

Making our world more productive

Linde

Winning with Customers

Linde Bangladesh Limited. Annual Report 2018

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.

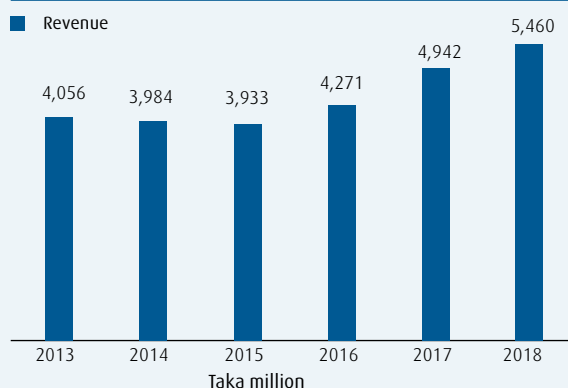
Safety.
Integrity.
Respect.
Sustainability.



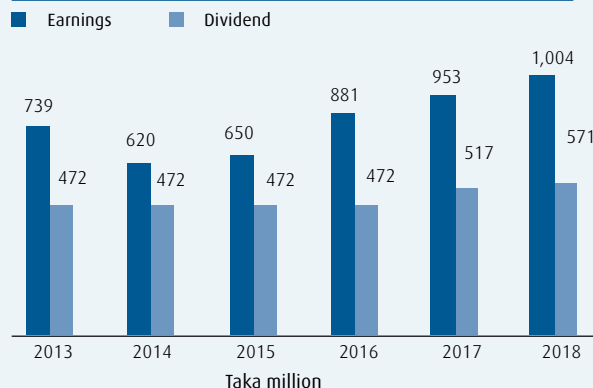
Financial History.

| | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Revenue | '000 Taka | 4,056,278 | 3,984,482 | 3,933,185 | 4,270,585 | 4,941,799 | 5,460,190 |
| Profit before tax | " | 1,001,587 | 851,035 | 881,343 | 1,190,832 | 1,304,260 | 1,364,474 |
| EBITDA | " | 1,138,255 | 994,095 | 1,031,104 | 1,381,796 | 1,516,448 | 1,622,148 |
| Taxation | " | 225,544 | 242,659 | 213,086 | 324,114 | 171,432 | 360,700 |
| Deferred tax | " | 37,148 | -11,756 | 17,786 | -14,480 | 180,090 | 29,302 |
| Earnings | " | 738,895 | 620,132 | 650,471 | 881,198 | 952,738 | 1,003,774 |
| Final dividend proposed | " | 167,401 | 167,401 | 167,401 | 167,401 | 213,056 | 570,686 |
| Interim dividend paid | " | 304,366 | 304,366 | 304,366 | 304,366 | 304,366 | - |
| General reserve* | " | 2,286,138 | 2,434,503 | 2,613,207 | 3,032,750 | 3,523,636 | 4,320,508 |
| Share capital | " | 152,183 | 152,183 | 152,183 | 152,183 | 152,183 | 152,183 |
| Revaluation reserve | " | 20,174 | 20,174 | 20,174 | - | - | - |
| Shareholder's equity* | " | 2,458,495 | 2,606,860 | 2,785,564 | 3,184,933 | 3,675,819 | 4,472,691 |
| Net fixed assets | " | 1,508,991 | 1,535,145 | 1,914,405 | 2,543,935 | 3,218,638 | 3,445,462 |
| Depreciation | " | 157,425 | 164,531 | 162,617 | 201,863 | 219,651 | 280,065 |
| Earnings per share | Taka | 48.55 | 40.75 | 42.74 | 57.90 | 62.60 | 65.96 |
| Price earnings ratio-times | | 13 | 22 | 27 | 22 | 21 | 18 |
| Return on Capital Employed | % | 30 | 24 | 24 | 28 | 26 | 22 |
| Gross profit ratio | % | 37 | 40 | 43 | 46 | 47 | 42 |
| Debt equity ratio-times | | - | - | - | - | - | - |
| Current ratio-times | | 3.08 | 3.11 | 2.44 | 1.55 | 1.67 | 2.01 |
| Dividend per share | Taka | 31.00 | 31.00 | 31.00 | 31.00 | 34.00 | 37.50 |
| Dividend percentage | % | 310 | 310 | 310 | 310 | 340 | 375 |
| Net assets per share* | Taka | 161.55 | 171.30 | 183.04 | 209.28 | 241.54 | 293.90 |
| Operating cashflow per share | " | 54.91 | 50.89 | 67.14 | 73.18 | 76.13 | 76.87 |

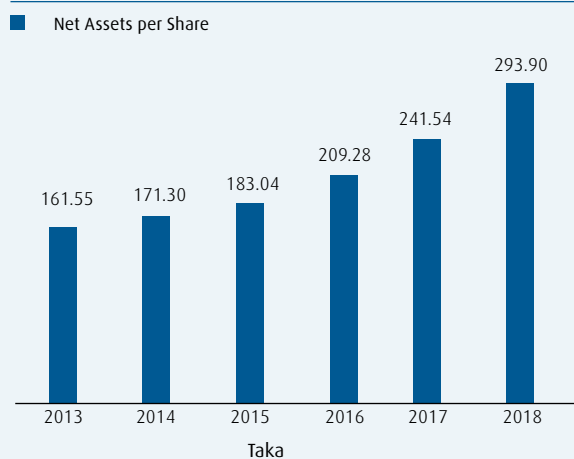
Revenue



Earnings & dividend



Net assets per share



Price earning ratio*

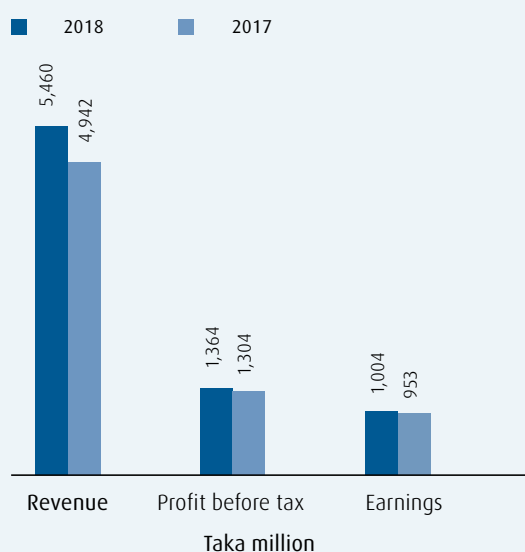


* Adjusted for change in presentation of proposed dividends and includes other component of equity.

