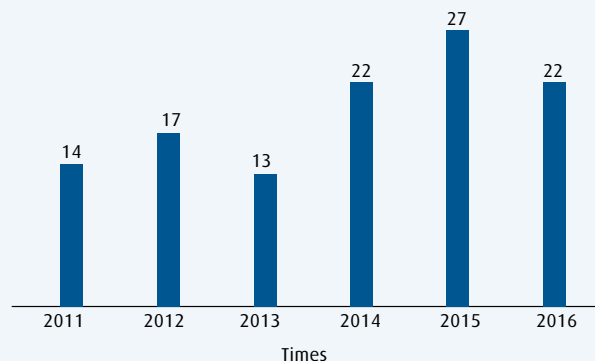
Net assets per share

■ Net Assets per Share



Price earning ratio*

■ Price earning ratio*

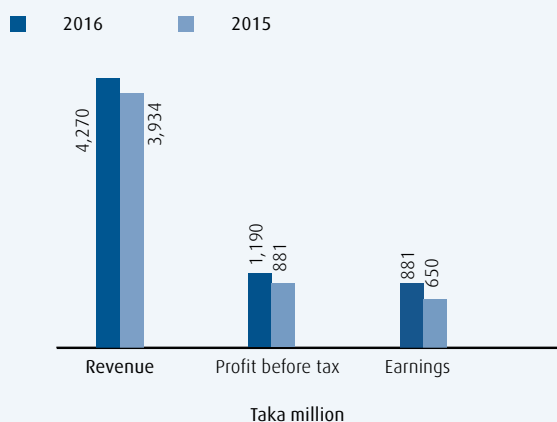


* Adjusted for change in presentation of proposed dividends

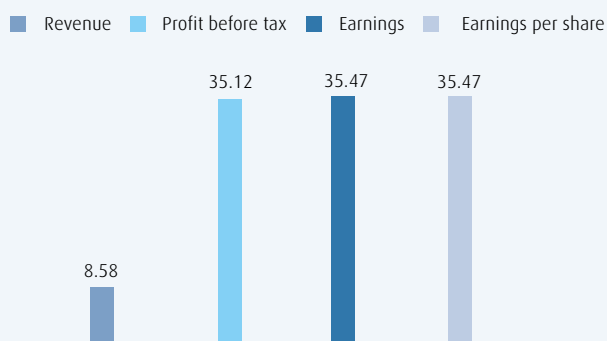
The Year at a Glance.

		2016	2015	Change over 2015
Revenue	'000 Taka	4,270,585	3,933,185	8.58%
Profit before tax	"	1,190,832	881,343	35.12%
Earnings	"	881,198	650,471	35.47%
Earnings per share	Taka	57.90	42.74	35.47%

Revenue, profit before tax & earnings



Percentage of change over 2015



Statement of Value Added.

	Year ended 31 December			
	2016		2015	
	'000 Taka	%	'000 Taka	%
Value Added				
Turnover (Including VAT)	4,963,810		4,572,739	
Bought in materials and services	(2,379,188)		(2,323,053)	
	2,584,622		2,249,686	
Other income including interest on bank deposits	16,864		40,042	
Available for distribution	2,601,486	100	2,289,728	100
Distributions				
To Employees in remuneration and benefits	506,516	19%	597,292	26%
To Provider of capital in:				
(a) interest on borrowings	116	0%	97	0%
(b) Interim and Final dividend proposed	471,767	18%	471,767	21%
To Government in taxes, duties and surcharges	1,002,859	39%	870,426	38%
Retained for reinvestment and future growth:				
(a) depreciation	210,797	8%	171,442	7%
(b) reserve and surplus	409,431	16%	178,704	8%
	2,601,486	100	2,289,728	100

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Corporate History.

The Linde Group has a history of over 130 years built on a heritage of innovation with a strong focus on technology. The company’s founder, Professor Doctor Carl von Linde, invented refrigeration technology and pioneered a process of air separation. Today, we are a global market leader in gases and engineering solutions.

The Linde Group is a world-leading gases and engineering company with approximately 64,000 employees working in more than 100 countries worldwide. In the 2016 financial year, it achieved sales of EUR 16.9 bn (2015-EUR 17.9 bn).

Our bequest in Bangladesh

Linde Bangladesh Limited, a member of the Linde Group, has been contributing towards the development of the nation as a silent partner. A strong in-built culture with solid work values developed and strengthened Linde Bangladesh over the years which are reflected in the performance of its employees for more than 60 years with continuous expansion in operations and business.

We sell our products to more than 35000 customers from a wide spectrum of industries running from chemicals and petrochemicals to steel. Our team of around 315 trained, motivated and professional members manages 24 hour operations at three major locations across the country to support our customers.

In Linde Bangladesh Limited we are committed to the quality of our product & services. Our motto is to ensure optimum conditions in health, safety and the environment for employees, customers and stakeholders.

Our milestones at a glance

- 1953
- Chittagong Oxygen plant was commissioned.
- 1973
- Bangladesh Oxygen Limited (BOL) Incorporated in the joint stock companies and received government approval as the first full-fledged “Company” of the newly formed country.
- 1976
- First CO2 plant was introduced.
- 1979
- Welding Training Centre started its journey.
- 1995
- The company changed its name from “Bangladesh Oxygen Limited” to “BOC Bangladesh Limited.”
- 1995
- The company has commissioned a 30TPD ASU Plant and 1st Welding Production line at Rupganj.
- 1998
- 2nd Welding production line at Rupganj was commissioned.
- 1999
- 20 TPD Shitalpur plant was acquired.
- 2000
- ASPEN at shitalpur and LPG Bottling plant at Bogra commissioned.
- 2004
- Moved into newly built Corporate Office.
- 2006
- The BOC Bangladesh Limited acquired by the Linde Group, Germany.
- 2010
- Achieved BDT 100 Crore EBITDA.
- 2011
- 3rd Welding production line at Rupganj was commissioned.
- 2011
- The company changed its name from “BOC Bangladesh Limited” to “Linde Bangladesh Limited.”
- 2012
- 4th Welding production line at Rupganj was commissioned.
- 2013
- LPG Plant at Bogra decommissioned.

Company Secretary Md Anisuzzaman	Statutory Auditors Rahman Rahman Huq	Bankers The Hongkong Shanghai Banking Corporation Limited Standard Chartered Bank Limited	Legal Advisers Huq & Company
Registered Office Corporate Office 285 Tejgaon I/A Dhaka 1208			

Notice of Annual General Meeting.

Notice is hereby given that the 44th Annual General Meeting of Linde Bangladesh Limited will be held at Trust Milonayoton, 545 Old Airport Road, Dhaka on Thursday 27 April 2017 at 11:00 am to transact the following business:

- 1 To receive and adopt the accounts for the year ended 31 December 2016 and the reports of the Auditors and Directors thereon.
- 2 To declare a Dividend for the year ended 31 December 2016.
- 3 To elect Directors.
- 4 To appoint Auditors and to fix their remuneration.

By order of the Board



Md Anisuzzaman
Company Secretary
28 February 2017

Registered Office
Corporate Office
285 Tejgaon I/A
Dhaka 1208

- 1 Shareholders whose names will appear in the share register of the Company or in the depository register as on Record Date i.e. 21 March 2017 will be eligible to attend the Annual General Meeting and receive dividend approved.
- 2 A member eligible to attend the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf. No person shall act as proxy unless he/she is entitled to be present and vote in his/her own right.
- 3 Form of proxy, duly completed, must be deposited at the Company's Registered Office by 11:00 am on Monday 24 April 2017 and in default will not be treated as valid.

Company in the Capital Market.

Linde Bangladesh Limited plays a vital role in the capital market with a sustainable economic growth. The Company also continues to have regular communication with Shareholders through the websites updates and media publications. The Company conducts Annual General Meeting and publication of Annual Report, Quarterly updates on financial performance. The top practices are monitored by the Company which supports investors to hold up their belief and confidence in the Company.

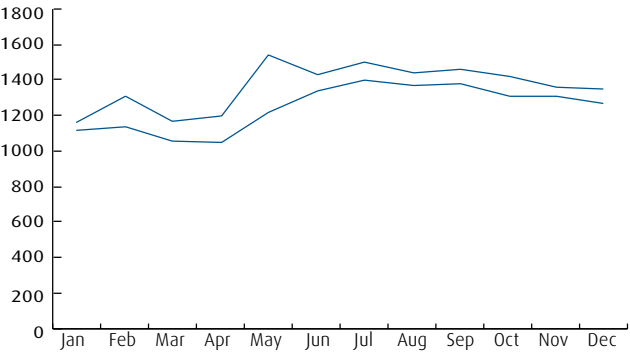
During the period between 1 January and 29 December in 2016, DSEX, the prime index of the Dhaka stock Exchange, rose 406 points (8.8%) to close at more than two years’ high at 5,036.05 and CSCX the prime index of Chittagong stock Exchange, rose 805.1 (9.39%). DS30 index and CSE 30 index also saw positive return of 3.45 percent and 8.95 percent respectively in 2016.

Capital market-based figures

		For the year ended 31 December	
		2016	2015
Number of shares with dividend entitlement for the financial year	No.	152,18,280	152,18,280
Year-end closing price	Tk	1296.00	1,138.40
Year high	Tk	1502.90	1,418.00
Year low	Tk	1053.00	806.00
Volume	No.	5,245,730	2,543,778
Total dividend for the financial year	Tk million	471.77	471.77
Market capitalisation	Tk million	19,723	17,325
Information per share			
Cash dividend	Tk	31.00	31.00
Dividend yield	%	2.39	2.72
Operating cash flow per share	Tk	73.18	67.14
EPS	Tk	57.90	42.74

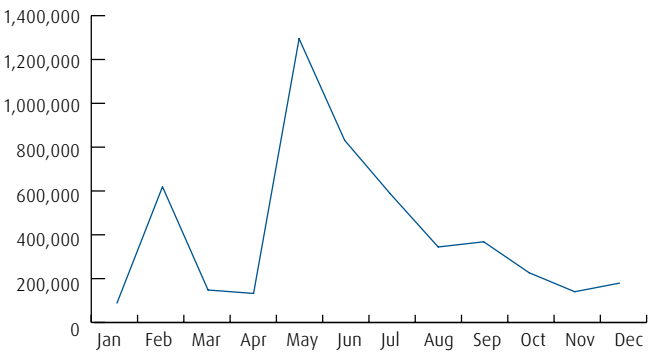
Company high & low share price month wise

■ High Share price ■ Low Share price



Company share volume traded month wise

■ Volume of Share



Glimpses from 43rd Annual General Meeting.



At the 43rd Annual General Meeting held on 27 April 2016.



Shareholders at the 43rd Annual General Meeting held on 27 April 2016.



A Shareholder speaking.

Board of Directors.



Ayub Quadri

Chairman since 2011

Mr Ayub Quadri received his M.A. in English from Dhaka University and Masters in Public Affairs from the University of Connecticut, USA. Apart from extensive training in the administrative academies in Pakistan and Bangladesh, Mr Quadri has received training in many international institutions including Singapore University, ILO Institute Geneva, United Nations Institute Japan, South East Asia Regional Centre the Philippines and Institute of Public Service USA.

Beginning his career in the Civil Service of Pakistan in 1969, Mr Quadri held various positions in the Government of Bangladesh, including those of permanent secretaries in the ministries of Industries, Water Resources, Economic Relations, Food, Fisheries and Livestock, Agriculture and Rural Development. He was also Chairman of the Bangladesh Chemical Industries Corporation (BCIC) and Director General of the Bangladesh Rural Development Board (BRDB).

Mr Quadri retired from Government service in 2005. He was an Advisor of the Caretaker Government that assumed responsibility in January 2007. He had responsibility for the ministries of Education and Culture. He resigned in December of the same year.

Mr Ayub Quadri has been on the board of numerous public, private and joint venture entities. Among others, he has been Chairman of the board of Basic Bank Ltd, Karnafuli Fertilizer Company (KAFCO), Industrial Promotion and Development Company (IPDC), Bangladesh Institute of Management (BIM) and Small & Medium Enterprise (SME) Foundation. He joined the Board of Linde Bangladesh Limited in 2008.



Mohsin Uddin Ahmed

Joined as Managing Director in January 2017

Mr Mohsin Uddin Ahmed joined Linde Bangladesh Limited in July 2016 as Chief Operating Officer. In January 2017, he has been appointed as the Managing Director of the company. Prior to joining Linde Bangladesh Limited, Mohsin was the President at Emami Group for its SAARC Countries' business operations.

Mr Mohsin started his career with British American Tobacco (BAT) where he spent about five years in various roles under Trade Marketing & Distribution function.

Mr Mohsin had been the Sales Director of Nestle Bangladesh during 2003 to 2011. He was expatriated to Nestle Maghreb region (Morocco, Algeria & Tunisia) as Regional Sales Development Manager. He was based at Casablanca, Morocco.

He also worked in Unilever during 2000 to 2003 at various capacities under Sales Operations. He rejoined at Unilever as Customer Development Director in May 2011. He was also the member of Unilever Bangladesh Board of Directors.

Mr Mohsin has over 22 years of experience primarily in FMCG sector. He is an Honours graduate in Applied Physics & Electronics from the University of Dhaka. He also did his MSc from the Applied Physics & Electronics from the University of Dhaka.



Desiree Bacher

Director since 2012

Ms Desiree Bacher is the Head of Finance & Control for South & East Asia, Linde Gas Asia Pte Ltd, a member of the Linde Group. She oversees the finance and control function of the business that covers 11 countries in the region spanning Pakistan in the west to South Korea in the east. She is based in the regional headquarters in Singapore. She joined Board of Directors of Linde Pakistan Limited on 2 August 2013.

Ms Bacher has been with Linde for over 17 years in various key roles. Before her current role, she took on the role of Head of Accounting Centre of Excellence for South & East Asia where she spearheaded the implementation of the Linde Group's first shared service centre. She sits on the Board of the various Linde companies across the region.

Ms Bacher graduated Magna cum Laude from St Scholastica's College Manila with a degree in Bachelor of Science in Accountancy. She is a Certified Public Accountant in the Philippines.



Moly Banerjee

Director since 2015

Mr Moly Banerjee was appointed the Managing Director of Linde India Limited and a member of the Board of Directors of the company with effect from 30 July 2013. Linde India Limited is a member of The Linde Group, a world-leading gases and engineering company with around 64,000 employees in more than 100 countries worldwide.

Besides his position as the Managing Director of Linde India Ltd., Mr Banerjee is also Head of Country Cluster South Asia (covering Bangladesh, India, Pakistan and Sri Lanka), for the Linde Gases Division. He has additional responsibilities as Director of Linde Bangladesh Limited and Ceylon Oxygen Limited, a member of The Linde Group.

Earlier, in 2011, Mr Banerjee relocated to Singapore as the Head of Tonnage Account Management for The Linde Group's South & East Asia and South Pacific regional business units. He returned to India as the Deputy Country Head of Linde India, effective 1 January 2013.

Mr Banerjee started his career with Linde India as a Trainee in 1987 and has worked in various roles in the engineering division and the gases division of the company, including project engineering and management as well as business development. He was appointed the Head of Marketing in 2007 and, in 2009, assumed the role of Vice President - Gases for Linde India.

Mr Moly Banerjee holds a bachelor's degree in mechanical engineering from the Indian Institute of Technology, Kanpur.



Md Iftikhar-Uz-Zaman

Director since 2016

Mr Md Iftikhar-uz-Zaman was appointed as the Managing Director of Investment Corporation of Bangladesh (ICB), the core public sector investment bank of the country. Prior to this position, he had been Deputy Managing Director of Janata Bank Ltd and ICB. Before that he was General Manager of ICB. He joined at ICB in 1983 as a Senior Officer, enriched with the store of expertise of development & investment banking with supervisory and managerial capability having served in senior management position for a long time. He is truly a seasoned professional and has strong knowledge on Capital Market. He has remarkable expertise in public relation. He has reached the pinnacle of his organization with his outstanding effort and skill.

He has been contributing his professional expertise as the Chairman of ICB Capital Management Ltd. Apart from that he is now serving as the Director of British American Tobacco Bangladesh Co. Ltd. (BATBC), Linde Bangladesh Limited, GlaxoSmithKline Bangladesh Ltd. (GSK), Renata Limited, Bangladesh Krishi Gobeshona Endowment Trust (BKGET), Credit Rating Agency of Bangladesh Ltd. (CRAB), Credit Rating Information and Services Ltd. (CRISL), Standard Bank Limited, National Tea Company Limited, Apex Tannery Limited, Central Depository Bangladesh Ltd. (CDBL), CAPM Venture Capital & Finance Ltd. (CVCFL) and some other Directorship.

Mr Md. Iftikhar-uz-Zaman obtained B.A (Hons) and M.A in Statistics from University of Rajshahi. During his career he attended a number of training programs on different Capital market issue at home & abroad.



Parveen Mahmud

Director since 2011

Ms Parveen Mahmud joined the Board of Directors in 2011, is the Chairperson Audit Committee. In her varied professional career Ms. Mahmud worked with national and international development agencies and was practicing chartered accountant. She is the Founding Managing Director, Grameen Telecom Trust, and was the Deputy Managing Director, Palli Karma-Sahayak Foundation (PKSF).

She was partner, ACNABIN, Chartered Accountants. Ms Parveen Mahmud is the Council member and Past President: first female president of the Institute of Chartered Accountants of Bangladesh (ICAB) for the year 2011. She was also, the first female Board member in the South Asian Federation of Accountants (SAFA).

Ms Mahmud was the member, National Advisory Panel for SME Development of Bangladesh and founding board member of SME Foundation and Convenor, SME Women's Forum. She serves in various Boards, including, BRAC International, Manusher Jannyo Foundation (MJF), Grameenphone Ltd. She was the Chairperson, Acid Survivors Foundation and is the Chairperson Shasha Denims Ltd. and Micro Industries Development and Assistance Services (MIDAS). Ms Mahmud received Begum Rokeya Shining Personality Award 2006 for women's empowerment from Narikantha Foundation. She is Advisory Committee member of the "People's Voice: Strengthening SDG Implementation in Bangladesh".



Waliur Rahman Bhuiyan, OBE

Director since 2013

Mr Waliur Rahman Bhuiyan obtained a Masters in Economics and an MBA from University of Dhaka and joined Linde Bangladesh Limited (former BOC) in 1975 and spent his entire professional life in the organization. He joined the Board in 1996 and was appointed as the Managing Director in 1998. In May, 2011 he opted for early retirement due to health reasons. He was appointed as Advisor and served in that role until December 2012 and rejoined the Board as an Independent Director in March 2013.