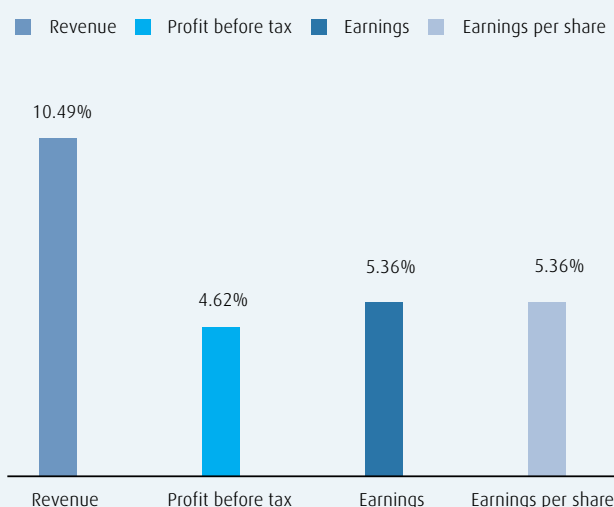
The Year at a Glance.

| | | 2018 | 2017 | Change over 2017 |
|--------------------|-----------|-----------|-----------|------------------|
| Revenue | '000 Taka | 5,460,190 | 4,941,799 | 10.49% |
| Profit before tax | " | 1,364,474 | 1,304,260 | 4.62% |
| Earnings | " | 1,003,774 | 952,738 | 5.36% |
| Earnings per share | Taka | 65.96 | 62.60 | 5.36% |

Revenue, profit before tax & earnings



Percentage of change over 2017



Statement of Value Added.

| | 2018 | | 2017 | |
|--|--------------|-----|-------------|-----|
| | '000 Taka | % | '000 Taka | % |
| Value Added | | | | |
| Turnover (Including VAT) | 6,312,601 | | 5,750,060 | |
| Bought in materials and services | (3,286,773) | | (2,806,380) | |
| | 3,025,828 | | 2,943,680 | |
| Other income including interest on bank deposits | 60,810 | | (2,818) | |
| Available for distribution | 3,086,638 | 100 | 2,940,862 | 100 |
| Distributions | | | | |
| To Employees in remuneration and benefits | 581,808 | 19% | 600,124 | 20% |
| To Provider of capital in : | | | | |
| (a) interest on borrowings | 936 | 0% | 20 | 0% |
| (b) Interim and Final dividend | 570,686 | 18% | 517,422 | 18% |
| To Government in taxes, VAT, duties and surcharges | 1,213,111 | 39% | 1,159,783 | 39% |
| Retained for reinvestment and future growth: | | | | |
| (a) depreciation | 287,009 | 9% | 228,197 | 8% |
| (b) reserve and surplus | 433,088 | 14% | 435,316 | 15% |
| | 3,086,638 | 100 | 2,940,862 | 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 58,000 employees working in more than 100 countries worldwide.

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 317 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.
- 2017 Rupganj 100 TPD ASU plant was commissioned.

Company Secretary
Abu Mohammad Nisar

Statutory Auditors
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Compliance Auditors
Rahman Rahman Huq
Chartered Accountants

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

Factories:
Rupganj
Dhuptara, Rupganj
Narayanganj

Shitalpur
Shitalpur, Sitakund
Chattogram

Notice of Annual General Meeting.

Notice is hereby given that the 46th Annual General Meeting of Linde Bangladesh Limited will be held at Police Convention Hall, Eskaton Garden, Dhaka 1000, on Tuesday 30 April 2019 at 11:00 am to transact the following business:

- 1 To receive and adopt the accounts for the year ended 31 December 2018 and the reports of the Auditors and Directors thereon.
- 2 To declare a Dividend for the year ended 31 December 2018.
- 3 To elect Directors.
- 4 To appoint Auditors and to fix their remuneration.
- 5 To appoint Compliance Auditors and to fix their remuneration.

By order of the Board



Abu Mohammad Nisar
Company Secretary
4 March 2019

Registered Office
Corporate Office
285 Tejgaon I/A
Dhaka 1208

Notes:

- 1 Shareholders whose names will appear in the share register of the Company or in the depository register as on Record Date i.e. 25 March 2019 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 Saturday 27 April 2019 and in default will not be treated as valid.
- 4 The Annual Report is available in the Website of the Company www.linde.com.bd

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.

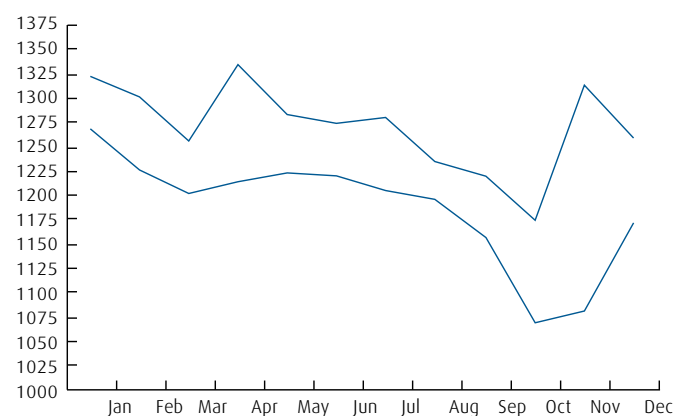
DSEX, the key index of the DSE, ended at 5,386 points on the last trading day of 2018, down by 13.89% from 6,254 points from beginning of the year. DSE-30, the key index of the DSE, ended at 1,881 points on the last trading day of 2018, down by 17.57% from 2,282 points from beginning of the year.

Capital market-based figures

| | | For the year ended 31 December | |
|---|------------|--------------------------------|------------|
| | | 2018 | 2017 |
| Number of shares with dividend entitlement for the financial year | No. | 152,18,280 | 152,18,280 |
| Year-end closing price | Tk | 1,198.40 | 1284.70 |
| Year high | Tk | 1,336.00 | 1380.00 |
| Year low | Tk | 1,160.00 | 1190.00 |
| Volume | No. | 1,001,994 | 1,666,586 |
| Total dividend for the financial year | Tk million | 570.69 | 517.42 |
| Market capitalisation | Tk million | 18,238 | 19,551 |
| Information per share | | | |
| Cash dividend | Tk | 37.50 | 34.00 |
| Dividend yield | % | 3.13 | 2.65 |
| Operating cash flow per share | Tk | 76.87 | 76.13 |
| EPS | Tk | 65.96 | 62.60 |

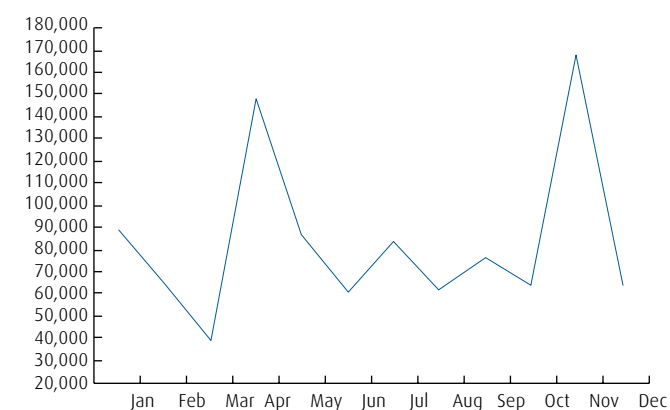
Company high & low share price month wise

■ High Share price ■ Low Share price



Company share volume traded month wise

■ Volume of Share



Glimpses from 45th Annual General Meeting.



At the 45th Annual General Meeting held on 26 April 2018.



Shareholders at the 45th Annual General Meeting held on 26 April 2018.



Registration at the 45th Annual General Meeting held on 26 April 2018.

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

Managing Director since 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. Ahmed has been appointed as an Independent Director of Glaxo Smithkline Bangladesh Limited effective 1 February 2018.

Mr Mohsin has over 23 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 Asia & ASEAN for Linde. She is responsible for the finance function across the nine countries where Linde is present in this region. She is based in the regional headquarters in Singapore.

Ms Bacher has been with Linde for over 19 years in various roles in Finance and the business. Before her current role, she was the Head of the Accounting Centre of Excellence for the region South & East Asia where she spearheaded the development and 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 is a certified public accountant and graduated Magna cum Laude from St Scholastica's College Manila with a degree in Bachelor of Science in Accountancy.



Moloy Banerjee

Director since 2015

Mr Moloy 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 58,000 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 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 Moloy Banerjee holds a bachelor's degree in mechanical engineering from the Indian Institute of Technology, Kanpur.



Kazi Sanaul Hoq

Director since 2017

Kazi Sanaul Hoq has joined as Managing Director of Investment Corporation of Bangladesh (ICB) on 10 August, 2017. He started his career as a Senior Officer in ICB on 25 October 1984 and served different position in the same organization. Before his joining he acted as Managing Director at Rajshah Krishi Unnayan Bank (RAKUB). During his service life he served different Banks and Financial Institutions. He served as Managing Director (Current Charge) and Deputy Managing Director at Agrani Bank Ltd. In addition to that Kazi Sanaul Hoq served as general manager at BDBL and RAKUB. He also served as CEO at ICB Securities Trading Company Ltd. He completed his B. Com (Hon's) and M. Com degree in Accounting from The University of Dhaka.

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 Company Limited, Linde Bangladesh Limited, GlaxoSmithKline Bangladesh Ltd., Renata Limited, Bangladesh Krishi Gobeshona Endowment Trust, Credit Rating Information and Services Ltd., Standard Bank Limited, Standard Bank Securities Limited, SBL Capital Management Limited, National Tea Company Limited, Apex Tannery Limited, Apex Footwear Limited, Central Depository Bangladesh Ltd., United Power Generation and Distribution Company Limited, The Aramit Limited, The Aramit Thai Aluminum Limited, Advanced Chemical Industries Limited, Industrial Infrastructure Development and Finance Fund Limited, Bangladesh Institute of Capital Market, The Acme Laboratories Limited, The Peninsula Chittagong Limited, Ratanpur Steel Re-rolling Mills Limited and Heidelberg Cement Bangladesh Limited.



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".



Rupali H Chowdhury

Joined the Board of Directors in December 2018

Ms. Rupali Chowdhury is an MBA from IBA, University of Dhaka, and completed her Graduation with Honours in Chemistry from the University of Chittagong.

She started her career with Multinational Pharmaceutical & Chemical Company, 'Ciba Geigy (Bangladesh) Limited', in 1984 in the department of Planning Information and Control and worked there for about six and a half years. She was the Brand Manager while leaving Ciba Geigy (Bangladesh) Limited in 1990.

Ms. Rupali Chowdhury joined Berger Paints Bangladesh Limited in 1990 as Planning Manager and during her tenure she worked for various departments such as Marketing, Sales, Distribution, Planning and Systems under different supervisory capacities.

Ms. Chowdhury was promoted to the position of Managing Director of the Company on 1 January 2008. She is also the Managing Director of Jenson & Nicholson (Bangladesh) Limited, a 100% subsidiary of Berger Paints Bangladesh Limited and Director of Berger Becker Bangladesh Limited, a joint venture between Berger Paints Bangladesh Limited and Becker Industrial Coatings Holding AB Sweden and Berger Fosroc Limited (a joint venture between Berger Paints Bangladesh Limited and Fosroc International Limited, UK) which was formed during her tenure as Managing Director. Ms. Chowdhury has been appointed as an Independent Director of Bata Shoe Company (Bangladesh) Limited effective April 2018.

Ms. Chowdhury has been selected as a Commercially Important Person (CIP) for her outstanding performance in the Industrial sector.



Indranil Bagchi

Director since 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 privilege and pleasure to welcome you to the 46th Annual General Meeting of your Company, Linde Bangladesh Limited and present to you the results for the year 2018.

You may recall that in the AGM last year, I had stated that 2017 was the best year for your Company. I had also expressed the hope to be able to say the same thing about the year in review in all future AGMs. I am delighted to be able to report that the performance of your Company in 2018 was excellent and it has been the best year so far, both in terms of revenue and earnings. 2018 was also an excellent year in terms of safety of operations and your Company achieved many milestones in safety. We shall mention those later.

Achieving sustained growth over the past several years in a challenging business environment while maintaining impeccable safety record has not been easy. Timely and prudent investment for enhancing production and distribution capability had to be made. Hard work was needed to ensure timely import of raw material and sustained production and distribution of products. Great vigilance and effort was needed to ensure safety and security of operations and all stakeholders.

I invite you to join me in congratulating the management of Linde Bangladesh Limited on the dedicated hard work and vigilance resulting in impressive business growth under a challenging environment and excellent safety record.

As I have said already, 2018 was the best year so far for your Company. Revenue grew by 10.5% over the previous year, with growth in all business segments. However, primarily because of sharp rise in the price of imported raw material for hard goods, profits rose by a modest 5.4%.

Your Company is now reaping the benefits of the ASU plant that went into production in 2017. Bulk business grew by 9% over the previous year. More importantly, with product availability and the elimination of import and trucking cost for gases, profits increased. Supported largely by the Livestock and Food and Beverage sectors, Liquid Nitrogen grew by 28% in volume over the previous year. The Company secured new contracts in the beverage industry and started supplying Liquid CO₂. Healthcare business registered an impressive 20% growth over 2017, mainly from new customer acquisition in Bulk Medical Oxygen. Hardgoods sales recorded a growth of 10% in 2018 over 2017 with

major contribution from the shipbuilding industry, growing 24% over the previous year and contributing 47% of the total revenue of the hardgoods segment.

Business Environment and Financial Performance

The country experienced relative political calm throughout the year. Paradoxically, despite the political calm, there appeared to be a certain amount of uncertainty about the future. Some ascribe this perceived "uncertainty despite stability" as the principal cause of stagnation in the rate of private investment in Bangladesh. Your Company has not been deterred by this perceived uncertainty. In the past several years, Linde Bangladesh Limited has made significant investments in the country and more investments are planned.

GDP growth continued to be robust at over 7%. This, coupled with low inflation, contributed in fostering a conducive business environment. The Government led major projects accelerated the production enhancement in the steel industry, providing your Company opportunities in the Bulk Gases segment. The steady growth in the ship building industry provided your Company opportunities in the Electrode business. The growth in the country's healthcare sector resulted in expansion of public and private hospitals, a competitive industry where your Company is capable of offering comprehensive products and services.