In the year 2007 he was decorated with the Order of British Empire (OBE) by Her Majesty The Queen of Great Britain.

Mr Bhuiyan was President of Foreign Investors' Chamber of Commerce & Industry (FICCI), Executive Committee Member of Metropolitan Chamber of Commerce & Industry (MCCI), Bangladesh Employers' Federation and Member, Bangladesh Better Business Forum.

Mr Bhuiyan was with BRAC University as an Academic Council Member. He was Director of Biman Bangladesh Airlines and Chittagong Stock Exchange. Mr Bhuiyan is the former Honorary Consul General of Finland to Bangladesh.

Currently Mr Bhuiyan is an Executive Board Member of International Chamber of Commerce (ICC) since 1998. He is in the Board of Directors of ACI Limited, Infrastructure Development Company Limited (IDCOL) and Eastland Insurance Company Limited.



Indranil Bagchi

Joined the Board of Directors in October 2016

Mr. Indranil Bagchi is the Chief Financial Officer of the Linde India Limited. He also has additional responsibility as Director of Linde Bangladesh Limited and Ceylon Oxygen, a member of The Linde Group. Mr Bagchi had joined Linde (then BOC) in April 2001 and has worked in various roles in finance, internal audit and customer service. He had worked in a regional role as the Investment Controller for Linde South East Asia based out of Singapore for 4 years between 2010 to 2013. Prior to his current role he was the Head of Finance and Control in Linde Malaysia for a period of 3 years from 2013 to 2016. He came back to India in July 2016 as the CFO of Linde India.

A qualified Chartered Accountant, Mr Bagchi graduated in Commerce from St Xavier's College, Kolkata. He is also on the Board of Linde Global Support Services (P) Ltd, India, the IT support services for the Linde Group.

Chairman's Statement.

Dear Shareholders,

It is my pleasure to welcome you to The 44th Annual General Meeting of your Company, Linde Bangladesh Limited (LBL) and present to you the business results of the year 2016.

The performance of your company in 2016 was impressive. It has been the best year so far, both in terms of revenue and earnings. Your company's performance would appear even more impressive if we consider the challenges posed by product shortage and the effort needed in importing and distributing products. The management of Linde Bangladesh Limited deserve commendation for continued effort in sourcing raw materials at competitive prices, investing in Capital Expenditure for capacity improvement in Production and Distribution and sustained hard work in ensuring timely import and distribution of products.

I invite you to join me in congratulating the management of Linde Bangladesh Limited on their dedicated hard work resulting in sustained business growth under a challenging environment.

I would like to take this opportunity to make particular mention of Mr. Erphan Shehabul Matin. Mr. Matin retired as Managing Director at the end of 2016, after 36 years of dedicated and invaluable service to your company. He was Managing Director for over 5 years. The last two years of his tenure were particularly fruitful and productive. Your company is on a sound footing today, thanks largely to the work of Mr. Erphan Shehabul Matin. Our gratitude and thanks to him. We wish him continued health, happiness and prosperity.

I would also like to take this opportunity to introduce to you Mr. Mohsin Uddin Ahmed, your Managing Director since 1 January 2017. I am confident that given his acumen, background and experience, Mr. Ahmed will lead your company to greater heights and glory in the days to come.

2016 was a good year for your company. The strong brand image of our existing MS Electrode brands and the market share gain by the newly launched brands helped higher revenue growth in PGP business. Bulk business soared 29% over 2015 through focus on existing and new customers in Steel rerolling, Ship Breaking, Pharmaceutical and Energy sector. This was facilitated by timely capital expenditure in distribution channel for import of cross boundary products. Healthcare business also saw a 10% growth over 2015 mainly from new customer acquisition in Bulk Medical Oxygen and higher revenue in pipeline.

Business Environment and Financial Performance

Apart from some isolated terrorist incidents, relative political calm prevailed in the country throughout the year, providing the space for economic progress and human development. Robust GDP growth, stable FOREX situation and relatively low inflation contributed in fostering a conducive business environment.

The country is benefitting from implementation of major infrastructure development projects such as intercity highways and the focus on building country wide connectivity through road, rail and waterways. The sustained investment in the power sector has resulted in an improved power situation. The Real Estate sector and the Ship Building industry, which had been moribund for some time, are showing signs of recovery. The Steel rerolling sector is also showing robust growth. All these augur well for your company.

In 2016, your company pursued growth aspirations in terms of new customer acquisition, by exploring opportunities, amid a challenging external environment. The constraint the company encountered during 2016 was product shortage in Gases Business as demand rose rapidly despite lack of incremental production from own plant. The shortage was managed by cross border trunking of products with relatively higher cost base. The new ASU Plant expected to be commissioned in late in 2017 will not only minimise such crisis but also reduce R&M and trunking cost towards a more profitable business aspiration.

I am pleased to inform you that the turnover of the company registered a net increase of 9% in 2016 compared to prior year. On the other hand, profit from operations and profit before taxation achieved growth by 36% and 35% respectively over prior year.

Improvement of profit from operations resulted primarily from contribution by incremental sales, cost containment measures adopted by the company in 2016 and sourcing of raw material at competitive price from international market through e-auction and other measures. Interest income for the year was lower than prior year mainly on account of drop in interest rate compared to earlier year.

Working Capital position was slightly higher than prior year due to increase in inventory on account of higher volume sales but percentage of Trade Working Capital (TWC) to Sales remained almost same which reflects effective working capital management by Board. Trade creditors and other current liabilities were maintained well. The ongoing investment in major projects were managed from the Company's own resources, without availing any interest bearing borrowing from external

sources. Surplus liquid funds were placed in fixed deposit to earn interest income.

The Directors of your Company recommended a final dividend of taka 11.00 (110%) per share for the year ended 31 December 2016. This would require a pay out of Taka 167.4 million. The total payout for the year, including interim dividend of Taka 20.00 (200%) per share, would be Taka 471.77 million and the dividend would be Taka 31.00 (310%) per share.

Supply

In Bulk Supply chain, the chronic supply issue for Bulk gases due to lower production at old ASU plants were mitigated by increased cross border trunking from India. In addressing such issue LBL has started 100 TPD ASU plant construction at Rupganj site from 2016. The problem will be minimised once the plant starts operation in late 2017.

The Plant re-location of Tejgaon PGP site and subsequent disruption of plant shut down for DA and CO2 plant were mitigated by planned outsourcing from external sources.

In Hardgoods, the Electrode factory continued uninterrupted production throughout the year. Installed Flux Blending equipment operated smoothly which helped LBL in establishing own mixture at competitive cost.

Product distribution

The strategic Capex investment in Distribution vehicles in recent time has significantly improved the volume trunking capacity for Gases business. Trunking products were properly supplied from imported product through comprehensive planning and coordination of the fleets at both ends of the border. In 2016, additional initiative had to be taken to extend the product sourcing due to plant relocation.

Both the major Deliver sites scored "5 Star" rating in ActSafe Regional Review by Linde AG. Secondary distribution from Sales Centers to Customer's end was taken over by deliver sites to ensure safety standards in the fleet.

In summary, the performance reflects Linde's aptitude in managing a safe, synergized and effective distribution channel.

Safety matters

For all stakeholders, especially for employees, contractor and customers, safety remained the topmost priority for the company. In 2016, the company had zero Lost Time Injury (LTI) by both of its employees and contractors except one tragic incident resulting in a fatality by a third party incident. Though the Company achieved most of the leading safety indicators, safety remains a major concern and focus. All incidents are investigated thoroughly and preventive/remedial measures implemented through close monitoring.

Your Company is giving preference on principal indicator to prevent incidents through Engineering Audit, Actions on audit findings, Training, Safety Roadshow, Safety Alert, Incident Reporting-Investigation & Action Plan closing, Safety Roadmap etc.

Linde Bangladesh celebrated the "Linde Safety 2016" along with the Linde Group in all locations including Sales Centers on 28 April. SEAL member from RSE, Country MD, Cluster Head of Finance & Country leadership team has joined at different locations. The theme of the safety day was "Together we can prevent all incidents".

The company also has continued the emphasis on transport safety. In 2016 company installed in cab camera in pool car for the monitoring & analysis of the passenger car driver's behavior. For commercial vehicle, company has introduced quarterly "Driver's award" to encourage good driving practice to improve safety culture in transport. There was "Driver's Family Day" for all the contracted drivers. Most of the drivers along with their family member has joined in the program.

Human Resources

Throughout the year the morale and industrial relations were maintained harmoniously considering the challenging scenario and post restructuring of the Company's organizational setup in 2015. Programs like Excellence Award, Spot Recognition etc. have been effectively implemented to recognize extraordinary contribution by employees. Based on training need assessment, various training and development programs have been introduced to address employee's development requirement.

Information Services

In 2016, Linde Bangladesh Information Services department launched a massive initiative to align all sites in Bangladesh to the Linde LAN Standardization Standard v2. This initiative included compliance to hardware standard for switches (Cisco), compliance to LAN design standards, compliance to physical security standards and compliance to device configuration. The activity was completed for all the Linde Bangladesh sites that enabled harmonized business processes on a world class standardized infrastructure platform which is secure, flexible, agile, scalable & trusted.

In 2016, the company upgraded Microsoft System Center Configuration Manager from version 2007 to version 2012. System Center 2012 Configuration Manager increased IT productivity and efficiency by reducing manual tasks and letting focus on high-value projects, maximize hardware and software investments, and empowered end-user productivity by providing the right software at the right time.

Corporate Social Responsibility

The Linde Group's global Corporate Responsibility guidelines focus on the sustainability and impact of the CSR projects. Our Company strives to be a silent partner without making much noise about its CSR activities. In line with the CSR activities of previous years, tree plantation was undertaken in Ramu Cantonment Area, Cox's Bazar. We donated computers to a local NGO named Ghashful. The Company continued to provide safe driving training among inter-district bus and truck drivers, helpers, contractor drivers and employee-owned car drivers to raise safety awareness to avoid road accidents. Throughout the year, the Company engaged fresh graduates from leading public and private universities as interns to different departments. The Company also awarded scholarships among the bright and meritorious children of non-management staff to support them to continue their studies at higher secondary and graduation level.

Prospects

Dear Shareholders: In the last Annual General Meeting, I had said that 2015 was a year of consolidation and preparation for the future. It was a year of strategic decisions to make the Company more efficient and build the capacity for continued profitable operation in the years to come. As examples of this, I had mentioned the restructuring of our operating

model and organizational set up. I had also mentioned the new ASU plant and the high tech cylinder filling facility in Rugganj. The benefit of some of those decisions and actions are already evident and reflected in the results of 2016. I am very happy to inform you that the cylinder filling facility is already in operation. Work on the new 100 TPD ASU plant is proceeding fast and we expect it to be completed on schedule. Once the ASU plant is operational by late 2017, our supply constraints will be minimized and we shall be able to expand our customer base.

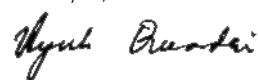
Dear Shareholders

You know your Company strives to be the leader in all the business sectors in which it operates in Bangladesh, while upholding its values and principles. Like all businesses, your Company faces challenges in terms of competition in price, quality or operational excellence. I believe that in 2017, your Company is positioned well to meet such challenges. The superior product quality of Linde, safety record for handling hazardous products and price competitiveness will lead to healthy revenue growth in the years to come. We can say with some confidence that today your company is poised for sustained growth. To achieve this, we have to innovate constantly, increase operational efficiency and cost effectiveness. And we must continue to make necessary and timely investments, both in people and in products and processes.

I thank all who helped in achieving our 2016 results. I am grateful to the members of the Board for their counsel and guidance and the Shareholders for their support. Above all, I thank the employees of the Company. They are our most valuable asset. We are beholden to our customers, suppliers, banks, Government authorities and agencies for their cooperation and help.

Thank you, ladies and gentlemen.

Thank you,



Ayub Quadri
28 February 2017

Report of the Board of Directors.

The Board of Directors Linde Bangladesh Limited is pleased to present the Directors’ Report and Auditors’ Report together with the Financial Statements of the Company for the year ended 31 December 2016. The Director’s report highlights the key business activities that drove the performance of the Company and presents the necessary disclosures in relation to good corporate governance.

Industry Outlook and Possible Future Developments

In a highly competitive business environment where competitors continuously pursue market shares with various activities including price reduction, quality revision and other incentives, Linde has continued to sustain the existing customer base by offering superior quality products at competitive price. Leveraging The Linde Group’s advanced technology, LBL focuses on the expansion of its business with innovative and customized solutions and products for its customers to meet future challenges. Over the years, LBL has partnered in the country’s economic growth, backed by investment in process and developed own brands where lower cost base was subsequently passed on to customers.

LBL has been in operation for several decades and is a leading gases and engineering company in Bangladesh delivering innovative, cost effective quality solutions and services to its customers. Today, LBL possesses a diverse product base with integrated production facilities and offices across the country. In addition, it is equipped to provide a wide range of services including purging jobs at oil fields, installation of Medical Oxygen Pipeline, supply of special gases in various industrial sectors and related engineering services. LBL continues to invest in its people, helping them build and improve their capabilities. In addition, it has also invested in its capacities and operations such as the new PGP site, helping it deliver products and services more efficiently and effectively to its customers.

Underpinning everything LBL does is adherence to its core values: safety, integrity, respect and sustainability and its responsibilities to the environment in which it operates and the communities where it works. LBL maintains a strong focus on profitable business growth, steadily enhancing its offerings to add value for its customers. To offer customers a reliable source for all Bulk and compressed gases, the construction of new 100 TPD ASU plant at Rupganj site was started in 2016. The higher investment in Distribution channel enabled import of more liquid products. Similarly, investment in Flux Blending equipment helped in developing LBL brands with a competitive price for customers without compromising quality.

Business performance

The Company continued its sustainable growth in terms of business performance. The revenue of the Company for the year 2016 was Tk. 4,271 m as against Tk. 3,933 m of 2015. The revenue is derived from following segments:

Segments	2016	2015
	MBDT	MBDT
Bulk Gases	452	351
Packaged Gas and Products (PG&P)	3,301	3,110
Healthcare	518	472
	4,271	3,933

Bulk gases comprise of liquid industrial oxygen, liquid nitrogen, liquid argon and carbon dioxide. PG&P comprise of mild steel electrodes and compressed industrial gases. Healthcare comprises of medical gases, medical equipment and medical pipeline.

For better understanding of the performance of the business, details are discussed by business segment i.e. Bulk, PG & P (Packaged Gas and Products) and Healthcare.

Bulk

Industrial liquid gases, Oxygen, Nitrogen, Argon and Carbon dioxide comprise the Bulk segment. In 2016, the overall performance of the segment has been significantly better than PY. The entire bulk business has grown over last year with significant volume growth in all product portfolio. The growth was supported by the capacity enchantment in Distribution channel and also from higher demand in segment like Ship Breaking, Metallurgy, Manufacturing, Livestock, Pharmaceuticals, and Petroleum industry. Nitrogen sales were maintained based on its demand for gas pipeline purging in gas projects and the livestock sales. The Company secured new contracts in beverage industry due to quality and other aspects and started supplying Liquid CO2 part of which were secured by additional trunking from India. The sales growth was significant despite facing acute crisis of product availability. Shortfall was managed by additional cross border trunking demonstrating operational excellence and effective supply chain management. The product crisis is likely to be minimised once the new ASU Plant is commissioned by late 2017 as per the plan.



Mr Erphan Shehabul Matin receives award in Manufacturing Companies category from Honorable Economic Adviser to Prime Minister Dr. Mashiur Rahman.



The Benapole Customs C&F Agent honored Linde Bangladesh Ltd for importation of highest number of consignments in 2015- 2016.

PG&P (packaged gas & products)

Overall revenue of PG&P segment has grown by 7% from prior year, a turnaround in revenue growth after years of stagnant business performance. The major products contributing in growth were Hydrogen, Helium, Fire Suppression and Packaged special gases. The renewed focus on special gases and project based sales made this possible. The production and supply chain for compressed gases and DA were affected by lower product availability and also from plant re-location impact resulting in shut down for a few months. This was managed effectively by planned outsourcing and cross border trucking to offer undisrupted operation by LBLs valued customers. As mentioned earlier, the plant commissioning of new ASU by the end of 2017 will minimise the product crisis.

Hardgoods team achieved sales in 2016 with a growth rate of 10.0% over 2015. The result was achieved by innovation in new product development which helped the new Linde brands to flourish and win customer confidence. The earlier investment in state of the art flux blending facility is also helping in product development. Investment in product R&D and also in skilled workforces helped in achieving the result. Effective channel management by offering reasonable incentives to dealers, BCP & contract management with large institutions were the key areas for the success of the team. Moreover, this team successfully launched three brands of electrodes in 2016 which helped capture significant volume from lost market under the challenging business environment.

Healthcare

The Healthcare segment includes all services related to the supply of Medical Gases, such as Medical Oxygen and Nitrous Oxide, Medical Air, Medical Carbon di Oxide, gas cylinders & accessories and supply & installation of Medical Gas Pipeline Systems.

2016 has been an exciting year for Healthcare Business, with improved revenue and operating profit, new business wins and renewal of contracts. Costs were managed well through efficiency and productivity efforts. Continuing growth is anticipated in the Healthcare segment.

Financial Results

The Company recorded an impressive 9% growth in Sales in 2016 compared to the prior year. This was contributed by higher sales in all business segment. Despite the acute product crisis, both Bulk and HC business managed to register higher sales by incremental trucking. Hardgoods business gained market share by product development and price reduction.

The growth in Real Estate business and the increased activities in ship breaking/ship building industries contributed to higher sales. Government's investment in Healthcare facility also provided opportunities for growth in Medical oxygen sales.

Gross profit margin was 17% higher in 2016 compared to prior year mainly due to impact of incremental sales. The lower cost of electrode raw material achieved through e-auctions and benefits from own Flux blending facility and Fixed cost containment initiatives also contributed to higher gross profit.

All of the above resulted into a higher Operating profit in 2016 compared to prior year:

Particulars	2016	2015
	MBDT	MBDT
Revenue	4,271	3,933
Cost of Sales	(2,290)	(2,244)
Gross Profit	1,980	1,689
Other Income	(3)	18
Operating Expenses	(744)	(802)
Profit from operations	1,233	905
Net finance income	20	22
Profit before contribution to WPPF	1,253	927
Contribution to WPPF	(63)	(46)
Profit before taxation	1,191	881

Working Capital Management

Working Capital position was better than prior year mainly from increase in inventory on account of higher raw material to avail lower cost price offered in e-auction. The improvement reflected a continuous monitoring of stock position and Debtors balance by Business. Trade payables were also managed well.