The year 2018 witnessed a sharp rise in imported raw material cost which affected profitability as increased costs were passed on to the customers only marginally. Your Company has been able to sustain the customer base by offering superior quality products at competitive prices. Linde Bangladesh Limited also focused on expansion of its business through product and service innovation.

I have mentioned already that the turnover of your Company registered an increase of 10.5% in 2018 compared to the previous year. Profit, on the other hand, rose by a modest 5.4%, profitability being affected adversely by high raw material import prices. Interest income for the year was higher than the previous year mainly from management of short term funds. Working Capital was higher than the previous year because of higher inventories. The cash position of the Company increased 42% compared to the previous year, reflecting close monitoring of stock position and debtors' balance by business. Trade



The company celebrated the merger of Linde AG of Germany (ultimate holding company) with Praxair, Inc. USA.



On 15 November 2018 we passed a milestone "The 1000th day Vehicle Incident Free with 10 million km run" and later we celebrated the event in a gathering among drivers with their family members and helpers on a day long program.

payables were also managed well. Surplus liquid funds were placed in fixed deposit to earn interest income.

The ongoing investments in major projects were managed from the Company's own resources, without availing any interest bearing borrowing from external sources.

The Directors of your Company have recommended a dividend of 37.50 takas per share or 375% for the year ended 31 December 2018. This would require a payout of 570.7 million BDT. If you accept the recommendation, it will be the highest ever dividend payment by Linde Bangladesh Limited.

Supply

Since the commissioning of the ASU plant in 2017, Linde Bangladesh Limited has adequate production of air gases to meet current demand and maintain emergency reserve. This has enabled the Company to serve its customers better without resorting to import. Discontinuation of import of Liquid Oxygen and Nitrogen increased profitability. Production of hardgoods was also satisfactory in 2018.

Your Company approved an investment of 582.4 million takas for a new Carbon Dioxide plant with a capacity of 36 tons per day. This was scheduled for completion in July 2019, but work is proceeding ahead of schedule and completion is expected by April 2019.

To optimise power cost and to ensure uninterrupted production, an investment of 299 million takas has been approved to set up 2x5 MW captive generator. Work is in progress and completion is expected in September 2019.

Product distribution

In 2018 delivery capability of Linde Bangladesh Limited was enhanced to synchronise with the increased production capacity of gases products. Moreover, customers stock levels were also monitored through remotely operated telematics and GOLD scheduling software to ensure effective delivery and exclusive customer service. This state of the art vendor managed inventory (VMI) was much appreciated. It has enhanced reliability and competitiveness of the distribution channel.

There was no "stock out" at any of the customers tanks throughout the year. Significant improvement was also achieved in decanting and distribution loss through extensive monitoring and proactive mitigating initiatives. The contractor management process was improved through implementation of rate contracts and quarterly review of their safety, operational and business performance. ISO 9001 and 14001 were also implemented for Delivery Management System.

In 2018 Linde Bangladesh Limited achieved its "Zero Accident" target in transport operations. Formal certification of transport supervisors was implemented through external professional assessment. Off site transport emergency drill was carried out involving external agencies like fire brigade, law enforcing agencies, hospital services etc. Drivers family day and other motivational activities were carried out throughout the year to motivate the work force to achieve the Company's Zero Accident target.

Altogether, 2018 was a green and successful year for the Company's delivery operations in terms of efficiency, safety, reliability and cost effectiveness.

Safety matters

Safety of operations and all stakeholders is a top priority of the Linde group. The group HSE policy declares the group will "avoid harm to people, society and the environment". The aim is Zero Incident. Your Company's safety policy is fully aligned to the group policy and activities are undertaken throughout the year to ensure implementation of the policy.

As I mentioned earlier, in 2018 the Company achieved some major milestones in safety. There was Zero Major Incident (MIR) and zero Severe Injury and Fatality (SIF) in transport operations. As on 31 December 2018, Linde Bangladesh Limited passed 642 days without LTI, 1047 days without MIR and 10 million kilometers plus commercial vehicle operation without MIR and SIF. On 17 November 2018 Linde Bangladesh Limited celebrated 1000 days without MIR.

In 2018 the Company took a big step forward in transport safety with the installation of Fatigue Monitoring Device (FMD) in its commercial vehicles. In case of fatigue during driving, FMD will alert the driver and



25 Doctors (Diploma in Anesthesiology students) from Dhaka Medical College Hospital visited our Rupganj site as a part of their course requirement. They were briefed about production process of our medical gases, stringent safety compliance and safe usage of products.



Rupganj site have both ISO 9001 (Quality Management System) & ISO 14001 (Environmental Management System) certificate. Above picture shows the Training on ISO 9001.

also notify the Transport Operation Centre (TOC). It is hoped this will reduce fatigue related accidents.

Human Resources

The vision of the Company's Human Resources function is to foster an organisation that enables high performance and profitable growth by shaping a unique culture of execution, passion and empowerment. Towards achieving that vision, the Company puts emphasis on learning and development programmes, initiates multiple employee engagement events and has put in place a system of recognition and reward for good performance. An important component of employee development initiatives is the further development of their management capability and style based on Linde Leadership Competencies. The Company has maintained harmonious industrial relations with the workforce, thereby maximising production and contributing towards growth of the Company.

Information Services

Linde Bangladesh Limited Information Services (IS) department is responsible for implementing the Linde group IS agenda to support business requirements for being a high performing organisation. In 2018, Linde Bangladesh migrated all client computers to Windows 10 environment. This environment is identical throughout the Linde group and is expected to improve client experience, reliability and manageability. The Company deployed Microsoft Intune to manage the mobile devices, mobile applications to protect Company's information and ensure devices and applications are compliant with the Company's security requirements. As always, the Company tried to ensure information technology best operating practices in its business.

Corporate social responsibility

The Linde group's global Corporate Responsibility guidelines focus on the sustainability and impact of the CSR projects. In line with the CSR activities of previous years, tree plantation was undertaken in Combined Military Hospital, Cumilla and Padma Multipurpose Bridge Resettlement Area. The Company continued to provide safe driving training among drivers, helpers and drivers of employee owned cars to raise safety awareness and avoid road accidents. Throughout the year, the Company

engaged fresh graduates from public and private universities as interns in various departments. The Company also awarded scholarships among the bright and meritorious children of non management staff and dealers to support them to continue their studies at higher secondary and graduate levels.

Prospects

Dear Shareholders

For the past several years your Board has pursued a conscious and deliberate policy of consolidating the Company and preparing it for the future. Apart from restructuring the Company to make it more efficient, major investments were made in production and processes. I reported this earlier, but it may bear repeating. After the investment of 120 crore takas for a new ASU plant, an investment of nearly 60 crore takas was made for a new Carbon Dioxide plant. This is expected to be in operation by April 2019. A further investment of nearly 30 crore takas is being made for installing generators, hopefully to be in operation by September 2019. In the last four years, your Company has invested over 200 crore takas, all from the Company's own resources, without incurring any interest bearing borrowing from external sources. During the same period, a similar amount has been paid as dividend.

Linde Bangladesh Limited 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, it faces challenges in terms of competition in price, quality or operational excellence. With an efficient organisation, new and well functioning production facilities and a sound distribution system, the Company is positioned well to meet the challenges. The availability of products, 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 the Company is poised for sustained growth. Based on the performance of 2018, I look forward to the future with optimism and anticipation.

Dear Shareholders: I would like to take this opportunity to inform you of the merger of Linde AG Germany (Linde) and Praxair Inc USA (Praxair). Linde and Praxair signed a legally binding Business Combination Agreement governing the terms and conditions of the merger of equals between the two companies. The merged entity retains the Linde name and is the largest gases Company in the world. The business combination



Celebration of "Women's day" at Cox's bazar.



Mr Mohsin Uddin Ahmed, Managing Director handed over the Scholarship to the family members of the LBL Re-sellers shop at the 'Re-seller Scholarship Program 2018'.

of Linde and Praxair is expected to create significant synergies, likely to benefit your Company. We would like to emphasise though, that despite the merger, there is currently no plan to change the course of business of Linde Bangladesh Limited.

I thank all who helped us in achieving our 2018 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. I consider them 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,

A handwritten signature in black ink, which appears to read "Ayub Quadri".

Ayub Quadri
Dhaka, 4 March 2019

Report of the Board of Directors.

The Board of Directors of 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 2018. The Directors' 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

The Country's economic growth remained robust at 7.86% in 2018, among the highest ever. This was underpinned by stable political environment, strong domestic demand, continuous infrastructural development, rise in electricity generation and growing RMG market. The investment ratio to GDP hit 31.2% in 2018 vs 30.5% in previous year.

In 2018, the GDP per capita reached \$ 1,752 and poverty rate below 9%, all favouring an exceptional industrial growth rate at above 12%.

The Company continued to be the market leader in Bulk and Medical gases, Welding Electrode and Compressed gases leveraging from Linde group's technological support in establishing new plants, distribution capacity enhancement and superior product at competitive price.

The Government led mega projects accelerated the production enhancement in the Steel sectors which provided Linde Bulk Gases opportunities. The steady growth in Boat building industry also enabled Linde to attract business opportunity in Electrode Business. Investment in energy sector is another key area where Linde Bangladesh explored opportunities through process improvement. The growth in Healthcare sector resulted in expansion in public and private hospitals, a competitive industry where Linde thrives by offering comprehensive products and services. The per capita steel consumption in Bangladesh is the lowest among the South Asian countries. Most of the steel makers have started eyeing for explosive investment in the country. Linde can leverage this opportunity.

The year 2018 experienced sharp rise in imported raw material cost that affected profitability as costs were only marginally passed on to customers— a strategy to hold market confidence. Linde has managed to sustain the existing customer base by offering superior quality products at competitive price. Linde Bangladesh Limited focused on the expansion of its business through product and service innovation for its customers to meet future challenges. The reputation of product reliability and safety measures played a vital role in satisfying the evolving customer expectation.

Today, Linde Bangladesh Limited 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. Linde Bangladesh Limited continues to invest in its people, helping them build and improve their capabilities. In all its activities, Linde adheres to its **core values: safety, integrity, respect and sustainability** and its responsibilities to the people and the environment.

Linde Bangladesh Limited always focuses on achieving profitable growth to add value for the company and its shareholders. The recent investment in Distribution Fleet, 100 TPD ASU, 36 TPD Carbon di oxide Plant are examples of the Board's commitment for Linde as the most preferred suppliers to our customers.

Linde Bangladesh Limited has faced intense competition in a highly competitive business environment where formal and informal competitors continuously pursue market shares with various activities including price reduction, quality revision and other incentives. Linde has managed to sustain the existing customer base by offering superior quality products at competitive price. The company continued to improve product quality taking the feedback from the customers and the end users. Over the years, Linde Bangladesh Limited 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.

Business performance

The Company continued its sustainable growth in terms of business performance. The revenue of the Company for the year 2018 was Tk. 5,460 m as against Tk. 4,942 m of 2017. The revenue is derived from following segments:

| Segments | 2018 | 2017 |
|----------------------------------|--------------|--------------|
| | MBDT | MBDT |
| Bulk Gases | 577 | 529 |
| Packaged Gas and Products (PG&P) | 4,190 | 3,833 |
| Healthcare | 693 | 580 |
| | 5,460 | 4,942 |

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



Rupganj 100 TPD ASU Plant Inaugurated by Alhaj Amir Hossain Amu, M.P. honorable Minister of Industries, Govt. Peoples of Republic of Bangladesh on 23 April 2018 at Hotel Radisson.



Tree plantation program at Padma Multipurpose Bridge Resettlement Area.

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

In 2018, the overall performance of the segment has been significantly better than prior year mainly due to product availability from own new Air Separation Unit (ASU). The entire bulk business has grown 9% over last year with significant volume growth in ASU products. Liquid Nitrogen volume achieved 28% growth supported largely by Livestock & Food & Beverage segment. The Company secured new contracts in beverage industry and started supplying Liquid CO².

PG&P (packaged gas & products)

Overall revenue of PG&P segment has grown by moderate 9.3% over previous year. The PG&P business consists of regular Industrial products sales and project sales in special products. The major products contributing in growth were Compressed Oxygen, Nitrogen, Argon, CORGON, Hydrogen, etc. In case of CORGON sales, several new accounts have been enrolled. Special product sales have growth in Helium and other packaged gases except Fire Suppression projects.

Hardgoods sales recorded a growth of 10% in 2018 over 2017. Major contribution came from Ship building segment. It was 24% above previous year which contributed 47% of total revenue. Light fabrication sales continued to struggle due to low cost-based electrodes by local competitors including the electrodes from China. The earlier investment in state-of-art flux blending facility helped in product development.

Healthcare

The Healthcare segment includes all services related to the supply of Medical Gases such as Medical Oxygen, Nitrous Oxide, Medical Air, Medical Carbon dioxide, Gas Cylinders & Accessories and supply & installation of Medical Gas Pipeline Systems. The year 2018 has been a good year for Healthcare Business, with improved revenue, new business wins and some renewal of contracts. The overall growth was 20% over last year mainly due to Medical Gas Pipeline Project at Sheikh Hasina National Institute of Burn and Plastic Surgery Hospital, retention of major customers and maintaining the Compressed Medical Oxygen and Nitrous Oxide growth momentum. Costs were managed well through

efficiency and productivity efforts. Continuing growth is anticipated in the Healthcare segment.

Financial Results

The Company recorded an impressive 10.5% growth in Sales in 2018 compared to the previous year. This was contributed by higher sales in all business segments. It has been the best year so far, both in terms of revenue and earnings. Hardgoods business gained market share by product development and competitive price.