Transport safety training with bus and truck drivers.



Linde Bangladesh Limited receives Naraynganj REB Awards the "Best Customer (large industry)" during their "National Electricity & Energy Week" on 23 February 2017.

Risks & Concerns

The Company has a defined process business risk assessment which has been illustrated under Corporate Governance Chapter and the notes to the Financial Statements.

Internal Control

The Company maintains a sound internal control system which gives reasonable assurance that the Company's resources are safeguarded and the financial position of the Company is well managed. The internal control framework is regularly reviewed by the Audit Committee in each meeting and reported to the Board of Directors. Group Internal Audit team conducts audit to evaluate appropriateness of internal control. The findings and subsequent follow up with remedial status are reported to the Audit Committee and are escalated to the Group Internal Audit. This report further encloses a detailed deaccession on the Corporate Governance.

Going Concern

The Directors are of the opinion that the Company is a going concern and there are no significant doubts upon the Company's ability to continue as a going concern. Accordingly, Financial Statements are prepared on a going concern basis.

Remuneration to Directors

Independent and Non-Executive Directors other than Directors who are in the employment of the Linde group Companies are paid as agreed by the country management.

The remuneration, performance and related bonus of Executive Directors are reviewed and approved by the concerned management. The details of the remuneration paid to the Executive Directors during the year are given in Notes of the Financial Statements.

Dividends

An interim dividend of Taka 20.00 (200%) per share amounting to Taka 304.36m was paid out in the year.

With the Directors' recommendation for a final dividend of Taka 11.00 per share for the year, involving a payout of Taka 167.4 m subject to approval at the Annual General Meeting, over all dividend percentage for the year would be 310% and total dividend payout for the year would amount to Taka 471.77 m (Taka 471.77 m in 2015).

Additional statements on regulatory disclosure

The Directors of the Company have included the other following disclosures:

- The financial statement prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;
- All deviations from the last year's operating results of the Company have been highlighted under the above Financial Results;
- The summarized key operating and financial data of at least preceding five years (2011-2016) is set out in Annexure-I.
- All transactions with related parties have been made on a commercial basis and the basis was the principle of "Arm's Length Transactions". Related party transactions have been presented in notes to the Financial Statements;
- There is no extra-ordinary gain or loss during the year;
- Utilization of proceeds from public issues is not applicable;
- Explanation of financial results after IPO is not applicable;
- During the year, the Company has paid a total of Tk 170,000 as Board meeting attendance fees. The remuneration of Directors has been mentioned in the Notes to the Financial Statements;

Reserves

The Directors propose to transfer net profit for the year Taka 875.30 m to General Reserve.



Emergency drill at Tejgaon on 28 April 2016.



Tree plantation program at Ramu Cantonment Area, Cox's Bazar.

Directors

The present directors are named on pages 6 to 8 of this report.

Mr. Ayub Quadri and Mr. Md Iftikhar-Uz-Zaman shall retire from the Board by rotation at the 44 Annual General Meeting under Article 81 of the Articles of Association of the Company. All the retiring Directors, being eligible, are proposed for re-election at the 44 Annual General Meeting.

Mr. Indranil Bagchi was appointed to Board as a Director of the Company in place of Mr. Milan Sadhukhan on 20 October 2016. The Board of Directors would like to put on record its appreciation of Mr. Sadhukhan's contribution to the Company during the tenure that he was with the Company.

The Board of Directors appointed Mr. Indranil Bagchi, on 20 October 2016 as a Director of the Company. Mr Bagchi having been appointed to the board since the last Annual General Meeting under the provision of Article 87 also retires and being eligible, offers himself for re-election.

Mr. Erphan Shehabul Matin retired from the position of Managing Director of the Company on 31 December 2016. He also resigned from the Board on that date. Mr. Matin extended dedicated service to the

Company for a period of 36 years and added enormous value to the Company. The Board would like to put on record its sincere appreciation of the dedicated service rendered by Mr. Matin and the invaluable contribution made by him to the Company.

The Board of Directors appointed Mr. Mohsin Uddin Ahmed, as a Director of the Company on 20 October 2016 and as Managing Director on 1 January 2017.

Contribution to National Exchequer

Total payment of duty and taxes to National Exchequer in 2016 was Tk 1,239 m as against Tk. 1,087m for 2015.

Auditors

Rahman Rahman Huq, Chartered Accountants, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors,
28 February 2017

Mohsin Uddin Ahmed
Managing Director

Ayub Quadri
Director & Chairman

Committees.

Audit Committee

The Board has constituted an Audit Committee for the Company according to the conditions of BSEC guidelines. The composition of Audit Committee as at 31 December 2016 is as follows:

Chairperson	Ms Parveen Mahmud	Independent Director
Member	Mr Moloy Banerjee	Director
Member	Ms Desiree Bacher	Director
Member	Mr Waliur Rahman Bhuiyan	Director
Secretary	Md Anisuzzaman	CFO and Company Secretary
In Attendance	Ms Sanchita Chakraborty Das	Country Head of Internal Audit Bangladesh

Country Leadership Team

The Board of Directors is duly assisted by the senior management of the Company, namely the Country Leadership Team (CLT). The Managing Director leads the CLT which comprises of the following head of functions:

Chairman	Mr. Mohsin Uddin Ahmed	Managing Director
Member	Ms. Saiqa Mazed	Head of HR
Member	Mr. Md Anisuzzaman	CFO and Company Secretary
Member	Mr. A K M Tareq	Head of Sales & Marketing, Hardgoods
Member	Mr. Shorab Uddin Ahmed	Head of Healthcare
Member	Mr. Syed Asgar Ali	Head of Procurement
Member	Mr. Khalilur Rahman	Head of SHEQ
Member	Mr Nurur Rahman	Head of Sales & Marketing, PG & Bulk

Safety Council Team

Safety Council Team, this forum works to support safety related programs and try to improve the safety performance and culture. The objective of the team is to monitor the country leading and lagging indicator of safety and also other safety related issues. The Managing Director leads the Safety Council Team which comprises of 16 members as follows:

Head of Safety, Health, Environment and Quality (SHEQ)
Country leadership team
Head of all Functions
Transport Safety Manager
On site Plant Manager
Operation Manager
Customer Engineer Service Manager

Annexure 1.

Key operating and financial data of five years preceding the year ended 31 December 2016.

Financial History

		2011	2012	2013	2014	2015	2016
Revenue	'000 Taka	3,729,754	3,817,127	4,056,278	3,984,482	3,933,185	4,270,585
Profit before tax	"	940,136	660,493	1,001,587	851,035	881,343	1,190,832
EBITDA	"	1,003,086	776,996	1,138,255	994,095	1,031,201	1,381,796
Taxation	"	230,584	180,575	225,544	242,659	213,086	324,114
Deferred tax	"	28,037	(2,593)	37,148	(11,756)	17,786	-14,480
Earnings	"	681,515	482,511	738,895	620,132	650,471	881,198
Final dividend proposed	"	152,183	167,401	167,401	167,401	167,401	167,401
Interim dividend paid	"	380,457	304,366	304,366	304,366	304,366	304,366
General reserve*	"	1,993,048	2,019,010	2,286,138	2,434,503	2,613,207	3,032,750
Share capital	"	152,183	152,183	152,183	152,183	152,183	152,183
Revaluation reserve	"	20,174	20,174	20,174	20,174	20,174	-
Shareholder's equity*	"	2,165,405	2,191,367	2,458,495	2,606,860	2,785,564	3,184,933
Net fixed assets	"	1,238,834	1,474,836	1,508,991	1,535,145	1,914,405	2,543,935
Depreciation	"	131,915	146,144	157,425	164,531	162,617	201,863
Earnings per share	Taka	44.78	31.71	48.55	40.75	42.74	57.90
Price earnings ratio-times		14	17	13	22	27	22
Return on Capital Employed	%	32	22	30	24	24	28
Gross profit ratio	%	39	34	37	40	23	46
Debt equity ratio-times		-	-	-	-	-	-
Current ratio-times		3.64	2.60	3.08	3.11	2.44	1.55
Dividend per share	Taka	35.00	31.00	31.00	31.00	31.00	31.00
Dividend percentage	%	350	310	310	310	310	310
Net assets per share*	Taka	142.29	144.00	161.55	171.30	183.04	209.28
Operating cashflow per share	"	34.57	31.78	54.91	50.89	67.14	73.18

* Adjusted for change in presentation of proposed dividends

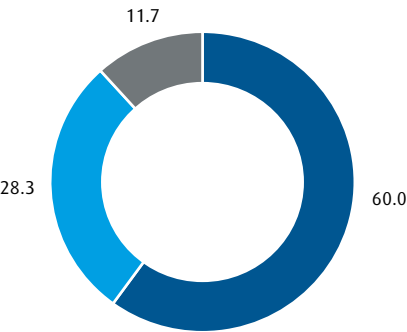
Annexure 2.

Shareholding Pattern

Director's Name	No. of shares		
	2014	2015	2016
Mr Ayub Quadri (Chairman)	10	10	10
Mr Erphan Shehabul Matin (resigned on 31 December 2016)	12	12	12
spouse (Folio # N0018)	12	12	12
Mr Latifur Rahman (resigned on 27 April 2016)	10	10	10
Ms Parveen Mahmud (independent Director)	50	50	50
Mr Waliur Rahman Bhuiyan OBE (independent Director)	44	44	44
spouse (Folio # S0606)	44	44	44
Executive Name			
Nil			
10% or above shareholding : Name			
The BOC Group Limited	9,130,968	9,130,968	9,130,968
ICB Unit Fund	1,840,705	1,772,605	1,094,019
Parent, Subsidiary, Associated Companies			
The BOC Group Limited			
Bangladesh Oxygen Limited			
BOC Bangladesh Limited			

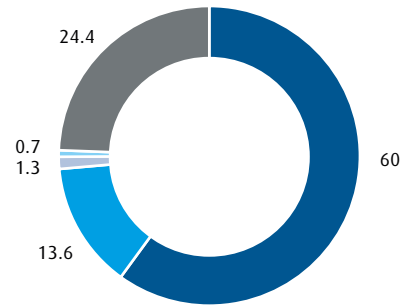
Percentage of shareholdings – institutes & publics

- The BOC Group Limited (60.0)
- Various Institutes (28.3)
- Public (11.7)



Percentage of shareholdings – various companies & others

- The BOC Group Limited (60.0)
- Investment Corporation of Bangladesh (13.6)
- Sadharan Bima Corporation (1.3)
- Bangladesh Fund (0.7)
- Other Shareholders (24.4)



Annexure 3.

Board meetings

During the period the Board met four times.

	Name of the Directors	No. of attendees
1	Mr. Ayub Quadri-Chairman	4
2	Mr. Mohsin Uddin Ahmed-CEO (joined 1 January 2017 in place of Mr. Erphan Shehabul Matin)	1
3	Mr. Erphan Shehabul Matin-(resigned on 31 December 2016)	4
4	Mr. Moloy Banerjee	3
5	Ms. Desiree Bacher	2
6	Mr. Md. Iftikhar-Uz-Zaman (Joined 24 February 2016 in place of Mr. Md. Fayekuzzaman)	3
7	Mr. Latifur Rahman (resigned on 27 April 2016)	nil
8	Ms. Parveen Mahmud (Independent Director)	2
9	Mr. Milan Sadhukhan (resigned on 18 July 2016)	2
10	Mr. Waliur Rahman Bhuiyan OBE (Independent Director)	3
11	Mr. Indranil Bagchi (Joined 20 October 2016 in place of Mr. Milan Sadhukhan)	2

Audit Committee meetings

There were four meetings during the period.

	Name of the Members	No. of attendees
1	Ms. Parveen Mahmud-Chairperson (Independent Director)	4
2	Mr. Latifur Rahman-(resigned on 27 April 2016)	Nil
3	Mr. Moloy Banerjee Director-Corporate Investor nominated	3
4	Ms. Desiree Bacher-Director-Corporate Investor nominated	2
5	Mr. Waliur Rahman Bhuiyan OBE -Independent Director-(Joined 25 July 2016 in place of Mr. Latifur Rahman)	1

Annexure 4.

Status of Compliance with Bangladesh Securities & Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August, 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013.

Condition No.	(Report under Condition No. 7.00) Title	Compliance Status
1.	Board of Directors.	
1.1	Board's Size: Board members should not be less than 5(five) and more than 20 (twenty)	Complied
1.2	Independent Directors.	
1.2(i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	Complied
1.2(ii) (a)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company.	Complied
1.2(ii) (b)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	Complied
1.2(ii) (c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	Complied
1.2(ii) (d)	Who is not a member, director or officer of any stock exchange;	Complied
1.2(ii) (e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	Complied
1.2(ii) (f)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm;	Complied
1.2(ii) (g)	Who shall not be an independent director in more than 3 (three) listed companies;	Complied
1.2(ii) (h)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	Complied
1.2(ii) (i)	Who has not been convicted for a criminal offence involving moral turpitude.	Complied
1.2(iii)	The independent director (s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	Complied
1.2(iv)	The post of independent director (s) can not remain vacant for more than 90 (ninety) days.	Complied
1.2(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	Complied
1.2(vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	Complied
1.3	Qualification of Independent Director.	
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	Complied
1.3 (ii)	The person should be a Business Leader/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/professional experiences.	Complied
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	Not applicable
1.4	Chairman of the Board and Chief Executive Officer.	
	The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	Complied
1.5	The Directors' Report to Shareholders.	
1.5(i)	Industry outlook and possible future developments in the industry.	Complied

Condition No.	(Report under Condition No. 7.00) Title	Compliance Status
1.5(iii)	Risks and concerns.	Complied
1.5(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	Complied
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss.	Not applicable
1.5(vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	Complied
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	Not applicable
1.5(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	Not applicable
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	Not applicable
1.5(x)	Remuneration to directors including independent directors.	Complied
1.5(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	Complied
1.5(xii)	Proper books of account of the issuer company have been maintained.	Complied
1.5(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	Complied
1.5(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.	Complied
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	Complied
1.5(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	Not applicable
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	Complied
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	Complied
1.5(xix)	If has not declared dividend for the year, the reasons given (cash or stock).	Not applicable
1.5(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	Complied
1.5(xxi) (a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	Complied
1.5(xxi) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	Complied
1.5(xxi) (c)	Executives;	Complied
1.5(xxi) (d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	Complied
1.5(xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:	
1.5(xxii) (a)	A brief resume of the director;	Complied
1.5(xxii) (b)	Nature of his/her expertise in specific functional areas;	Complied
1.5(xxii) (c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board.	Complied
2.	Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS).	
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	Complied: same person appoint. CFO & Co. Secretary.
2.2	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	Complied

Condition No.	Title	Compliance Status
3.	Audit Committee.	
3(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	Complied
3(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	Complied
3(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	Complied
3.1	Constitution of the Audit Committee.	
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	Complied
3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	Complied
3.1 (iii)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management experience.	Complied
3.1(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	Not applicable
3.1(v)	The company secretary shall act as the secretary of the Committee.	Complied
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	Complied
3.2	Chairman of the Audit Committee.	
3.2(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	Complied
3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	Complied
3.3	Role of Audit Committee.	
3.3 (i)	Oversee the financial reporting process.	Complied
3.3 (ii)	Monitor choice of accounting policies and principles.	Complied
3.3 (iii)	Monitor Internal Control Risk management process.	Complied
3.3 (iv)	Oversee hiring and performance of external auditors.	Complied
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	Complied
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	Complied
3.3 (vii)	Review the adequacy of internal audit function.	Complied
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	Complied
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	Complied
3.3 (x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	Not applicable
3.4	Reporting of the Audit Committee.	
3.4.1	Reporting to the Board of Directors.	
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors.	Complied
3.4.1(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-	
3.4.1(ii)(a)	Reporting of Conflicts of interest to the Board of Director;	Not applicable
3.4.1(ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;	Not applicable
3.4.1(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations;	Not applicable
3.4.1(ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately.	Not applicable

Condition No.	Title	Compliance Status
3.4.2	Reporting to the Authorities. If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	Not applicable
3.5	Reporting to the Shareholders and General Investors. Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	Complied
4.	External/Statutory Auditors.	
4.(i)	Appraisal or valuation services or fairness opinions.	Complied
4.(ii)	Non-engagement in designing of Financial Information System.	Complied
4.(iii)	Non-engagement in Book keeping.	Complied
4.(iv)	Non-engagement in Broker-dealer services.	Complied
4.(v)	Non-engagement in Actuarial services.	Complied
4.(vi)	Non-engagement in Internal Audit.	Complied
4.(vii)	Non-engagement in any other services.	Complied
4.(viii)	Non-engagement partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that Company.	Complied
4.(ix)	Audit/certification services on compliance of corporate governance as required under clause (i) of condition No. 7.	Complied
5.	Subsidiary Company.	
5.(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	Complied
5.(ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	Complied
5.(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	Complied
5.(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	Complied
5.(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	Complied
6.	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO).	
6.(i)(a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	Complied
6.(i) (b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	Complied
6.(ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	Complied
7.	Reporting and Compliance of Corporate Governance.	
7.(i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost & Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	Complied
7.(ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	Complied

Corporate Governance.

Corporate governance practices

Sound corporate governance is fundamental to company's long term success. The Board of Directors of Linde Bangladesh Limited is firmly committed to upholding principles of sound corporate governance. Their Management and supervision of actions are always guided by strong sense of responsibility. Board of Directors continues to follow developments in this area and adapt corporate governance practices as appropriate and beneficial for the Company. The main objective of corporate governance is creation of lasting value for stakeholders. Our success has always been built on close and effective cooperation between Board of Directors ability to serve shareholder interest, open communication with in the company, proper accounting and auditing and responsible approach to risk, statutory regulations and internal control practices.

Board of Directors

The Board of Linde Bangladesh Limited is responsible for managing the company and overseeing its general business activities. Its action and decisions are made in the best interests of the company, which includes the interests of shareholders, employees, customers and other stakeholder groups. Its aim is to create lasting value for stakeholders. The Board of Linde Bangladesh Limited comprises of 8 members of whom 2 members are independent directors, 1 member is executive director, 3 are Linde nominated directors, 1 ICB nominated director and rest 1 is non-executive director. The Board members include persons of high caliber with professional and academic qualification having experience in private and public sector operations. The Board of Directors reviews business performance in each meeting and approves periodical and annual financial results for publication. Board approves annual plan, capital expenditure for the year and passes resolution at meetings held on a regular basis.