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 declined by 1.17% in 2018 compared to that in previous year mainly due to increase in cost of sales. In 2018 sharp rise in imported raw material cost affected the profitability since the incremental cost was only marginally passed on to customers.

All the above resulted into a higher Operating profit in 2018 compared to previous year:

| Particulars | 2018 | 2017 |
|---|--------------|--------------|
| | MBDT | MBDT |
| Revenue | 5,460 | 4,942 |
| Cost of Sales | (3,177) | (2,632) |
| Gross Profit | 2,283 | 2,310 |
| Other Income | 31 | (19) |
| Operating Expenses | (907) | (934) |
| Profit from operations | 1,407 | 1,357 |
| Net finance income | 29 | 16 |
| Profit before contribution to WPPF | 1,436 | 1,373 |
| Contribution to WPPF | (72) | (69) |
| Profit before taxation | 1,364 | 1,304 |

Working Capital Management

A continuous monitoring of stock position and debtors balance by Business were one key focus to keep the trade working capital within control. Trade payables were also managed well.



"The 1000th day Vehicle Incident Free with 10 million Km run" Program inaugurated by Mr. Ilias Kanchan, a famous film actor and also an activist for the road safety movement and Country MD.



Management Conference held on 9 March 2019 at Hotel of Cox's bazar, Chattogram.

Risks & Concerns

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

Related Party Transactions

Transactions with related parties are made on arm's length basis and are in the ordinary course of business. Detailed transactions with related parties are described at notes 41 of the Financial Statements in the ➡ [page # 66](#) of this Annual Report.

Internal Control

The Company maintains a sound internal control system that 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 is no significant doubts upon the Company's ability to continue as a going concern. Accordingly, Financial Statements are prepared on a going concern basis.

Future Plan

Linde Bangladesh Limited maintains a strong focus on profitable business growth, steadily enhancing its offerings to add value for its customers. A very significant event for the Company was the commissioning in 2017 of the new ASU in Rupganj. In 2018 the board approved an investment BDT 582.43 million for a new Merchant Carbon-dioxide plant at Rupganj, Bangladesh with the total production capacity of around 36 ton per day. Expected date of commercialization is by July 2019. To optimize the

power cost, an investment of BDT 299 million is being made to set up 2X5 MW captive generator. With these investments, it is expected that financial strength of the Company will be enhanced, giving it a solid financial foundation and high cash flows to enable it to invest in future profitable and sustainable growth.

The Executive Board of Linde AG, Germany (Linde), with approval of the Supervisory Board, has signed a legally binding Business Combination Agreement with Praxair, Inc., USA (Praxair) on 1 June 2017 governing the terms and conditions of a merger of equals between the two Companies. The proposed business combination of Linde and Praxair is expected to create significant synergies. However, at this stage, Linde Bangladesh emphasises that there is currently no planned change in its course of business in Bangladesh in pursuance of the proposed combination. Linde Bangladesh will provide any further update to the concerned as and when required.

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 at ➡ [page # 56](#) of the Financial Statements.

Dividends

The Directors recommended a final dividend of Taka 37.50 per share for the year, involving a payout of Taka 570.69 m subject to approval at the Annual General Meeting. The dividend percentage for the year would be 375% and total dividend payout for the year would amount to Taka 570.69 m (Taka 517.42 m in 2017).

Additional statements on regulatory disclosure

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

- 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;



On 15 February 2018, LBL conducted an off-site transport mock drill on an emergency transport situation along with external agencies e.g. Fire Brigade Team, police.



Celebrated World Safety Day, inaugurated by Rob Hughes, Regional Business Head, & Country MD.

- 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 (2013-2018) is set out in ➔ [page # 18](#).
- 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 260,000 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 1010.00 m to General Reserve.

Directors

The present directors are named on ➔ [pages 6 to 8](#) of this report.

Mr. Ayub Quadri and Mr. Moloy Banerjee shall retire from the Board by rotation at the 46 Annual General Meeting under Article 81 of the Articles of Association of the Company. All the retiring Directors are proposed for re-election at the 46 Annual General Meeting.

Ms. Rupali H Chowdhury has appointed to Board as a Director of the Company in place of Mr. Waliur Rahman Bhuiyan on 13 December 2018. Ms. Chowdhury having been appointed to the board since the last Annual General Meeting under the provision of Article 87 also retires and being eligible, offers herself for re-election.

On behalf of the Board of Directors,
Dhaka, 4 March 2019

Ayub Quadri
Director & Chairman

Mohsin Uddin Ahmed
Managing Director

Mr. Waliur Rahman Bhuiyan OBE retired from the position of Independent Director of the Company on 30 September 2018. Ms. Parveen Mahmud shall retire from the position of Independent Director of the Company on 18 April 2019. Mr. Bhuiyan and Ms. Mahmud extended devoted service to the Company for a period of two terms (6 years) and added huge value to the Company. The Board would like to put on record its sincere appreciation of the dedicated service by both and the invaluable contribution made by them to the Company.

Contribution to National Exchequer

Total payment of duty and taxes to National Exchequer in 2018 was Tk 1,571 m as against Tk. 1,461 m for 2017.

Statutory Auditors

Hoda Vasi Chowdhury & Co., Chartered Accountants, being eligible, offer themselves for reappointment.

Compliance Auditors

The Compliance Auditor of the Company, Rahman Rahman Huq, Chartered Accountants, have audited for the year ended 31 December 2018. As per BSEC new code the professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting. In compliance with BSEC order # BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018, it is necessary to appoint Compliance auditors for the Company. Rahman Rahman Huq, Chartered Accountants have expressed their willingness to be appointed as Compliance Auditors of LindeBangladesh Limited. The Board recommends appointment of Rahman Rahman Huq, Chartered Accountants, as Compliance Auditors of the Company for the year 2019 subject to approval of the shareholders in the 46 Annual General Meeting.

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 2018 is as follows:

| | | |
|---------------|-----------------------------|------------------------|
| Chairperson | Ms Parveen Mahmud | Independent Director |
| Member | Mr Moloy Banerjee | Director |
| Member | Ms Desiree Bacher | Director |
| Member | Ms Rupali H. Chowdhury | Independent Director |
| Secretary | Abu Mohammad Nisar | Company Secretary |
| In Attendance | Ms Sanchita Chakraborty Das | Head of Internal Audit |

Nomination and Remuneration (NRC) Committee

The Board has constituted Nomination and Remuneration (NRC) Committee for the Company according to the conditions of BSEC guidelines. The composition of NRC Committee as at 31 December 2018 is as follows:

| | | |
|-------------|------------------------|----------------------|
| Chairperson | Ms Rupali H. Chowdhury | Independent Director |
| Member | Mr Moloy Banerjee | Director |
| Member | Ms Desiree Bacher | Director |
| Secretary | Abu Mohammad Nisar | Company Secretary |

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 | Mr Md Anisuzzaman | Chief Financial Officer |
| Member | Ms Saiqa Mazed | Head of Human Resources |
| Member | Mr A K M Tareq | Head of Sales & Marketing, Hardgoods |
| Member | Mr Syed Asgar Ali | Head of Procurement |
| Member | Mr Nurur Rahman | Head of Sales & Marketing, PG & Bulk |
| Member | Mr Mushfique Akhter | Head of Healthcare |

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 19 members as follows:

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

Country leadership team.