Board meeting

The Board of Linde Bangladesh Limited met four times in 2016. Board meetings were held under section # 96 of Companies Act 1994 and Bangladesh Security and Exchange Commission regulations regarding Board meeting were complied with. Director's attendance in the Board meeting is shown in the (annexure-3) of Directors report. In the Board Meeting the actions and decisions are geared towards the best interests of the Company taking into account the concern of shareholders, employees, customers and other stakeholders.

Annual General Meeting

The shareholders assert their rights as conferred by the articles of association during the Annual General Meeting by exercising their right to vote. Each share entitles the shareholder to one vote.

The Annual General Meeting takes place within the first six months after end of the accounting year. Notice of Annual General Meeting together with the annual reports and documents as required by Companies Act is sent to the shareholders, fourteen days, prior to the meeting.

Shareholders who cannot attend the Annual General Meeting have the option to exercise their vote through a proxy to another member of the Company. The proxy form duly filled in to be submitted to the Corporate Office of the Company within 72 hours before the meeting.

Corporate Governance Compliance Report

In accordance of the requirement of Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 and

SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013. Corporate Governance Compliance Report is attached in Annexure 1-4 on page 17-23.

Corporate and financial reporting framework

- 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.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- Bangladesh Accounting Standards (BAS) Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements.
- The Company has implemented a sound system of internal control which ensures reasonable assurance to restrict material misstatement in financial statement. The internal control system is reviewed by the Group Internal auditor help updates Management and Audit Committee on the status of internal control.

Accounting and external audit

Company prepares and publishes its annual financial statements and interim financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). The annual and periodical financial statements are prepared by the management and reviewed by the Audit Committee. Financial statements are audited by the statutory auditor in accordance with Bangladesh Audit Standard as promulgated by the ICAB. The audit procedures include a review of the system for early identification of risks. The Audit Committee updates Board on annual and periodical financial statement in detail prior to its publications.

Internal control

Sound internal control process is defined and practiced for all activities of the Company.

Group Internal Audit team conducts audit to evaluate appropriateness of internal control. The findings and subsequent remedial status are reported to the Audit Committee. Migration of data processing at Linde Global Services, Manila (LGSM -Share service) has strengthened internal control on accounting and data processing. Under the share service arrangement, Country Finance is responsible for preparing source data for Financial and Treasury Accounting and bill processing on the other hand LGSM is responsible for data editing, verifying and processing and uploading in online banking network. After uploading processed file in HSBC network by LGMS, signatories of the bank, authorise the cheques electronically per delegation of authority (DOA). However, depending on the situations in urgent cases, payments are made by in-house cheques after it being processed by LGSM. Under share service arrangement data ownership remained with country finance. LGSM is also responsible for reconciliation of General Ledger Accounts, Accounts Receivable, Accounts Payable and Bank reconciliation etc. The schedule and reconciliation are vetted by country finance. Country Finance and controlling functions are responsible for providing information for management discussion.

Internal audit

The internal audit function of Linde, Region of South and East Asia (RSE) conducts at regular intervals efficiency and effectiveness of the risk management and internal control on all activities of the Company. They also carryout internal audit on all functions of the Company like, Operations, Distributions, Sales and Marketing, Finance, Treasury

system, Information Service. Internal Auditor submits their observation on weaknesses and non compliance of company's practices and statutory provisions. Each observation states the facts, weaknesses and recommendations for improvement. A direct responsible individual (DRI) is made for each observation and followed up by the Group internal auditor till recommendations are implemented. Internal audit activity is reviewed by the Audit Committee.

Risk management

Linde Bangladesh Limited has risk management systems in place. These are continually being updated and adapted by the Company under guidance of Linde Group. The effectiveness of these systems is reviewed by group internal auditor and statutory auditor and the Board of Directors. The management of the Company made risk assessment on business and made risk mitigation plan to eliminate risks. The audit committee supports the Board in monitoring activities of management and deals with risk management issues.

Audit Committee

The Audit Committee reviews financial reporting process, system of internal control and management of business and financial risks, the audit process and the company's process for monitoring compliance with relevant laws and regulation and its own code of business ethics. The Audit Committee consist of four members, of which two are independent directors and rest are Group nominated directors. The Chairperson of the Audit Committee is an independent director. Audit Committee meets four times in a year. It is a subcommittee of Board of directors. Only committee members are entitled to attend the meeting. However, Managing Director, Chief Financial Officer and Internal Auditor are invited in the meeting. External auditor is invited in the meeting of the committee in which Annual Financial Statement is reviewed. Duties and Responsibilities of Audit Committee stated in Audit Committee Charter are as below:

- Oversee the financial reporting process.
- Monitor choice of accounting policy.
- Monitor internal control and Risk management process.
- Oversee hiring and performance of external auditor.
- Review annual financial statement before submission to the board for approval.

- Review periodical financial statement before submission to the board for approval.
- Review adequacy of internal audit function.
- Review statement of related party transactions.
- Review Management letter issued by statutory auditor.

Employee

Total number of employees in the Linde Bangladesh Limited at 31 December 2016 was 321 (31 December 2015 315). The Company paid salary and wages Taka 444 million (31 December 2015 Taka 551 million) during the year under review. The strategy of Company is to attract, develop and promote the best employee, build long term loyalty to the Company which is the most important prerequisite for long term success of the Company. Training arrangements were made throughout the year for people development. Through occupational safety and health protection measures, Linde Bangladesh Limited help its employee to stay healthy and protects them from risks that might arise from the work they perform for the Company.

Compliance with laws

Company respects the provisions of the law and complies with those in business practices. Each employee of the Company must learn provisions of the law that applies to their job. The Board of the Company ensures that all provisions of the law are complied with in a timely manner. Any non compliance is immediately addressed.

Code of Ethics

The Code of Ethics is structured to reflect the expectation of all stakeholders of the Company. Each employee of the Company must

learn and comply with the standards and laws that applies to their job. Company actively monitors standards set out in the code. Code of Ethics covers:

- Making ethical decision.
- Dealing with customers, suppliers and markets.
- Dealing with shareholders.
- Dealing with employees.
- Dealing with the public.

Corporate website

The Company developed an information website under corporate governance responsibility, where public information related to the Company is placed for interested group like shareholders, employees, customers and other stakeholders.

Information which are hosted in Company website are shown below:

- Annual Financial Statements.
- Periodical Financial Statements.
- Half Yearly Financial Statements.
- Price Sensitive information.
- Notifications etc.

The link of company website is www.linde.com.bd.

Statement of Directors' Responsibilities.

Financial statements and accounting records

Linde Bangladesh Limited Directors are responsible for approving the Annual Report and its financial statements for the year ended 31 December 2016 in accordance with applicable law and regulations.

The Management is required to prepare the financial statements in accordance with the Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and the regulations of the Dhaka, Chittagong Stock Exchanges. Under Company Law the Directors must not approve the accounts unless they are satisfied that financial statement reflects a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year.

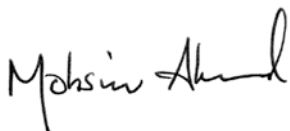
The Directors are legally responsible for ensuring fair presentation of financial statements, which comprises of the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes and related consolidated financial statements of Linde Bangladesh Limited and its subsidiaries.

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements including consolidated financial statements have been prepared and presented to ensure that:

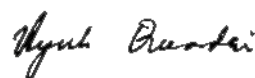
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- These statements together, present a true and fair view of the company's state of affairs and are in compliance with existing accounting standards and applicable laws.
- No transactions entered into by the company during the year, which are fraudulent, illegal, or violation of the company's code of ethics.

The Auditors of the Company have examined financial statements made available by the Board of Directors together with all relevant financial records and express their opinion in their report in page 30-31 of the Annual Report.

The financial statements were approved by the board of directors on 28 February 2017 and are signed on its behalf by:



Mohsin Uddin Ahmed
Managing Director



Ayub Quadri
Chairman

Audit Committee Report.

The Audit Committee of Linde Bangladesh Limited is appointed by the Board of Directors, as recommended by Bangladesh Securities and Exchange Commission (BSEC) notification. The Audit Committee consist of four members, of which two are independent directors, and rest are Group nominated directors. Meetings of the Committee were attended by the Managing Director, Chief Financial Officer and Internal Auditor of the company on invitation.

The terms of reference of Audit Committee has been set up by the Board of Directors in accordance with BSEC notification. The existing members of the committee are:

Ms. Parveen Mahmud	Chairperson
Mr. Moloy Banerjee	Member
Ms. Desiree Bacher	Member
Mr. Waliur Rahman Bhuiyan	Member

Four (4) meetings of Audit Committee were held during the year under review. In all meetings internal auditor gave presentation to the committee which covered internal audit plan, number of audit carried out during the year, audit observations, audit recommendations and status of its implementation. Audit Committee also met external auditor to discuss their observations on statutory audit and their recommendations for improvement. The Committee also reviewed the Financial Statements of both the subsidiary companies i) BOC Bangladesh Limited and ii) Bangladesh Oxygen Limited.

Role of Audit Committee

The Audit Committee is empowered with Boards oversight responsibility to investigate any activity within its terms of reference. The Committee reports to Board of Directors as per terms of reference, on the activities assigned. The role of the committee includes:

- Review the financial statement with respect to presentation, disclosure and accuracy of data.
- Monitor and review effectiveness of internal and external audit.
- Review effectiveness of the financial internal control of the company.
- Review effectiveness of risk management system of the company.
- Review ethical standard and procedures to ensure compliance with regulatory and financial reporting requirements.
- Any other activities as per audit committee charter.

Meeting and attendance

The Committee holds 4 meetings in a year. The quorum shall be not less than two directors, one of whom, at least, shall be independent director.

The audit committee may invite such other person (e.g., the CEO, CFO, internal auditor) to its meetings, as it deems necessary. The external auditor shall normally attend the meetings of the committee at which it communicates audit risks and planning and the full year results. Company Secretary shall act as the secretary of the committee.

Activities carried out by the Audit Committee:

Audit Committee acted as per guideline mentioned in the charter of the Committee. The Committee reviewed effectiveness of internal control and external audit procedures and reports thereon. The Audit Committee regularly updates the Board of Directors on their observations and status of control environment. The members of Audit Committee were appraised duly by:

- The external auditor on accounting policies, internal controls, compliance of statutory provisions of law and other regulatory authorities, Compliance of Bangladesh Accounting Standards and appropriateness of disclosure in the Financial Statements. The committee reviewed the audit findings and management responses.
- The Chief Financial Officer on financial performance of the company for the period under review.

After due verification Audit Committee formed the opinion that adequate financial control and procedures are in place to provide reasonable assurance that the company’s resources are safeguarded and the financial position of the Company is well managed.

On behalf of the Audit Committee.



Parveen Mahmud
Chairperson, Audit Committee
28 February 2017

Compliance Certificate to the Shareholders.

We have examined the compliance of conditions of corporate governance guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by Linde Bangladesh Limited (the "Company") for the year ended 31 December 2016 as stipulated in clause 7(i) of the BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012.

The compliance of conditions of corporate governance guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the Company's management. Our examination for the purpose of issuing this certification was limited to the checking of procedures and implementations thereof, adopted by the Company for ensuring the compliance of conditions of corporate governance and correct reporting of compliance status on the attached statement on the basis of evidence gathered and representation received.

To the best of our information and according to the explanations given to us, we certify that, as reported on the attached status of compliance statement, the Company has complied with the conditions of corporate governance stipulated in the above mentioned BSEC notification dated 7 August 2012.

Dhaka, 28 February 2017



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Consolidated Independent Auditors' Report to the Shareholders.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Linde Bangladesh Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- in our opinion, proper books of account as required by law have been kept by the Group so far as it appeared from our examination of those books;
- the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and
- the expenditure incurred was for the purposes of the Group's business.

Dhaka, 28 February 2017



Rahman Rahman Huq
Chartered Accountants

Independent Auditors' Report to the Shareholders.

Report on the Financial Statements

We have audited the accompanying financial statements of Linde Bangladesh Limited ("the Company"), which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 management, 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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and
- the expenditure incurred was for the purposes of the Company's business.

Dhaka, 28 February 2017



Rahman Rahman Huq
Chartered Accountants

Consolidated Statement of Financial Position.

	Notes	As at 31 December	
		2016	2015
		'000 Taka	'000 Taka
Assets			
Property, plant and equipment	21	2,543,935	1,914,405
Intangible assets	22	26,412	34,618
Advances, deposits and prepayments	17	74,390	49,094
Non-current assets		2,644,737	1,998,117
Inventories	15	728,622	652,561
Trade and other receivables	16	487,824	435,235
Advances, deposits and prepayments	17	217,181	193,001
Investment	18	10,299	60,000
Cash and cash equivalents	19(a)	1,391,223	785,187
Current assets		2,835,149	2,125,984
Total assets		5,479,886	4,124,101
Equity			
Share capital	23	152,183	152,183
Revaluation reserve		-	20,174
General reserve		3,032,714	2,613,281
Equity attributable to owners of the Company		3,184,897	2,785,638
Non- controlling interest	39	2	2
Total equity		3,184,899	2,785,640
Liabilities			
Employee benefits	24	139,007	121,962
Deferred tax liabilities	14.2	115,776	133,561
Other non-current liabilities	25	215,861	211,423
Non-current liabilities		470,644	466,946
Trade and other payables	26(a)	1,469,399	719,006
Provision for expenses	27(a)	136,355	70,259
Current tax liabilities	28(a)	218,589	82,250
Current liabilities		1,824,343	871,515
Total liabilities		2,294,987	1,338,461
Total equity and liabilities		5,479,886	4,124,101

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Dhaka, 28 February 2017

As per our report of same date



Ayub Quadri
Chairman



Mohsin Uddin Ahmed
Managing Director



Md Anisuzzaman
Chief Financial Officer &
Company Secretary



Rahman Rahman Huq
Chartered Accountants

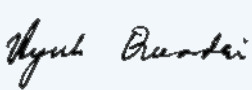
Consolidated Statement of Profit or Loss and other Comprehensive Income.

	Notes	For the year ended 31 December	
		2016	2015
		'000 Taka	'000 Taka
Revenue	6	4,270,585	3,933,185
Cost of sales	7	(2,290,426)	(2,243,767)
Gross profit		1,980,159	1,689,418
Other income/(loss)	9	(3,085)	18,361
Operating expenses	8(a)	(743,510)	(801,754)
Profit from operations		1,233,564	906,025
Net finance income	10	19,833	21,584
Profit before contribution to WPPF		1,253,397	927,609
Contribution to WPPF	12	(62,675)	(46,386)
Profit before tax		1,190,722	881,223
Income tax expenses	14	(309,634)	(230,872)
Profit		881,088	650,351
Other comprehensive income/(loss)		(13,220)	-
Other comprehensive income/(loss) related tax		3,305	-
Other comprehensive income/(loss), net of tax		(9,915)	-
Total comprehensive income		871,173	650,351
Profit attributable to:			
Owners of the Company		871,173	650,351
Non- controlling interests	39	-	-
Earnings per share:			
Basic and diluted earnings per share (par value Tk 10) in Taka	11(a)	57.90	42.74

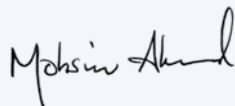
The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Dhaka, 28 February 2017

As per our report of same date



Ayub Quadri
Chairman



Mohsin Uddin Ahmed
Managing Director



Md Anisuzzaman
Chief Financial Officer &
Company Secretary



Rahman Rahman Huq
Chartered Accountants

Consolidated Statement of Changes in Equity.

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital	Revaluation reserve	General reserve	Total		
	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Balance at 31 December 2015	152,183	20,174	2,613,281	2,785,638	2	2,785,640
Total comprehensive income						
Profit	-	-	881,088	881,088	-	881,088
Other comprehensive income/(loss), net of tax	-	-	(9,915)	(9,915)	-	(9,915)
Transferred to general reserve	-	(20,174)	20,027	(147)	-	(147)
Total comprehensive income	-	(20,174)	891,200	871,026	-	871,026
Transactions with owners of the Company						
Contributions and distributions						
Final dividend for the year 2015	-	-	(167,401)	(167,401)	-	(167,401)
Interim dividend for the year 2016	-	-	(304,366)	(304,366)	-	(304,366)
Total contributions and distributions	-	-	(471,767)	(471,767)	-	(471,767)
Total transactions with owners of the Company	-	-	(471,767)	(471,767)	-	(471,767)
Balance at 31 December 2016	152,183	-	3,032,714	3,184,897	2	3,184,899
Balance at 31 December 2014	152,183	20,174	2,434,697	2,607,054	2	2,607,056
Total comprehensive income						
Profit	-	-	650,351	650,351	-	650,351
Other comprehensive income/(loss), net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	650,351	650,351	-	650,351
Transactions with owners of the Company						
Contributions and distributions						
Final dividend for the year 2014	-	-	(167,401)	(167,401)	-	(167,401)
Interim dividend for the year 2015	-	-	(304,366)	(304,366)	-	(304,366)
Total contributions and distributions	-	-	(471,767)	(471,767)	-	(471,767)
Total transactions with owners of the Company	-	-	(471,767)	(471,767)	-	(471,767)
Balance at 31 December 2015	152,183	20,174	2,613,281	2,785,638	2	2,785,640

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flow.

	Notes	For the year ended 31 December	
		2016	2015
		'000 Taka	'000 Taka
Cash flow from operating activities			
Cash receipts from customers		4,241,518	3,991,950
Other (payments)/receipts		(67,686)	(45,569)
Cash paid to suppliers and employees		(2,872,351)	(2,689,481)
Cash generated from operating activities		1,301,481	1,256,900
Income tax paid		(187,775)	(235,183)
Interest paid		(116)	(97)
Net cash from operating activities		1,113,590	1,021,620
Cash flow from investing activities			
Payment for acquisition of property, plant and equipment		(778,632)	(558,548)
Payment for acquisition of intangible assets		(728)	(236)
Proceeds from sale of property, plant and equipment		5,875	13,767
Advance receipt against sale of property, plant and equipment		664,125	-
Investment in fixed deposit receipts		49,701	(60,000)
Interest received		19,075	21,816
Net cash used in investing activities		(40,584)	(583,201)
Cash flow from financing activities			
Dividend paid		(466,970)	(467,010)
Net cash used in financing activities		(466,970)	(467,010)
Net increase/(decrease) in cash and cash equivalents		606,036	(28,591)
Cash and cash equivalents as at 1 January		785,187	813,778
Cash and cash equivalents as at 31 December		1,391,223	785,187

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Statement of Financial Position.