From left to right: Mr. Syed Asgar Ali, Head of Procurement, Mr. Mushfique Akhter, Head of Healthcare, Mr. Md Anisuzzaman, CFO, Mr. A K M Tareq, Head of Sales & Marketing, Hardgoods, Mr. Mohsin Uddin Ahmed, MD, Ms. Saiqa Mazed, Head of Human Resource, Mr. Nurur Rahman, Head of Sales & Marketing, PG & Bulk.

Key Financial History.

Key Operating and Financial data of five years preceding the year ended 31 December 2018.

| | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Revenue | '000 Taka | 4,056,278 | 3,984,482 | 3,933,185 | 4,270,585 | 4,941,799 | 5,460,190 |
| Profit before tax | " | 1,001,587 | 851,035 | 881,343 | 1,190,832 | 1,304,260 | 1,364,474 |
| EBITDA | " | 1,138,255 | 994,095 | 1,031,201 | 1,381,796 | 1,516,448 | 1,622,148 |
| Taxation | " | 225,544 | 242,659 | 213,086 | 324,114 | 171,432 | 360,700 |
| Deferred tax | " | 37,148 | (11,756) | 17,786 | -14,480 | 180,090 | 29,302 |
| Earnings | " | 738,895 | 620,132 | 650,471 | 881,198 | 952,738 | 1,003,774 |
| Final dividend proposed | " | 167,401 | 167,401 | 167,401 | 167,401 | 213,056 | 570,686 |
| Interim dividend paid | " | 304,366 | 304,366 | 304,366 | 304,366 | 304,366 | - |
| General reserve | " | 2,286,138 | 2,434,503 | 2,613,207 | 3,032,750 | 3,523,636 | 4,320,508 |
| Share capital | " | 152,183 | 152,183 | 152,183 | 152,183 | 152,183 | 152,183 |
| Revaluation reserve | " | 20,174 | 20,174 | 20,174 | - | - | - |
| Shareholder's equity | " | 2,458,495 | 2,606,860 | 2,785,564 | 3,184,933 | 3,675,819 | 4,472,691 |
| Net fixed assets | " | 1,508,991 | 1,535,145 | 1,914,405 | 2,543,935 | 3,218,638 | 3,445,462 |
| Depreciation | " | 157,425 | 164,531 | 162,617 | 201,863 | 219,651 | 280,065 |
| Earnings per share | Taka | 48.55 | 40.75 | 42.74 | 57.90 | 62.60 | 65.96 |
| Price earnings ratio-times | | 13 | 22 | 27 | 22 | 21 | 18 |
| Return on Capital Employed | % | 30 | 24 | 24 | 28 | 26 | 22 |
| Gross profit ratio | % | 37 | 40 | 23 | 46 | 47 | 42 |
| Debt equity ratio-times | | - | - | - | - | - | - |
| Current ratio-times | | 3.08 | 3.11 | 2.44 | 1.55 | 1.67 | 2.01 |
| Dividend per share | Taka | 31.00 | 31.00 | 31.00 | 31.00 | 34.00 | 37.50 |
| Dividend percentage | % | 310 | 310 | 310 | 310 | 340 | 375 |
| Net assets per share | Taka | 161.55 | 171.30 | 183.04 | 209.28 | 241.54 | 293.90 |
| Operating cashflow per share | " | 54.91 | 50.89 | 67.14 | 73.18 | 76.13 | 76.87 |

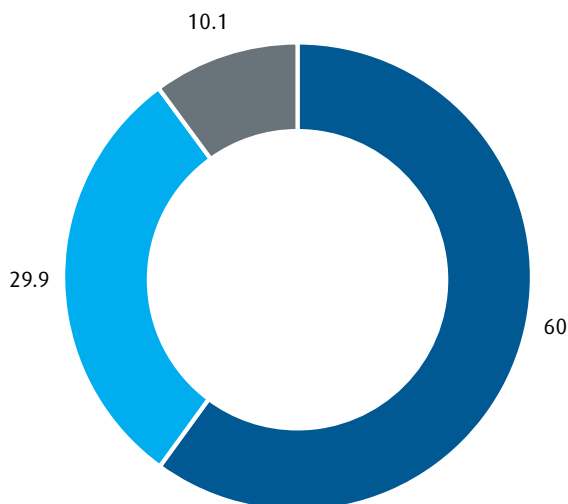
Shareholding Pattern & Percentage.

Shareholding Pattern

| Director's Name | No. of shares | | |
|---|---------------|-----------|-----------|
| | 2016 | 2017 | 2018 |
| Mr Ayub Quadri (Chairman) | 10 | 10 | 10 |
| Ms Parveen Mahmud (Independent Director) | 50 | 50 | 50 |
| Mr Waliur Rahman Bhuiyan OBE (Independent Director-resigned on 30 September 2018) | 44 | 44 | 44 |
| spouse (Folio # S0606) | 44 | 44 | 44 |
| Executive Name | | | |
| Mr. Syed Asgar Ali (Head of Procurement) | 50 | 50 | 50 |
| Mr. Abu Mohammad Nisar (Company Secretary) | 28 | 28 | 28 |
| 10% or above shareholding : Name | | | |
| The BOC Group Limited, UK, which is fully owned by Linde AG, Germany | 9,130,968 | 9,130,968 | 9,130,968 |
| ICB Unit Fund | 1,094,019 | 1,068,289 | 1,061,615 |
| Parent, Subsidiary, Associated Companies | | | |
| The BOC Group Limited, UK, which is fully owned by Linde AG, Germany | | | |
| Bangladesh Oxygen Limited (Subsidiary Company) | | | |
| BOC Bangladesh Limited (Subsidiary Company) | | | |

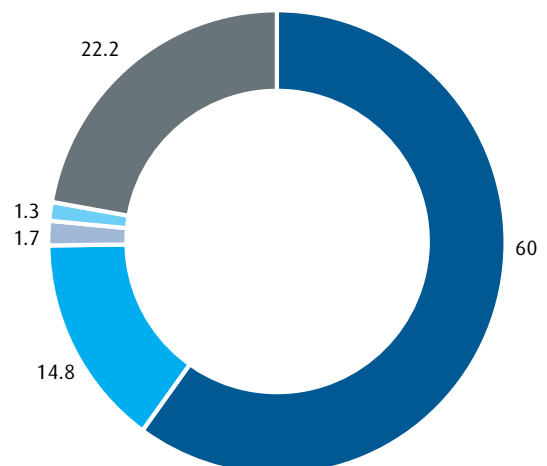
Percentage of shareholdings – institutes & publics

- The BOC Group Limited (60.0)
- Various Institutes (29.9)
- Public (10.1)



Percentage of shareholdings – various companies & others

- The BOC Group Limited (60)
- Investment Corporation of Bangladesh (14.8)
- LANKABANGLA Securities Ltd. (1.7)
- Sadharan Bima Corporation (1.3)
- Other Shareholders (22.2)



Meetings.