	Notes	As at 31 December	
		2016 ‘000 Taka	2015 ‘000 Taka
Assets			
Property, plant and equipment	21	2,543,935	1,914,405
Intangible assets	22	26,412	34,618
Investment in subsidiaries	20	40	40
Advances, deposits and prepayments	17	74,390	49,094
Non-current assets		2,644,777	1,998,157
Inventories	15	728,622	652,561
Trade and other receivables	16	487,824	435,235
Advances, deposits and prepayments	17	217,181	193,001
Investment	18	10,299	60,000
Cash and cash equivalents	19	1,391,203	785,167
Current assets		2,835,129	2,125,964
Total assets		5,479,906	4,124,121
Equity			
Share capital	23	152,183	152,183
Revaluation reserve		-	20,174
General reserve		3,032,750	2,613,207
Total equity		3,184,933	2,785,564
Liabilities			
Employee benefits	24	139,007	121,962
Deferred tax liabilities	14.2	115,776	133,561
Other non-current liabilities	25	215,861	211,423
Non-current liabilities		470,644	466,946
Trade and other payables	26	1,469,690	719,398
Provision for expenses	27	136,055	69,968
Current tax liabilities	28	218,584	82,245
Current liabilities		1,824,329	871,611
Total liabilities		2,294,973	1,338,557
Total equity and liabilities		5,479,906	4,124,121

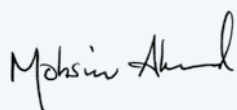
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Dhaka, 28 February 2017

As per our report of same date



Ayub Quadri
Chairman



Mohsin Uddin Ahmed
Managing Director



Md Anisuzzaman
Chief Financial Officer &
Company Secretary



Rahman Rahman Huq
Chartered Accountants

Statement of Profit or Loss and other Comprehensive Income.

	Notes	For the year ended 31 December	
		2016	2015
		'000 Taka	'000 Taka
Revenue	6	4,270,585	3,933,185
Cost of sales	7	(2,290,426)	(2,243,767)
Gross profit		1,980,159	1,689,418
Other income/(loss)	9	(3,085)	18,361
Operating expenses	8	(743,400)	(801,634)
Profit from operations		1,233,674	906,145
Net finance income	10	19,833	21,584
Profit before contribution to WPPF		1,253,507	927,729
Contribution to WPPF	12	(62,675)	(46,386)
Profit before tax		1,190,832	881,343
Income tax expenses	14	(309,634)	(230,872)
Profit		881,198	650,471
Other comprehensive income/(loss)		(13,220)	-
Other comprehensive income/(loss) related tax		3,305	-
Other comprehensive income/(loss), net of tax		(9,915)	-
Total comprehensive income		871,283	650,471
Earnings per share:			
Basic and diluted earnings per share (par value Tk 10) in Taka	11	57.90	42.74

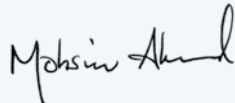
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Dhaka, 28 February 2017

As per our report of same date



Ayub Quadri
Chairman



Mohsin Uddin Ahmed
Managing Director



Md Anisuzzaman
Chief Financial Officer &
Company Secretary



Rahman Rahman Huq
Chartered Accountants

Statement of Changes in Equity.

	Share capital	Revaluation reserve	General reserve	Total equity
	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Balance at 31 December 2015	152,183	20,174	2,613,207	2,785,564
Total comprehensive income				
Profit	-	-	881,198	881,198
Other comprehensive income/(loss), net of tax	-	-	(9,915)	(9,915)
Transferred to general reserve	-	(20,174)	20,027	(147)
Total comprehensive income	-	(20,174)	891,310	871,136
Transactions with owners of the Company				
Contributions and distributions				
Final dividend for the year 2015	-	-	(167,401)	(167,401)
Interim dividend for the year 2016	-	-	(304,366)	(304,366)
Total contributions and distributions	-	-	(471,767)	(471,767)
Total transactions with owners of the Company	-	-	(471,767)	(471,767)
Balance at 31 December 2016	152,183	-	3,032,750	3,184,933
Balance at 31 December 2014	152,183	20,174	2,434,503	2,606,860
Total comprehensive income				
Profit	-	-	650,471	650,471
Other comprehensive income/(loss), net of tax	-	-	-	-
Total comprehensive income	-	-	650,471	650,471
Transactions with owners of the Company				
Contributions and distributions				
Final dividend for the year 2014	-	-	(167,401)	(167,401)
Interim dividend for the year 2015	-	-	(304,366)	(304,366)
Total contributions and distributions	-	-	(471,767)	(471,767)
Total transactions with owners of the Company	-	-	(471,767)	(471,767)
Balance at 31 December 2015	152,183	20,174	2,613,207	2,785,564

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Statement of Cash Flow.

	Notes	For the year ended 31 December	
		2016	2015
		'000 Taka	'000 Taka
Cash flow from operating activities			
Cash receipts from customers		4,241,518	3,991,950
Other (payments)/receipts		(67,686)	(45,569)
Cash paid to suppliers and employees		(2,872,251)	(2,689,381)
Cash generated from operating activities		1,301,581	1,257,000
Income tax paid		(187,775)	(235,183)
Interest paid		(116)	(97)
Net cash from operating activities		1,113,690	1,021,720
Cash flow from investing activities			
Payment for acquisition of property, plant and equipment		(778,632)	(558,548)
Payment for acquisition of intangible assets		(728)	(236)
Proceeds from sale of property, plant and equipment		5,875	13,767
Advance receipt against sale of property, plant and equipment		664,125	-
Investment in fixed deposit receipts		49,701	(60,000)
Interest received		19,075	21,816
Net cash used in investing activities		(40,584)	(583,201)
Cash flow from financing activities			
Paid to subsidiary		(100)	(100)
Dividend paid		(466,970)	(467,010)
Net cash used in financing activities		(467,070)	(467,110)
Net increase/(decrease) in cash and cash equivalents		606,036	(28,591)
Cash and cash equivalents as at 1 January		785,167	813,758
Cash and cash equivalents as at 31 December		1,391,203	785,167

The annexed notes 1 to 44 form an integral part of these financial statements.

Notes to the Financial Statements.

1. Reporting entity

1.1 Company profile

Linde Bangladesh Limited (the “Company”) is a listed Company, limited by shares and was incorporated in Bangladesh in 1973 under the Companies Act 1913 (replaced by the Companies Act 1994). The Company became a listed entity in the year 1976 & 1996 in Dhaka Stock Exchange and Chittagong Stock Exchange respectively. The address of the registered office is 285 Tejgaon I/A, Dhaka-1208, Bangladesh. The Company is a subsidiary of The BOC Group Limited of United Kingdom which is fully owned by Linde AG of Germany.

Bangladesh Oxygen Limited (“BOL”) and BOC Bangladesh Limited (“BOC”) are wholly owned subsidiaries of Linde Bangladesh Limited. These subsidiaries are entities controlled by the Company. Both of the subsidiaries are not in operation.

These consolidated financial statements comprise the Company and it’s subsidiaries (together referred to as the “Group”).

1.2 Nature of business

The Company’s principal activities are manufacturing and supply of industrial and medical gases, welding products and equipment’s and ancillary equipment’s. The Company also earns rental from cylinders used by the customers and from vacuum insulated evaporators installed at customers’ premises.

2. Basis of accounting

These financial statements (including consolidated financial statements) have been prepared on going concern basis in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws in Bangladesh.

The Financial Reporting Act 2015 (FRA) has been enacted during the year. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is to issue financial reporting standards for public interest entities such as listed company. As the FRC is yet to be formed and as such no financial reporting standards have been issued as per the provisions of the FRA, hence, the financial statements of the Company continue to be prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and the Companies Act 1994.

Financial statements were authorised for issue by the Company’s board of directors on 28 February 2017.

Details of the Company’s accounting policies, including changes during the year, if any, are included in Notes 43 and 44.

3. Functional and presentational currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is both functional currency and presentation currency of the Company. The figures of financial statements have been rounded to the nearest thousand, unless otherwise indicated.

4. Use of judgments and estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of Company’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

(a) Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

Note 38: Operating leases - leases as lessee

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2017 is included in the following notes:

- Note 14.2 : Movement in deferred tax balances
- Note 15.1 : Provision for inventory obsolescence
- Note 16.1.1 : Provision for trade receivable
- Note 21 : Useful life and residual value of property, plant and equipment
- Note 24.1 : Provision for gratuity
- Note 28 : Provision for tax

5. Operating segments

(a) Basis for segmentation

The Company has following three strategic divisions, which are its reportable segments. These divisions offer different products and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Bulk gases	Manufacturing and supply of industrial liquid gases, oxygen, nitrogen, argon and Carbon dioxide.
Package gases and products (PG&P)	Manufacturing and supply of industrial compressed packaged gases and welding goods which includes compressed industrial oxygen, dissolved acetylene, nitrogen, argon, Carbon dioxide and electrodes.
Healthcare	The Healthcare segments includes all services related to supply of medical gas such as medical oxygen & nitrous oxide, cylinders and accessories, supply and installation of medical gas pipeline system and maintenance of medical equipment.

These three reportable segments are the strategic business units of the Company and are managed separately based on the Company's management and internal reporting structure. For each of the strategic business units, the management reviews internal management report on at least quarterly basis. Performance is measured based on segment profit from operation, as included in the internal management reports. Segment revenue and operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

(b) Information about reportable segments

Information related to each reportable segment is set out below. Segment profit from operation is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

	Reportable segments			Total
	Bulk gases	PG&P	Healthcare	
	'000 Taka	'000 Taka	'000 Taka	'000 Taka
2016				
Revenue	451,742	3,300,538	518,305	4,270,585
Profit from operations	27,242	1,239,724	211,761	1,478,727
2015				
Revenue	351,283	3,109,537	472,365	3,933,185
Profit from operations	32,978	1,035,566	175,607	1,244,151

(c) Reconciliation of information on reportable segments to BFRS measures

	Note	2016	2015
		'000 Taka	'000 Taka
i. Revenue			
Total revenue for reportable segments	5 (b)	4,270,585	3,933,185
Revenue for other segments		-	-
Elimination of inter-segment revenue		-	-
Total revenue		4,270,585	3,933,185
ii. Profit before tax			
Total profit before tax for reportable segments	5 (b)	1,478,727	1,244,151
Profit before tax for other segments		-	-
Elimination of inter-segment profit		-	-
Amount not related to reported segments		(287,895)	(362,808)
Total profit before tax		1,190,832	881,343
iii. Amount not related to reportable segments			
Other income/(loss)	9	(3,085)	18,361
Technical assistance fees	8	(25,891)	(22,219)
Net finance income	10	19,833	21,584
Contribution to Workers' Profit Participation Fund	12	(62,675)	(46,386)
Unallocated corporate overheads		(216,077)	(334,148)
Total amount not related to reportable segments		(287,895)	(362,808)

Considering the current size and operations of the Company, segmental assets and liabilities are not considered to be critical for regular review by the management. Accordingly no disclosure is made regarding the segmental assets and liabilities.

6. Revenue

See accounting policies in Note 44(m).

	Unit	Quantity	2016	Quantity	2015
			Amount		Amount
		'000	'000 Taka	'000	'000 Taka
ASU gases	M3	16,745	715,360	13,131	595,988
Dissolved acetylene	M3	228	126,022	248	133,013
Electrodes	M. Ton	22	2,837,288	20	2,691,810
Others			591,915		512,374
			4,270,585		3,933,185

	Note	2016	2015
		'000 Taka	'000 Taka
7. Cost of sales			
Opening inventories of manufactured products		165,724	138,285
Cost of goods manufactured	7.1	2,174,893	2,163,643
Closing inventories of manufactured products		(138,159)	(165,724)
Cost of sales of manufactured products		2,202,458	2,136,204
Cost of trading products		87,968	107,563
		2,290,426	2,243,767

7.1 Cost of goods manufactured

Raw and packing materials consumed	7.1.1	1,570,079	1,623,454
Fuel and power		145,693	107,353
		1,715,772	1,730,807
Manufacturing overhead:			
Salaries, wages and staff welfare		191,815	180,930
Depreciation		136,463	102,467
Repairs to machinery		69,835	61,403
Repairs to building		15,781	17,917
Maintenance		9,995	31,864
Insurance		2,605	1,071
Rent, rates and taxes		-	1,082
Travelling and conveyance		1,032	1,430
Training expenses		132	51
Vehicle running expenses		1,409	1,765
Telephone, telex and fax		845	896
Printing, postage, stationery and office supplies		4,562	3,054
Consultancy fees		103	256
Provision for inventory obsolescence		11,334	18,527
Sundry factory expenses		13,210	10,123
		459,121	432,836
		2,174,893	2,163,643

7.1.1 Raw and packing materials consumed

	Unit of measurement	Opening stock		Purchase		Closing stock		Consumption		% of total consumption
		Quantity	Cost	Quantity	Cost	Quantity	Cost	Quantity	Cost	
			'000 Taka		'000 Taka		'000 Taka		'000 Taka	
Calcium carbide	M. Ton	167	11,249	856	67,415	407	29,375	616	49,289	3.14
Wire	M. Ton	2,236	94,022	18,116	716,794	3,040	128,422	17,312	682,394	43.46
Blended powder	M. Ton	904	76,630	4,647	436,249	1,578	130,853	3,973	382,026	24.33
Others*			109,200		464,810		117,640		456,370	29.07
2016			291,101		1,685,268		406,290		1,570,079	100.00
2015			387,992		1,526,563		291,101		1,623,454	100.00

*Others include different types of chemicals, lubricants and packing materials purchased from local market and abroad.

	Note	2016	2015
		'000 Taka	'000 Taka
8. Operating expenses*			
Salaries, wages and staff welfare		252,026	369,976
Depreciation		65,400	60,150
Amortisation of intangible assets		8,934	8,825
Fuel and power		1,736	2,266
Repairs to building		2,918	2,225
Maintenance		8,943	11,087
Insurance		1,573	1,295
Delivery expenses		236,573	194,143
Rent, rates and taxes		9,282	5,141
Travelling and conveyance		12,218	10,453
Training expenses		-	1,774
Telephone, telex and fax		12,230	11,224
Global information service		28,911	33,024
Outsourcing service charge		13,536	14,773
Printing, postage, stationery and office supplies		4,380	4,224
Trade journal and subscription		3,051	3,998
Advertising and promotion		8,674	16,198
Provision (reversal)/ made for trade receivable		(706)	(8,198)
Bad debts written off		2,085	2,067
Legal and professional charge		14,908	6,446
Technical assistance fee		25,891	22,219
Audit fees	8.1	825	825
Bank charges		7,547	5,684
Entertainment		525	958
Management meeting and conference		13,623	7,978
Sundry office expenses		8,317	12,879
		743,400	801,634

*Operating expenses for the year 2016 consist of distribution expenses of Tk 275,549 thousand (2015 : Tk 229,944 thousand) and administrative, selling & marketing expenses of Tk 467,851 thousand (2015 : Tk 571,690 thousand).

		2016	2015
	Note	'000 Taka	'000 Taka
8(a) Operating expenses (Consolidated)			
Salaries, wages and staff welfare		252,026	369,976
Depreciation		65,400	60,150
Amortisation of intangible assets		8,934	8,825
Fuel and power		1,736	2,266
Repairs to building		2,918	2,225
Maintenance		8,943	11,087
Insurance		1,573	1,295
Delivery expenses		236,573	194,143
Rent, rates and taxes		9,282	5,141
Travelling and conveyance		12,218	10,453
Training expenses		-	1,774
Telephone, telex and fax		12,230	11,224
Global information service		28,911	33,024
Outsourcing service charge		13,536	14,773
Printing, postage, stationery and office supplies		4,380	4,224
Trade journal and subscription		3,051	3,998
Advertising and promotion		8,674	16,198
Provision (reversal)/ made for trade receivable		(706)	(8,198)
Bad debts written off		2,085	2,067
Legal and professional charge		14,988	6,546
Technical assistance fee		25,891	22,219
Audit fees		855	845
Bank charges		7,547	5,684
Entertainment		525	958
Management meeting and conference		13,623	7,978
Sundry office expenses		8,317	12,879
		743,510	801,754
8.1 Audit fees			
Statutory audit		625	625
Other audit		200	200
		825	825
9. Other income/(loss)			
Gain on disposal of property, plant and equipment	9.1	1,082	7,798
Net foreign exchange gain/(loss)		(4,167)	10,563
		(3,085)	18,361
9.1 Gain on disposal of property, plant and equipment			
Proceeds from sales of property, plant and equipment	31	5,875	13,767
Less: Carrying amount:			
Cost of the property, plant and equipment	31	34,150	28,319
Less: Accumulated depreciation	31	29,357	22,350
Carrying amount		4,793	5,969
Gain on disposal of property, plant and equipment		1,082	7,798
10. Net finance income			
See accounting policies in Note 44(a,n).			
Finance income		19,949	21,681
Finance cost		(116)	(97)
		19,833	21,584

	2016	2015
11. Earnings per share		
See accounting policies in Note 44(p).		
11.1 Basic earnings per share		
The computation of earnings per share is given below:		
Earnings attributable to the ordinary shareholders ('000 Taka)	881,198	650,471
Number of ordinary shares outstanding during the year ('000)	15,218	15,218
Basic earnings per share (EPS) (Taka)	57.90	42.74

11.2 Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no potentially dilutive ordinary shares during the year. So both basic and diluted earning per share are same.

11(a) Consolidated earnings per share		
Earnings attributable to the ordinary shareholders ('000 Taka)	881,088	650,351
Number of ordinary shares outstanding during the year ('000)	15,218	15,218
Basic earnings per share (EPS) (Taka)	57.90	42.74

	Note	2016 '000 Taka	2015 '000 Taka
12. Contribution to workers profit participation fund (WPPF)			
See accounting policies in Note 44(k).			
Contribution to WPPF	12.1	62,675	46,386

12.1 Computation of contribution to WPPF

Profit before contribution to WPPF	1,253,507	927,729
Applicable contribution rate	5%	5%
Amount of contribution to WPPF	62,675	46,386

13. Directors' remuneration

Fees	170	250
Salaries and benefits	15,599	10,058
Accommodation	1,450	1,200
Provident fund contribution	397	272
Retirement benefits	862	168
	18,478	11,948

Directors' remuneration is included in salaries, wages and staff welfare.

14. Income tax expense

See accounting policies in Note 44(j).

Amounts recognised in profit or loss		
Current tax expense		
Current year	325,888	212,964
Prior years adjustment	(1,774)	122
	324,114	213,086
Deferred tax (income)/expense		
Origination/(reversal) of temporary differences	14.2	(14,480)
	(14,480)	17,786
Income tax expense		309,634
		230,872

	2016	2015
	'000 Taka	'000 Taka
14.1. Reconciliation of effective tax rate		
Profit before income tax	1,190,832	881,343
Applicable tax rate	25%	25%
Income tax	297,708	220,336
Factors affecting the tax charge for current period:		
(Excess)/short of fiscal depreciation & amortization over that of accounting	4,846	(13,131)
Provision for stock obsolescence	2,834	4,632
Excess of gratuity provision over payment of gratuity	4,538	(15,476)
Provision for trade receivable charge/(written back)	(177)	(2,050)
Inadmissible expenses	15,241	18,379
Admissible expenses	-	-
Excess of tax gain/(short) over that of accounting from sale property, plant & equipment	1,198	539
Tax free income	(300)	(265)
Prior years adjustment	(1,774)	122
Movement of temporary differences: (credit)/charge as above	(14,480)	17,786
Total income tax expense	309,634	230,872
Effective Tax Rate (ETR)	26.00%	26.20%

14.2 Movement in deferred tax balances

	Net balance at 1 January	Recognised in profit or loss	Recognised in other comprehensive income or loss	Balance as at 31 December		
	Net	Deferred tax	Deferred tax			
	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka
2016						
Property, plant and equipment	(190,910)	6,380	-	(184,530)	-	(184,530)
Intangible assets	1,656	1,184	-	2,840	2,840	-
Provision for inventory obsolescence	20,017	2,833	-	22,850	22,850	-
Provision for trade receivable	5,185	(177)	-	5,008	5,008	-
Employee benefits	30,491	4,260	-	34,751	34,751	-
Deferred tax on OCI	-	-	3,305	3,305	3,305	-
Net deferred tax assets /(liabilities)	(133,561)	14,480	3,305	(115,776)	68,754	(184,530)
2015						
Property, plant and equipment	(183,674)	(7,236)	-	(190,910)	-	(190,910)
Intangible assets	-	1,656	-	1,656	1,656	-
Provision for inventory obsolescence	15,231	4,786	-	20,017	20,017	-
Provision for trade receivable	7,162	(1,977)	-	5,185	5,185	-
Employee benefits	45,506	(15,015)	-	30,491	30,491	-
Net deferred tax assets /(liabilities)	(115,775)	(17,786)	-	(133,561)	57,349	(190,910)

	2016	2015
	'000 Taka	'000 Taka
15. Inventories		
See accounting policies in Note 44(f).		
Raw materials	406,290	291,101
Finished goods	229,380	286,466
Goods in transit	26,245	-
Maintenance spares	158,108	155,061
Provision for inventory obsolescence	(91,401)	(80,067)
	728,622	652,561

	Note	2016 '000 Taka	2015 '000 Taka
15.1 Provision for Inventory obsolescence			
Balance as at 1 January		80,067	61,540
Provision made during the year		11,334	18,527
Balance as at 31 December		91,401	80,067
In view of innumerable items of inventory and diversified units of measurement, it is not feasible to disclose quantities against each item.			
16. Trade and other receivables			
See accounting policies in Note 44(e) (ii).			
Trade receivables	16.1	402,976	373,909
Inter company receivable		46,639	33,216
Interest receivable		3,849	2,975
Other receivables		34,360	25,135
		487,824	435,235
16.1 Trade receivables			
Gases		116,713	97,636
Welding		66,239	101,287
Healthcare		240,056	195,724
		423,008	394,647
Provision for trade receivable	16.1.1	(20,032)	(20,738)
		402,976	373,909
16.1.1 Provision for trade receivable			
Balance as at 1 January		20,738	28,936
Provision (reversal)/ made for trade receivable		(706)	(8,198)
Balance as at 31 December		20,032	20,738
17. Advances, deposits and prepayments			
Loans and advances to employees		60,395	57,172
Advances to suppliers		4,737	2,212
Deposits and prepayments		103,936	49,853
VAT current account		120,589	132,858
Advance to Rajbari Enterprise Limited		1,914	-
		291,571	242,095
Non-current		74,390	49,094
Current		217,181	193,001
		291,571	242,095
Above amounts are unsecured, but considered good.			
18. Investment			
See accounting policies in Note 44(e) (iii).			
Investment in fixed deposit receipts		10,299	60,000
19. Cash and cash equivalents			
See accounting policies in Note 44(e) (i).			
Cash in hand		3,025	2,319
Cash at bank		421,835	430,890
Fixed deposits with banks		966,343	351,958
		1,391,203	785,167

	2016	2015
	'000 Taka	'000 Taka
19(a). Cash and cash equivalents (Consolidated)		
Linde Bangladesh Limited	1,391,203	785,167
Bangladesh Oxygen Limited	-	-
BOC Bangladesh Limited	20	20
	1,391,223	785,187

20. Investment in subsidiaries

Bangladesh Oxygen Limited	20	20
BOC Bangladesh Limited	20	20
	40	40

This represents the Company's holding of 199 ordinary shares (out of 200 issued ordinary shares) of Tk 100 each in Bangladesh Oxygen Limited and 1999 ordinary shares (out of 2000 issued ordinary shares) of Tk 10 each in BOC Bangladesh Limited. The above noted subsidiaries suffered net loss amounted to Tk 55,000 each for the year ended 31 December 2016.

21. Property, plant and equipment

See accounting policies in Note 44(b,d)

Reconciliation of carrying amount:

Particulars	Freehold land	Freehold Buildings	Buildings on leasehold land	Plant machinery and cylinders	Motor vehicles	Furniture fixtures and equipment	Computers hardware	Capital work in progress	Total
	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka
(a) Cost									
Balance at 1 January 2016	35,534	353,265	108,378	2,752,878	93,186	75,351	49,146	440,521	3,908,259
Addition	3,869	3,236	136	73,458	69,751	6,906	10,815	842,410	1,010,581
Disposal/transfer	-	(6,527)	(573)	(6,399)	(7,098)	(729)	(12,824)	(174,248)	(208,398)
Adjustments	-	(86)	86	-	-	-	-	-	-
Balance at 31 December 2016	39,403	349,888	108,027	2,819,937	155,839	81,528	47,137	1,108,683	4,710,442
Balance at 1 January 2015	35,534	343,110	108,378	2,609,991	100,789	75,778	45,181	69,969	3,388,730
Addition	-	10,155	-	163,176	-	-	3,965	547,846	725,142
Disposal/transfer	-	-	-	(20,289)	(7,603)	(427)	-	(177,294)	(205,613)
Balance at 31 December 2015	35,534	353,265	108,378	2,752,878	93,186	75,351	49,146	440,521	3,908,259
Accumulated depreciation									
Balance at 1 January 2016	-	79,609	33,417	1,723,640	60,323	60,576	36,457	-	1,994,022
Depreciation	-	9,188	31,179	132,454	17,991	4,471	6,559	-	201,842
Disposal/transfer during the year	-	(2,964)	(573)	(5,471)	(7,098)	(426)	(12,824)	-	(29,356)
Adjustments	-	2,530	(2,560)	29	-	-	-	-	(1)
Balance at 31 December 2016	-	88,363	61,463	1,850,652	71,216	64,621	30,192	-	2,166,507
Balance at 1 January 2015	-	70,162	30,140	1,614,121	52,501	56,403	30,439	-	1,853,766
Depreciation	-	9,447	3,277	124,850	14,709	4,305	6,018	-	162,606
Disposal/transfer during the year	-	-	-	(15,331)	(6,887)	(132)	-	-	(22,350)
Balance at 31 December 2015	-	79,609	33,417	1,723,640	60,323	60,576	36,457	-	1,994,022
(b) Revaluation									
Balance at 1 January 2016	147	176	19,851	-	-	-	-	-	20,174
Addition	-	-	-	-	-	-	-	-	-
Disposal/transfer	(147)	(176)	(19,851)	-	-	-	-	-	(20,174)
Balance at 31 December 2016	-	-	-	-	-	-	-	-	-
Balance at 1 January 2015	147	176	19,851	-	-	-	-	-	20,174
Addition	-	-	-	-	-	-	-	-	-
Disposal/transfer	-	-	-	-	-	-	-	-	-
Balance at 31 December 2015	147	176	19,851	-	-	-	-	-	20,174
Accumulated depreciation									
Balance at 1 January 2016	-	155	19,851	-	-	-	-	-	20,006
Depreciation	-	21	-	-	-	-	-	-	21

Particulars	Freehold land	Freehold Buildings	Buildings on leasehold land	Plant machinery and cylinders	Motor vehicles	Furniture fixtures and equipment	Computers hardware	Capital work in progress	Total
	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Disposal/transfer during the year	-	(176)	(19,851)	-	-	-	-	-	(20,027)
Balance at 31 December 2016	-	-	-	-	-	-	-	-	-
Balance at 1 January 2015	-	144	19,851	-	-	-	-	-	19,995
Depreciation	-	11	-	-	-	-	-	-	11
Disposal/transfer during the year	-	-	-	-	-	-	-	-	-
Balance at 31 December 2015	-	155	19,851	-	-	-	-	-	20,006
Carrying amounts (a+b)									
At 1 January 2015	35,681	272,980	78,238	995,870	48,288	19,375	14,742	69,969	1,535,143
At 31 December 2015	35,681	273,677	74,961	1,029,238	32,863	14,775	12,689	440,521	1,914,405
At 31 December 2016	39,403	261,525	46,564	969,285	84,623	16,907	16,945	1,108,683	2,543,935

	2016 '000 Taka	2015 '000 Taka
21.1 Allocation of depreciation during the year		
Cost of sales	136,463	102,467
Operating expense	65,400	60,150
	201,863	162,617

22. Intangible assets

See accounting policies in Note 44(c)

	Software '000 Taka	Capital work in progress '000 Taka	Total '000 Taka
Cost			
Balance at 1 January 2016	66,539	-	66,539
Addition	728	728	1,456
Transfer	-	(728)	(728)
Adjustment	-	-	-
Balance at 31 December 2016	67,267	-	67,267
Balance at 1 January 2015	74,320	-	74,320
Addition	236	236	472
Transfer	-	(236)	(236)
Adjustment	(8,017)	-	(8,017)
Balance at 31 December 2015	66,539	-	66,539
Accumulated amortisation			
Balance at 1 January 2016	31,921	-	31,921
Amortisation	8,934	-	8,934
Adjustment	-	-	-
Balance at 31 December 2016	40,855	-	40,855
Balance at 1 January 2015	31,113	-	31,113
Amortisation	8,825	-	8,825
Adjustment	(8,017)	-	(8,017)
Balance at 31 December 2015	31,921	-	31,921
Carrying amounts			
At 1 January 2015	43,207	-	43,207
At 31 December 2015	34,618	-	34,618
At 31 December 2016	26,412	-	26,412

	2016	2015
	'000 Taka	'000 Taka
23. Equity attributable to owners of the company/Share capital		
Authorised:		
20,000,000 ordinary shares of Tk 10 each	200,000	200,000
Issued, subscribed and paid up:		
3,616,902 ordinary shares of Tk 10 each issued for cash	36,169	36,169
999,498 ordinary shares of Tk 10 each issued for consideration other than cash	9,995	9,995
10,601,880 bonus shares of Tk 10 each	106,019	106,019
	152,183	152,183

Percentage of shareholdings:	%		Value ('000 Taka)	
	2016	2015	2016	2015
The BOC Group Limited	60.0	60.0	91,310	91,310
Investment Corporation of Bangladesh (ICB)	13.6	16.5	20,690	25,149
Sadharan Bima Corporation (SBC)	1.3	1.3	2,047	2,047
Bangladesh Fund (BF)	0.7	1.7	996	2,501
Other shareholders	24.4	20.5	37,140	31,176
	100	100	152,183	152,183

Classification of shareholders by holding:	Number of holders		Total holding (%)	
Holdings	2016	2015	2016	2015
Less than 500 shares	6,765	6,810	3.70	3.65
500 to 5,000 shares	603	556	5.47	4.78
5,001 to 10,000 shares	63	33	3.10	1.6
10,001 to 20,000 shares	38	28	3.71	2.56
20,001 to 30,000 shares	10	7	1.70	1.19
30,001 to 40,000 shares	6	5	1.36	1.13
40,001 to 50,000 shares	6	4	1.79	1.15
50,001 to 100,000 shares	3	5	1.49	2.29
100,001 to 1,000,000 shares	5	6	10.49	10.02
Over 1,000,000 shares	2	2	67.19	71.63
	7,501	7,456	100	100

	Note	2016	2015
		'000 Taka	'000 Taka
24. Employee benefits			
See accounting policies in Note 44(l)			
Gratuity scheme	24.1	134,254	116,104
Other employee benefits		4,753	5,858
		139,007	121,962

24.1 Gratuity scheme			
Balance as at 1 January		116,104	183,864
Provision made during the year		21,513	35,635
		137,617	219,499
Paid during the year		(3,363)	(103,395)
Balance as at 31 December		134,254	116,104

25. Other non-current liabilities

See accounting policies in Note 44(e)

Cylinder security deposit		215,861	211,423
Cylinder security deposit from customers is a liability of a continuing nature.			

	Note	2016 '000 Taka	2015 '000 Taka
26. Trade and other payables			
See accounting policies in Note 44(e)			
Trade payables		229,320	186,563
Inter company payables		276,604	320,080
Payables for capital items		127,616	69,915
Advances from customers		68,123	61,154
Unpaid dividend		74,782	69,985
Current account with subsidiaries	26.(a)	291	392
Others (including advance against sale of property, plant and equipment*)		692,954	11,309
		1,469,690	719,398

* The Board of Directors of Linde Bangladesh Limited, at a meeting held on 27 April 2016, approved the sale of a portion of land at Tejgoan site, Dhaka measuring 2.31 acres.

	Note	2016 '000 Taka	2015 '000 Taka
26(a) Current account with subsidiaries			
Bangladesh Oxygen limited		443	493
BOC Bangladesh Limited		(152)	(101)
		291	392
26.1 Trade and other payables (consolidated)			
See accounting policies in Note 44(e)			
Trade payables		229,320	186,563
Inter company payables		276,604	320,080
Payables for capital items		127,616	69,915
Advances from customers		68,123	61,154
Unpaid dividend		74,782	69,985
Others		692,954	11,309
		1,469,399	719,006
27. Provision for expenses			
See accounting policies in Note 44(h)			
Accrued expenses		28,766	15,775
Accrued employee benefits		44,600	53,807
Workers' profit participation fund	27.1	62,689	386
		136,055	69,968
27(a) Provision for expenses (consolidated)			
Accrued expenses		29,066	16,066
Accrued employee benefits		44,600	53,807
Workers' profit participation fund	27.1	62,689	386
		136,355	70,259
27.1 Workers' profit participation fund			
Balance as at 1 January		386	(208)
Provision made during the year		62,675	46,386
		63,061	46,178
Paid during the year		(372)	(45,792)
Balance as at 31 December		62,689	386
28. Current tax liabilities			
Provision for tax	28.1	334,709	216,871
Advance income tax	28.2	(116,125)	(134,626)
		218,584	82,245

	Note	2016 '000 Taka	2015 '000 Taka
28.(a) Current tax liabilities (consolidated)			
Provision for tax		334,714	216,876
Advance income tax	28.2	(116,125)	(134,626)
		218,589	82,250
28.1 Provision for tax			
Balance as at 1 January		216,871	246,565
Tax Expenses			
- Current year	14	325,888	212,964
- Prior year	14	(1,774)	122
Tax adjusted for the AY: 2016- 2017		(206,276)	-
Tax adjusted for the AY: 2015- 2016		-	(242,780)
Balance as at 31 December		334,709	216,871
28.2 Advance income tax			
Balance as at 1 January		134,626	142,223
Payment made u/s- 64 and 74		71,650	138,427
Withholding tax		116,125	96,756
Tax adjusted for the AY: 2016-2017		(206,276)	-
Tax adjusted for the AY: 2015- 2016		-	(242,780)
Balance as at 31 December		116,125	134,626

29. Financial instruments - Fair values and risk management

29.1 Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount							Total amount
		Held-for trading	Designated at fair value	Fair value hedging instruments	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	
31 December 2016			'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Financial assets not measured at fair value									
Trade and other receivables	16	-	-	-	-	487,824	-	-	487,824
Investment	18	-	-	-	10,299	-	-	-	10,299
Cash and cash equivalents	19	-	-	-	-	1,391,203	-	-	1,391,203
Investment in subsidiaries	20	-	-	-	-	-	40	-	40
		-	-	-	10,299	1,879,027	40	-	1,889,366
Financial liabilities not measured at fair value									
Trade and other payables*	26	-	-	-	-	-	-	1,401,567	1,401,567
Other non-current liabilities	25	-	-	-	-	-	-	215,861	215,861
		-	-	-	-	-	-	1,617,428	1,617,428
31 December 2015									
Financial assets not measured at fair value									
Trade and other receivables	16	-	-	-	-	435,235	-	-	435,235
Investment	18	-	-	-	60,000	-	-	-	60,000
Cash and cash equivalents	19	-	-	-	-	785,167	-	-	785,167
Investment in subsidiaries	20	-	-	-	-	-	40	-	40
		-	-	-	60,000	1,220,402	40	-	1,280,442
Financial liabilities not measured at fair value									
Trade and other payables*	26	-	-	-	-	-	-	658,244	658,244
Other non-current liabilities	25	-	-	-	-	-	-	211,423	211,423
		-	-	-	-	-	-	869,667	869,667

* Advances from customer are not financial liabilities (amount of Taka 68,123 thousand in 2016 and Taka 61,154 thousand in 2015) are not included.

29.2 Financial risk management

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and control, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments: • Credit risk • Liquidity risk • Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

29.2.1 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of customer, including the default risk of the industry and financial strength of the customer, as these factors may have an influence on credit risk. Geographically there is no concentration of credit risk.

The Debtors Management Review Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's payment and delivery terms and conditions are offered. Credit limits are established for each customer, which represents the maximum outstanding amount of credit sale without requiring approval from the Committee; these limits are reviewed as per HPO guideline of Linde Group in each quarter. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a cash/deposit scheme basis.

The Company has established a provision policy for doubtful debts. This represents the Company's estimate of incurred losses of trade receivables. The Company provides for 50% of trade receivables which are 90 days overdue but less than 180 days and 100% of trade receivables which are 180 days overdue for gas and welding product customers. Loss rate for healthcare customers is applied on gross trade receivable to work out provisions.

The Company held cash and cash equivalents of Taka 1,391,203 thousand at 31 December 2016 (2015: Taka 785,167 thousand), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with different banks which are rated from AA3 to AAA, based on ratings by Credit Rating Agency of Bangladesh (CRAB) and Credit Rating Information and Services Limited (CRISL).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

(a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2016 '000 Taka	2015 '000 Taka
Trade receivables	16.1	423,008	394,647
Provision for trade receivable	16.1.1	(20,032)	(20,738)
		402,976	373,909
Cash and cash equivalents	19	1,388,178	782,848
		1,791,154	1,156,757

The maximum exposure to credit risk for trade receivables at the reporting date by product category was:

Gases	116,713	97,636
Welding	66,239	101,287
Healthcare	240,056	195,724
	423,008	394,647

(b) Ageing of trade receivables

The ageing of gross trade receivables at the reporting date was:

Invoiced 0-30 days		331,611	131,828
Invoiced 31-60 days		23,518	65,952
Invoiced 61-90 days		10,776	32,472
Invoiced 91-180 days		13,354	64,744
Invoiced 181-365 days		15,273	72,479
Invoiced and above 365 days		28,476	27,172
		423,008	394,647
Movement in the provision for doubtful debts during the year was as follows:			
Opening balance		20,738	28,936
Provision (reversed)/made during the year		(706)	(8,198)
Closing balance		20,032	20,738

29.2.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses for periods which the Company thinks appropriate; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters. Moreover, the group seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment.

The following are the contractual maturities of financial liabilities:

	Contractual Cash Flow						
	Carrying amount '000 Taka	Total '000 Taka	6 months or less '000 Taka	6 – 12 months '000 Taka	1 – 2 years '000 Taka	2 – 5 years '000 Taka	More than 5 years '000 Taka
As at 31 December 2016							
Non-derivative financial liabilities:							
Trade payables	229,320	229,320	229,320	-	-	-	-
Inter company payables	276,604	276,604	276,604	-	-	-	-
Payables for capital items	127,616	127,616	127,616	-	-	-	-
	633,540	633,540	633,540	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	633,540	633,540	633,540	-	-	-	-
As at 31 December 2015							
Non-derivative financial liabilities:							
Trade payables	186,563	186,563	186,563	-	-	-	-
Inter company payables	320,080	320,080	320,080	-	-	-	-
Payables for capital items	69,915	69,915	69,915	-	-	-	-
	576,558	576,558	576,558	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
	576,558	576,558	576,558	-	-	-	-

29.2.3 Market risk

Market risk is the risk that any change in market conditions, such as foreign exchange rates, interest rates and commodity prices that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) Currency risk

The Company is exposed to currency risk on certain revenues and purchases that are denominated in foreign currencies. Majority of the company's foreign currency transactions are denominated in USD, Euro, SGD and GBP and relate to procurement of raw materials, capital items from abroad. The Company also has exposure in foreign currencies relating to some services. The Company also earns foreign currencies from export and deemed export of goods and services.

As at 31 December, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

i) Exposure to currency risk

	As at 31 December 2016					As at 31 December 2015				
	'000 BDT	'000 USD	'000 GBP	'000 EUR	'000 SGD	'000 BDT	'000 USD	'000 GBP	'000 EUR	'000 SGD
Foreign currency denominated assets										
Trade receivable	7,548	96	-	-	-	3,113	40	-	-	-
Intercompany receivable	46,639	590	-	-	-	33,216	425	-	-	-
	54,187	686	-	-	-	36,329	465	-	-	-
Foreign currency denominated liabilities										
Trade payables	-	-	-	-	-	-	-	-	-	-
Inter company payables	(276,604)	(700)	(1,408)	(1,008)	(4)	(311,318)	(596)	(967)	(1,791)	(21)
	(276,604)	(700)	(1,408)	(1,008)	(4)	(311,318)	(596)	(967)	(1,791)	(21)
Net exposure	(222,417)	(14)	(1,408)	(1,008)	(4)	(274,989)	(131)	(967)	(1,791)	(21)

The following significant exchange rates have been applied during the year:

Exchange rate at taka	Average rate		Year end spot rate	
	2016	2015	2016	2015
US Dollar 1	78.58	77.95	79.04	78.21
Great Britain Pound (GBP) 1	106.58	118.94	97.53	115.27
EURO (EUR) 1	87.02	86.05	83.12	84.93
SGD 1	57.08	56.57	54.58	55.16

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A change of 50 basis points (bp) in foreign currencies would have increased/(decreased) equity and profit or loss of the Company by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	Profit or loss		Equity	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Year 2016	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Expenditures denominated in USD	(8,647)	8,647	(8,647)	8,647
Expenditures denominated in GBP	(64)	64	(64)	64
Expenditures denominated in EURO	(581)	581	(581)	581
Expenditures denominated in SGD	(2)	2	(2)	2
Exchange rate sensitivity	(9,294)	9,294	(9,294)	9,294
Year 2015				
Expenditures denominated in USD	(7,234)	7,234	(7,234)	7,234
Expenditures denominated in GBP	(104)	104	(104)	104
Expenditures denominated in EURO	(317)	317	(317)	317
Expenditures denominated in SGD	(8)	8	(8)	8
Exchange rate sensitivity	(7,663)	7,663	(7,663)	7,663
			2016	2015
			'000 Taka	'000 Taka
iii) Foreign exchange gain/(loss)			(4,167)	10,563

b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates. Foreign currency liabilities of the Company are not significantly affected by fluctuations in interest rates. The Company has not entered into any agreement involving derivative instrument at the reporting date.

As at 31 December, the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	2016	2015
	'000 Taka	'000 Taka
Fixed rate instruments		
Financial assets		
Fixed deposits with banks	966,343	351,958
Investment	10,299	60,000
	976,642	411,958
Financial liabilities		
	-	-
	976,642	411,958
Floating rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	976,642	411,958

c) Commodity risk

Commodity risk refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. As the Company purchases MS wire, blended power, calcium carbide and other raw materials, it is exposed to risks arising from the purchase of these materials for use in production. Commodity price risk is managed by supply contracts with suppliers.

29.3 Capital management

Capital management refers to implementing policies and measures to maintain sufficient capital, assessing Company's internal capital adequacy to ensure Company's operation as a going concern. Capital consists of share capital, general reserve and revaluation reserve. All major investment and operational decisions with exposure to certain amount are evaluated and approved by the board. The Board of Directors monitors the level of dividends to ordinary shareholders.

		2016	2015	
		'000 Taka	'000 Taka	
30. Capital expenditure commitment				
Contracted but not provided for in these accounts		807,656	957,197	
31. Proceeds from sale of property, plant and equipment				
	Cost	Accumulated depreciation	Carrying amount	Sales proceeds
	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Freehold buildings	6,527	2,964	3,563	96
Buildings on leasehold land	573	573	-	-
Plant & machineries	2,027	1,691	336	-
Cylinders:				
Sold	2,392	2,071	321	3,226
Condemned	1,980	1,710	270	-
Motor vehicles	7,098	7,098	-	2,551
Furniture, fixtures and equipment	729	426	303	2
Computer hardware	12,824	12,824	-	-
2016	34,150	29,357	4,793	5,875
2015	28,319	22,350	5,969	13,767

32. Number of employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk 36,000 and above were 321 (Year 2015: 315).

33. Production capacity				
Major products	Unit of measurement	Normal capacity for the year	Production for the year	Remarks
ASU Gases	000 M ³	15,304	9,920	Low production out put due to plant break down etc.
Dissolved Acetylene	000 M ³	1,150	170	Low demand of customers also plant was not running for the last 3 months on account of relocation project
Electrodes	M. Ton	31	21	Additional capacity to meet future demand

34. Remittance made in foreign currency

	2016		2015	
	'000 FC	'000 Taka	'000 FC	'000 Taka
Dividend paid to The BOC Group, UK (GBP)	2,347.0	254,754	2,081.0	254,754
Service Chg Linde Gas Asia Pte Ltd- ROHQ, Philippines (USD)	388.0	30,506	-	-
Lloyds Register Asia, India (USD)	-	-	1.6	133
Global IS Fees to Linde AG, Germany (EUR)	618.2	54,158	-	-
Gas analysis, Atlantic Analytical Lab. Inc USA (USD)	5.4	426	3.3	264
Crown Relocations Limited Hong Kong (EUR)	0.2	16	0.2	16
Linde AG, Engineering Division, Germany (EUR)	8.0	713	-	-
New Delhi Lab. Pvt. Ltd, India (USD)	-	-	5.6	440
Linde Engineering India Pvt Ltd, India (USD)	11.0	891	-	-
Linde Treasury Asia Pacific PTE LTD, Singapore (SGD)	19.8	1,163	-	-
Software One India Pvt. Ltd., India (USD)	-	-	4.0	318
PricewaterhouseCoopers, Germany (EUR)	3.0	279	-	-
UL AG, USA (USD)	4.0	296	-	-

The BOC Group Ltd., UK is a non-resident shareholder which holds 9,130,968 shares in this Company. Dividend paid to The BOC Group Ltd., UK in 2016 includes interim dividend of GBP 1,563 thousand for the year 2016 (in 2015: GBP 1,332 thousand).

35. Receipt in foreign currency

Name of customer/vendor	Nature of receipt	2016		2015	
		'000 FC	'000 Taka	'000 FC	'000 Taka
Uniglory Cycle Component Ltd.(USD)	Deemed export	57	4,415	68	5,207
Uniglory Cycle Industries Ltd. (USD)	Deemed export	41	3,201	58	4,474
Meghna Alloytech Ltd. (USD)	Deemed export	-	-	4	315
Steris Corporation, USA (USD)	Sales commission	5	353	155	11,821
Linde Malaysia Sdn Bhd (USD)	Service charge	2	136	1	62
BOC Ausitalia (USD)	Service charge	1	91	-	-
Matpac International (USD)	Service charge	-	-	1	80
Linde Gas Asia PTE Ltd (USD)	IS cost recharge	16	1,268	-	-
Richard Bay Mining (USD)	Price rebate	9	702	-	-
The Nanjing Lincoln Ele Co Ltd (USD)	Service charge	6	500	-	-
Total		137	10,666	287	21,959

	2016	2015
	'000 Taka	'000 Taka
36. Value of imports calculated on CIF basis		
Raw materials	1,352,504	1,364,931
Components and spare parts	46,037	29,596
Capital goods	422,874	117,704
	1,821,415	1,512,231

37. Contingent liabilities

These includes bank guarantees to third parties, shipping guarantees, others guarantee, utility guarantee, performance bond, security bond, import bill, import receivables and bank acceptance	62,041	88,336
Outstanding letters of credit	1,056,620	346,022
Writ petition No. 2226 of 2015 filled by the Company against the Government of Bangladesh and others challenging demand as tax (VAT) and is pending for hearing.	12,996	6,328

	2016	2015
	'000 Taka	'000 Taka
37.1 Credit facilities available as at 31 December		
Standard Chartered Bank (SCB)	1,600,000	580,000
The Hong Kong & Shanghai Banking Corporation Ltd. (HSBC)	481,200	550,000
	2,081,200	1,130,000

Agreement with HSBC (Credit facility)

As per agreement executed on 4 January 2016 between Linde Bangladesh Limited and HSBC, the Company has been availing credit facilities. The terms and conditions are as follows:

Facility limit: EUR 5.50 million (five and half million) in equivalent local currency.

Purpose: Working capital

Overdraft Interest Rate: 10.50%

Security: Demand promissory note, letter of continuation for BDT 550 million and letter of comfort from Linde AG.

Agreement with Standard Chartered Bank Bangladesh (Credit facility)

As per agreement executed on 14th January and 5 April 2016 respectively between Linde Bangladesh Limited and Standard Chartered Bank Bangladesh, the company has been availing credit facilities. The terms and conditions are as follows:

Facility limit: BDT 900 million (BDT nine hundred million)

Purpose: Capital investment

Security: Demand promissory note and letter of continuation for BDT 900 million and letter of comfort from Linde AG.

Facility limit: BDT 700 million (BDT seven hundred million)

Purpose: Working capital

Overdraft Interest Rate: 10%

Security: Demand promissory note and letter of continuation for BDT 700 million and letter of comfort from Linde AG.

	2016	2015
	'000 Taka	'000 Taka
38. Operating leases - Leases as lessee		
Non-cancellable operating lease rentals are payable as follows:		
No later than one year	6,955	4,373
Between two and five years	21,993	9,779
More than five years	5,867	1,438
	34,815	15,590

The Company leases a number of sales centre and office facilities under operating leases. The leases typically run for a period of 4-15 years, with an option to renew the lease after its expiry.

39. Non-controlling interest (NCI)

The following table summarises the information relating to each of the Group's subsidiaries:

	BOC	BOL	Intra-group eliminations	Total	'000 Taka
31 December 2016					
NCI percentage	0.05%	0.50%			
Non-current assets	-	-			
Current assets	20,000	443,348			
Non-current liabilities	-	-			
Current liabilities	(253,000)	(204,000)			
Net assets	(233,000)	239,348			
Net assets attributable to NCI	(117)	1,197	-	1,080	2
Revenue	-	-	-	-	
Loss	(55,000)	(55,000)	-	(110,000)	(110)
OCI	-	-	-	-	
Total comprehensive income					
Loss allocated to NCI	(28)	(275)	-	(303)	-
OCI allocated to NCI					
Cash flows from operating activities	-	-			
Cash flows from investing activities	-	-			
Cash flows from financing activities	-	-			
Net increase/(decrease) in cash and cash equivalents	-	-			
31 December 2015					
NCI percentage	0.05%	0.50%			
Non-current assets	-	-			
Current assets	20,000	493,348			
Non-current liabilities	-	-			
Current liabilities	(198,000)	(199,000)			
Net assets	(178,000)	294,348			
Net assets attributable to NCI	(89)	1,472	-	1,383	2
Revenue	-	-			
Loss	(60,000)	(60,000)			
OCI	-	-			
Total comprehensive income	(60,000)	(60,000)			-
Loss allocated to NCI	(30)	(300)	-	(330)	
OCI allocated to NCI					
Cash flows from operating activities	-	-			
Cash flows from investing activities	-	-			
Cash flows from financing activities	-	-			
Net increase/(decrease) in cash and cash equivalents	-	-			

40. Events after the reporting date

The Board of Directors of Linde Bangladesh Limited at its 237 board meeting held on 28 February 2017, proposed Tk 11.00 per share, amounting to a total of tk 167,401 thousand as final dividend for the year ended 31 December 2016, which represents 110% of the paid up capital. Total dividend for the year ended 31 December 2016 including the interim dividend, comes to Tk. 31.00 per share, amounting to a total of Tk 471,767 thousand, which represents 310% (110% final dividend + 200% interim dividend) of the paid up capital. These dividends are subject to final approval by the shareholders at the forthcoming Annual General Meeting of the company.

41. Related party transaction**41.1 Parent and ultimate controlling party**

BOC Group Limited of United Kingdom (UK) has 60% shareholding of the Company which is fully owned by Linde AG of Germany. As a result, the ultimate controlling party of the company is Linde AG of Germany.

	2016	2015
	'000 Taka	'000 Taka
41.2 Transaction with key management personnel		
	Transaction for the year	
Key management personnel:		
Directors' remuneration	18,478	11,948

41.3 Other related party transactions

Name of party	Nature of relationship	Nature of transactions	Transaction for the year		Balance outstanding as at	
			2016	2015	31 December 2016	31 December 2015
			'000 Taka	'000 Taka	'000 Taka	'000 Taka
Inter Company payables						
BOC Gases, Technical Supply Centre	Fellow Subsidiary	Service fee	-	48	-	48
BOC Gases, Technical Supply Centre	Fellow Subsidiary	Purchase of goods	1,911	-	-	-
BOC Group Ltd.	Holding Company	Technical Assistance Fee	25,891	22,219	137,308	111,417
BOC Group Ltd.	Holding Company	Dividend	283,060	283,060	-	-
Linde AG, Linde Gas Headquarters	Ultimate Holding Company	Global IS fee	29,731	33,024	83,744	152,094
Linde Gas Asia Pte. Ltd.	Fellow Subsidiary	Recharges cost received	-	-	1,005	1,003
Linde Gas Asia Pte. Ltd.- ROHQ	Fellow Subsidiary	Service fee	12,588	13,199	12,802	43,208
Linde Gas Singapore Pte. Ltd.	Fellow Subsidiary	Purchase of goods	7,081	18,756	-	805
Linde India Ltd.	Fellow Subsidiary	Purchase of goods and assets	481,264	123,647	33,055	7,650
Linde Malaysia Sdn Bhd	Fellow Subsidiary	Purchase of goods and assets	19,801	13,933	8,487	109
Linde Treasury Asia Pacific Pte. Ltd.	Fellow Subsidiary	Service fee	626	789	203	1,163
Thai Industrial Gases PLC	Fellow Subsidiary	Recharges cost received	-	-	-	1,899
Linde Thailand	Fellow Subsidiary	Purchase of goods	957	-	-	-
Linde AG, Engineering Division	Fellow Subsidiary	Service fee	-	684	-	684
BOC Australia	Fellow Subsidiary	Purchase of cylinders	9,529	5,993	-	-
Linde Engineering India Pvt Ltd	Fellow Subsidiary	Service fee	1,112	-	-	-
Bangladesh Oxygen limited	Subsidiary	Payment of expenses	50	50	443	493
Intercompany receivables						
Linde Gases Singapore Pte. Ltd.	Fellow Subsidiary	Recovery of expenses	-	-	96	96
Linde Gas Asia Pte. Ltd.- ROHQ	Fellow Subsidiary	Recovery of expenses	47	-	174	127
Linde Gas Asia Pte. Ltd.	Fellow Subsidiary	Recovery of expenses	13,067	14,831	43,423	31,724
Linde Korea Co. Limited	Fellow Subsidiary	Recovery of expenses	-	-	454	454
Linde Malaysia Sdn Bhd	Fellow Subsidiary	Recovery of expenses	-	-	202	202
BOC India Limited	Fellow Subsidiary	Recovery of expenses	-	-	88	88
Linde Pakistan Limited	Fellow Subsidiary	Recovery of expenses	-	-	525	525
Linde AG, Linde Gas Headquarters	Ultimate Holding Company	Recovery of expenses	1,677	-	1,677	-
BOC Bangladesh Limited	Subsidiary	Payment of expenses	51	50	152	101

42. Basis of measurement

The financial statements of the Company have been prepared on historical cost basis except for net defined benefit (asset)/liability for which the measurement basis is the fair value of plan assets less the present value of the defined benefit obligation, as explained in Note 44(l) and for forward contract for which the measurement basis is fair value.

43. New standards and interpretations

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted following new standards and amendments to standards during the year 2015-2016. All previously adopted reporting standards are consistently applied by the Company to the extent relevant for the Company.

New standards	Summary of the requirements	Possible impact on financial statements
BFRS 9 Financial Instruments	BFRS 9 replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39. BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 9.
BFRS 14 Regulatory Deferral Accounts	BFRS 14 specify the financial reporting requirements for regulatory deferral account balance that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. BFRS 14 is effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted.	None. The Company does not perform any activity that is subject to rate regulation.
BFRS 15 Revenue from Contracts with Customers	BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRIC 13 Customer Loyalty Programmes. BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 15.
Agriculture: Bearer Plants (Amendments to BAS 16 and BAS 41)	These amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of BAS 16 Property, Plant and Equipment, instead of BAS 41 Agriculture. The amendments are effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted.	None. The Company does not have any bearer plants.

44. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Certain comparative amounts in the statement of financial position and statement of profit or loss and other comprehensive income have been reclassified for better presentation purpose, where necessary.

Set out below is an index of the significant accounting policies, the details of which are available on the following pages:

- (a) Foreign currency
- (b) Property, plant and equipment
- (c) Intangible assets
- (d) Leased assets
- (e) Financial instruments
- (f) Inventories
- (g) Impairment
- (h) Provisions
- (i) Contingencies
- (j) Income tax
- (k) Workers' profit participation fund (WPPF)
- (l) Employee benefit
- (m) Revenue recognition
- (n) Finance income and expenses
- (o) Basis of consolidation
- (p) Earnings per share
- (q) Cash flow statement
- (r) General reserve
- (s) Events after the reporting date

a) Foreign currency

Foreign currencies are translated into Taka at the rates ruling on the transaction dates. Monetary assets and liabilities are reconverted at the rates prevailing at the reporting date. Non-monetary assets and liabilities are reported using the historical exchange rate. Differences arising on conversion are charged or credited to the Statement of profit or loss and other comprehensive income.

b) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment, excluding freehold land, freehold building and leasehold building, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is measured at cost. Freehold buildings and leasehold buildings are measured at cost less accumulated depreciation. Revaluation model was followed in last few years erroneously. To be consistent with the parent company's accounting policy cost model has been followed. Impact of following cost model in stead of revaluation model is immaterial. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes (after deducting trade discount and rebates) and any cost directly attributable to bring the assets to the location and condition necessary for it to be capable of operating in the intended manner.

Subsequent costs

The cost of replacing or upgrading part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Linde Bangladesh Limited uses the month placed in service depreciation convention for all property, plant and equipment. Using this convention, depreciation begins in the month the asset is placed in service regardless of which day within the month the asset is placed in service. All purchased items are placed in service and being depreciated from the month of capitalisation. In case of disposals, depreciation is charged up to the immediate previous month of disposal. No depreciation is charged on freehold land and capital work in progress. Depreciation is charged on all other items of property, plant and equipment on straight line method. The rates of depreciation vary according to the estimated useful lives of the items of property, plant and equipment. The estimated useful lives for depreciation are as follows:

	Year
Freehold buildings	40
Plant, machinery and cylinders (including storage tank and vacuum insulated evaporator)	10-20
Motor vehicles	5
Furniture, fixtures and equipment	5-10
Computer hardware	5

Building on leasehold lands below 40 years are depreciated over the available duration of the land leases.

Gains or losses on disposal

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amounts and are recognised on net basis.

c) Intangible assets

Recognition and measurement

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Intangible asset is recognised when all the conditions for recognition as per BAS 38: Intangible assets are met. The cost of the intangible assets comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. All other expenditures are recognised in profit or loss, when incurred.

Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of the intangible assets, from the month they are available for use. Enterprise Resource Plan (ERP) software and other softwares are amortised at the rate of 12.50% and 25% respectively.

d) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and are not recognised as an item of property, plant and equipment. Advance lease payments on assets taken under operating lease are shown as prepayments.

e) Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company initially recognises receivables on the date that they are originated. All other financial assets are recognised initially on the date at which the company becomes a party to the contractual provisions of the transaction.

The Company derecognises a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets include cash and cash equivalents, trade and other receivables and investment in subsidiaries.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and fixed deposits having maturity of three months or less which are available for use by the Company without any restriction.

(ii) Trade and other receivables

Trade receivables represent the amounts due from customers for delivering goods or rendering services. Trade and other receivables are initially recognised at cost which is the fair value of the consideration given in return. After initial recognition these are carried at cost less impairment losses due to non-collectability of any amount so recognised.

(iii) Investment

Investment comprise of fixed deposit maturity of more than three months which are available for use by the company without any restriction. The Company has positive intent and ability to hold FDR investment to maturity, and such financial assets are classified as held to maturity. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using effective interest method.

(iv) Investment in subsidiaries

Investment in subsidiaries represent investment in the equity of Bangladesh Oxygen Limited and BOC Bangladesh Limited.

Financial liabilities

A financial liability is recognised when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits. The Company initially recognises financial liabilities on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include trade and other payables, and other non-current liabilities.

f) Inventories

Inventories, except goods in transit are measured at lower of cost and estimated net realisable value (NRV). The cost of inventories is measured by using weighted average cost formula and includes expenditure incurred for acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. Inventories consist of raw materials, finished goods, goods in transit and maintenance spares.

g) Impairment

The carrying amounts of the Company's assets, other than inventories are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss

is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in profit or loss.

h) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

i) Contingencies

Contingencies arising from claim, lawsuit, etc. are recorded when it is possible that a liability has been incurred and the amount can reasonably be measured.

j) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except income tax expense relating to other comprehensive income which is recognised in other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. The Company qualifies as a "Publicly Traded Company". The effective rate of taxation is 25%. Provision for taxation has been made on the basis of Finance Act 2016.

As per the applicable tax law, the Company has to pay tax at the rate applicable to the Company subject to a minimum tax at the rate of 0.6% of the amount representing such Company's gross receipts from all sources for that year. Since the subsidiary company had no receipts from any sources during the year, no tax was provided for the subsidiaries company.

Deferred tax

Deferred tax is recognised in compliance with BAS 12: Income Taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

k) Workers' profit participation fund (WPPF)

The Company provides 5% of its profit before charging such expense as WPPF.

l) Employee benefit

The Company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds as approved by the National Board of Revenue (NBR), where applicable.

Defined contribution plan (provident fund)

Defined contribution plan is a post employment benefit plan under which the Company provides benefits for its all permanent employees. The recognised Employees' Provident Fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 13.5% of their basic salary to the provident fund and the Company also makes equal contribution.

The Company recognises contribution to defined contribution plan as an expense when an employee has rendered services in exchange for such contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

Defined benefit plans

(i) Gratuity scheme

Defined benefit plan is a retirement benefit plan under which amounts to be paid as retirement benefits are determined by reference to employees' earnings and/or year of services. The recognised Employees' Gratuity Fund is considered as defined benefit plan when it meets the recognition criteria. The Company's obligation is to provide the agreed benefits to current employees as per condition of the fund.

Present value of defined benefit obligation and the fair value of the plan assets are determined by professional actuary. Projected Unit Credit method is used to measure the present value of defined benefit obligations and related current and past service cost and mutually compatible actuarial assumptions about demographic and financial variables are used.

The rate used to discount post employment benefit obligations is determined by reference to the rate stated in actuarial report. The expected return on plan assets is also based on the same discount rate and is one of the component of expenses recognized in profit or loss. Remeasurements of the net defined benefit liability and the effect of asset ceiling, if any, are recognised in profit or loss.

(ii) Short-term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. Provision is made for leave accrued during the year but not availed by employees. The amount is arrived at with reference to the latest basic salary of each employee and unutilised leave.

m) Revenue recognition

Revenue arising from sale of goods

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. This usually occurs at the time of delivery of goods along with invoice.

(ii) Cash on delivery sales

Revenue is recognised when delivery is made and cash is received by the seller.

Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. Cylinder rent is largely recognised on cash basis.

Commission

When the Company acts in the capacity of an agent, rather than as the principal, in a transaction, revenue is recognised as the net amount of commission receivable by the Company.

n) Finance income and expenses

Finance income comprises of interest income on funds placed in fixed deposit. Interest income is recognised on accrual basis.

Finance expenses comprise of interest expense on overdraft and bank charges. All finance expenses are recognised in profit or loss.

o) Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii. Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

iv. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

p) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic earnings per share

Basic EPS is calculated by dividing the net profit or loss (after tax) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

q) Cash flow statement

Cash flows from operating activities have been presented under direct method.

r) General reserve

Traditionally the Company transfers all of its profit to general reserve which can be used for any purpose (e.g.; distribution of dividend etc.).

s) Events after the reporting date

Events after the reporting date that provide additional information about the Company's position at the reporting date are reflected in the financial statements. Material events after the reporting date that are not adjusting events are disclosed in the note 40.

Locations.

Registered Office

Corporate Office

285 Tejgaon I/A
Dhaka – 1208
Phone +88.02.8870322-27
Fax +88.02.8870329/8870336

Factories

Tejgaon*

285 Tejgaon I/A
Dhaka – 1208
(Tejgaon* factory has been transferred to
Rupganj, Narayanganj site)

Rupganj

P.O. Dhuptara, P.S. Rupganj, Narayanganj
Mobile +88.01199851725/01711563317
+88.01713099673

Shitalpur

Shitalpur, Sitakund, Chittagong
Phone +88.031.2780205
Mobile +88.01199703140

Sales Centres

Tejgaon

285 Tejgaon Industrial Area, Dhaka 1208
Phone +88.02.8870341-44
Fax +88.02.8870357
Mobile +88.01713099652

Rupganj

P.O. Dhuptara, P.S. Rupganj, Narayanganj
Mobile +88.01199851725/01711563317

Tipu Sultan Road

57-58 Tipu Sultan Road, P.S.: Sutrapur, Dhaka
Phone +88.02.7163768
Mobile +88.01713099655

Tongi

241 Tongi Industrial Area, Millgate, Gazipur
Phone +88.02.9812402
Mobile +88.01713099654

Narayanganj

72 Sirajuddowla Road, Narayanganj
Phone +88.02.7632942
Mobile +88.01713099656

Mymensingh

28/1Kha, K C Roy Road, Mymensingh
Phone +88.091.52558
Mobile +88.01713099657

Noakhali

Contractor Masjid, (Maijdee Road), Alipur
Begumganj, Noakhali
Phone +88.0321.52023
Mobile +88.01713099660

Khulna

Off Rupsha Strand Road, Labonchora, Khulna
Phone +88.041.721206/723076
Mobile +88.01713099663

Barisal

Holding No. 7641, Alekanda, Kotwali, Barisal
Phone +88.0431.2173190
Mobile +88.01713099665

Rajshahi

149 Balia Pukur, Ghoramara
Boalia, Rajshahi
Phone +88.0721.750242
Mobile +88.01713099668

Shitalpur

Shitalpur, Sitakund, Chittagong
Phone +88.031.2780205
Mobile +88.01199703140

Sagorika

68/V Sagorika Road, Pahartali
P.O. Customs House, Chittagong
Phone +88.031.752122/752776/750839
Mobile +88.01713099659

Comilla

Sreemantapur, Chandpur Road
Ahmednagar, Comilla
Mobile +88.01713099661

Sylhet

Nishat Plaza Shopping Complex
Mominkhola, Sylhet
Phone +88.0821.841681
Mobile +88.01713099662

Jessore

Jessore Khulna Highway
(Near Bokchar Primary School)
Bokchar, Jessore
Phone +88.0421.68596/66426
Mobile +88.01713099672

Bogra

Charmatha, Rangpur Road, Nishindara, Bogra
Phone +88.051.64327
Mobile +88.01713099666

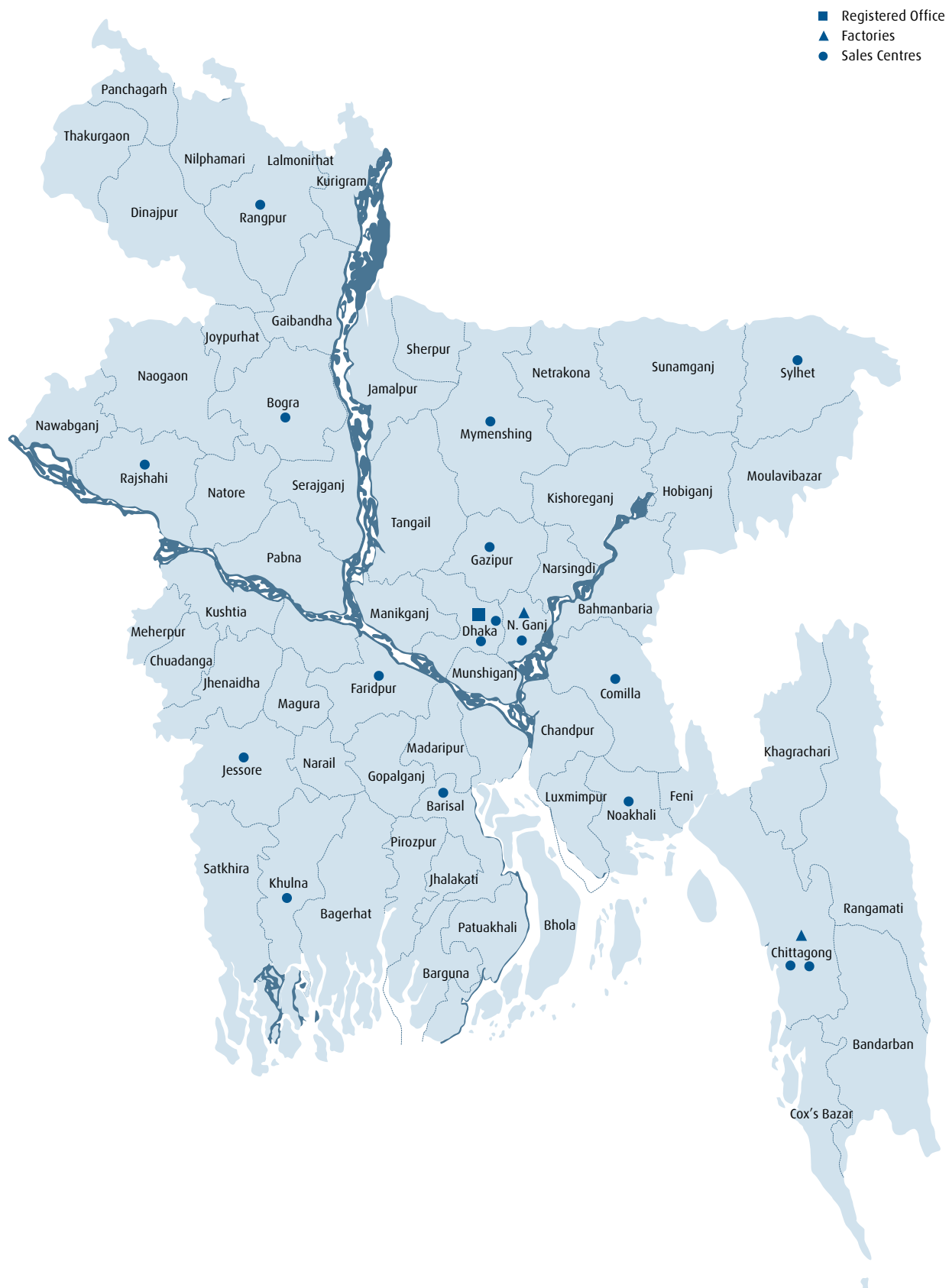
Rangpur

Ulipur Market, R.K. Road
South Goneshpur, Rangpur
Phone +88.0521.63608
Mobile +88.01713099667

Faridpur

Rajbari Road mor
(Near Komorpur Filling Station)
Dhaka-Faridpur Highway
Brakhonkanda, Faridpur
Phone +88.0631.65345
Mobile +88.01713099664

Linde Bangladesh Sites.



Range of Products and Services.



Industrial gases

- Compressed oxygen
- Liquid oxygen
- Compressed nitrogen
- Liquid nitrogen
- Dissolved acetylene
- Carbon dioxide
- Dry ice
- Argon
- Lamp gases
- LPG
- Refrigerant gases (Freon & Suva)
- Hydrogen
- Fire suppression system
- Compressed helium
- Helium
- Sulphurhexafluoride
- Sulphurdioxide
- Special gases & gas mixtures
- Any other gas on request

Welding gases & equipment

- Mild steel electrodes
- Low hydrogen/low alloy electrodes
- Cast iron electrodes
- Hard surfacing electrodes
- Stainless steel electrodes
- Arc welding equipment & accessories
- Gas welding rod & flux
- Gas welding and cutting equipment & accessories
- MIG welding equipment & accessories
- TIG welding equipment & accessories
- Plasma cutting equipment & accessories
- Welding training & services
- Welding equipment repairs
- Welding testing & services

Medical gases & equipment

- Medical oxygen liquid
- Medical oxygen compressed
- Nitrous oxide
- Entonox
- Sterilizing gases
- Medical gases cylinders
- Anaesthesia machines
- Anaesthesia ventilators
- ICU/CCU monitoring system
- ICU/CCU ventilators
- Pulse oximeter
- Infant warmer
- Photo therapy units
- Infant incubators
- OT table
- OT light
- Autoclave/Sterilizer
- Gynaecological tables
- Humidifier
- Oxygen concentrator
- Resuscitators
- Central sterilizing and supply department (CSSD)
- Other medical equipment on request





Linde Bangladesh Limited. Form of Proxy.

I/We (name)
of (address)

being a shareholder of Linde Bangladesh Limited hereby appoint, another member of the Company.

* Mr/Mrs/Miss (name)
of (address)

as my proxy, to attend on my/our behalf at the 44th Annual General Meeting of the Company to be held on 27 April 2017 at 11:00 am and at any adjournment of the meeting or any poll that may be taken in consequence thereof and to vote on my behalf as he/she thinks fit on all Resolutions.

As witness my/our hand this day of 2017

.....
Signed (shareholder/s)	Folio/BO ID #	Signed (Proxy)	Folio BO ID #

Affix revenue stamp Tk.20.00
(Also see notes on reverse)

Linde Bangladesh Limited

Shareholder’s attendance slip

I hereby record my presence at the 44th Annual General Meeting of Linde Bangladesh Limited on 27 April 2017.

.....
Name	Folio/BO ID #	Signature

(Please complete this and deposit at the registration counter on the day of the meeting)

Notes

- 1 A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him.
- 2 No person shall act as proxy unless he is entitled to be present in his own right.
- 3 The instrument appointing a proxy should be signed by the member or his attorney and duly authorised in writing.
- 4 If the member is a corporate body its common seal (if any) should be applied to the instrument of proxy.
- 5 The instrument of proxy, together with the power of attorney (if any) under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office by no later than 11.00 am on Monday 24 April 2017.



Published by

Linde Bangladesh Limited

Corporate Office

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www.linde.com.bd