Board Meetings

During the period the Board met six times.

| | Name of the Directors | No. of attendees |
|---|--|------------------|
| 1 | Mr. Ayub Quadri-Chairman | 6 |
| 2 | Mr. Mohsin Uddin Ahmed-CEO | 6 |
| 3 | Mr. Moloy Banerjee | 5 |
| 4 | Ms. Desiree Bacher | 2 |
| 5 | Ms. Parveen Mahmud (Independent Director- resigned on 18 April 2019) | 6 |
| 6 | Mr. Waliur Rahman Bhuiyan OBE (Independent Director-resigned on 30 September 2018) | 3 |
| 7 | Mr. Indranil Bagchi | 4 |
| 8 | Mr Kazi Sanaul Hoq | 4 |
| 9 | Ms. Rupali H Chowdhury (Joined 13 Dec 2018 in place of Mr. Waliur Rahman Bhuiyan) | 1 |

Audit Committee Meetings

There were four meetings during the period.

| | Name of the Members | No. of attendees |
|---|---|------------------|
| 1 | Ms. Parveen Mahmud- Chairperson (Independent Director- resigned on 18 April 2019) | 4 |
| 2 | Mr. Moloy Banerjee- Director- Corporate Investor nominated | 4 |
| 3 | Ms. Desiree Bacher- Director- Corporate Investor nominated | 2 |
| 4 | Mr. Waliur Rahman Bhuiyan OBE- Independent Director (resigned on 30 September 2018) | 2 |
| 5 | Ms. Rupali H Chowdhury (Joined 13 Dec 2018 in place of Mr. Waliur Rahman Bhuiyan) | Nil |

Note: The tenure of Ms Parveen Mahmud, Chairperson of Audit Committee ended on 18 April 2019 and Ms Rupali H Chowdhury is appointed as Chairperson of Audit Committee with effect from 19 April 2019.

Nomination and Remuneration Committee Meetings

Company conducted through a Resolution by Circulation # 1/19 and 2/19 dated 19 February 2019.

| | Name of the Members | No. of attendees |
|---|--|------------------|
| 1 | Ms. Rupali H Chowdhury- Chairperson (Independent Director) | N/A |
| 2 | Mr. Moloy Banerjee- Non-Executive Director- Corporate Investor nominated | N/A |
| 3 | Ms. Desiree Bacher- Non-Executive Director- Corporate Investor nominated | N/A |

Annexure A.

[As per condition No. 1(5)(xxvi)]

Declaration by CEO and CFO

4 March 2019

The Board of Directors

Linde Bangladesh Limited
Corporate Office
285 Tejgaon Industrial Area
Dhaka-1208, Bangladesh

Subject: Declaration on Financial Statements for the year ended on 31 December 2018

Dear Sirs,

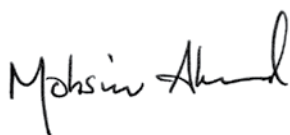
Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of Linde Bangladesh Limited for the year ended on 31 December 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- i. We have reviewed the financial statements for the year ended on 31 December 2018 and that to the best of our knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- 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 in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Mohsin Uddin Ahmed
Chief Executive Officer (CEO)



Md Anisuzzaman
Chief Financial Officer (CFO)

Annexure B.

[Certificate as per condition No. 1(5)(xxvii)]

Report to the Shareholders of Linde Bangladesh Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Linde Bangladesh Limited for the year ended on 31 December 2018. This Code relates to the Notification No BSEC/CMRRCD/2006-158/207/Admin/80 Dated 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The governance of the company is satisfactory.

Dhaka, 4 March 2019



M. Mehedi Hasan
Partner
Rahman Rahman Huq
Chartered Accountants

Annexure C.

[As per condition No.1 (5) (xxvii)]

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9).

| Condition No. | Title | Compliance Status Put (✓) in the appropriate column | | Remarks (if any) |
|----------------|--|---|--------------|------------------|
| | | Complied | Not Complied | |
| 1.00 | Board of Directors. | | | |
| 1.1 | Board's Size: Board members should not be less than 5(five) and more than 20 (twenty). | ✓ | | |
| 1.2 | Independent Directors. | | | |
| 1.2 (a) | At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors. | ✓ | | |
| 1.2 (b) (i) | 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. | ✓ | | |
| 1.2 (b) (ii) | 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. | ✓ | | |
| 1.2 (b) (iii) | who has not been an executive of the company in immediately preceding 2 (two) financial years; | ✓ | | |
| 1.2 (b) (iv) | Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies. | ✓ | | |
| 1.2 (b) (v) | who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange; | ✓ | | |
| 1.2 (b) (vi) | who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market; | ✓ | | |
| 1.2 (b) (vii) | who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code; | ✓ | | |
| 1.2 (b) (viii) | Not an Independent Director in more than five listed companies | ✓ | | |
| 1.2 (b) (ix) | 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); | ✓ | | |
| 1.2 (b) (x) | Who has not been convicted for a criminal offence involving moral turpitude. | ✓ | | |
| 1.2 (c) | The independent director (s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM). | ✓ | | |
| 1.2 (d) | The post of independent director (s) cannot remain vacant for more than 90 (ninety) days. | ✓ | | No such matter |
| 1.2 (e) | 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. Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]: Provided further that the independent director shall not be subject to retirement by rotation as per of under section 18 of the Companies Act, 1994. | ✓ | | |
| 1.3 | Qualification of Independent Director. | | | |
| 1.3 (a) | 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. | ✓ | | |
| 1.3 (b) (i) | Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or | ✓ | | |
| 1.3 (b) (ii) | Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or | ✓ | | |
| 1.3 (b) (iii) | Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or | ✓ | | |

| Condition No. | Title | Compliance Status Put (✓) in the appropriate column | | Remarks (if any) |
|---------------|--|---|--------------|--|
| | | Complied | Not Complied | |
| 1.3 (b) (iv) | University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or | ✓ | | |
| 1.3 (b) (v) | Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification; | ✓ | | |
| 1.3 (c) | The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b); | ✓ | | |
| 1.3 (d) | In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission. | ✓ | | No such matter |
| 1.4 | Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer. | | | |
| 1.4 (a) | The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals; | ✓ | | |
| 1.4 (b) | The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company; | ✓ | | |
| 1.4 (c) | The Chairperson of the Board shall be elected from among the non-executive directors of the company; | ✓ | | |
| 1.4 (d) | The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer; | ✓ | | |
| 1.4 (e) | In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes; | ✓ | | No such matter |
| 1.5 | The Directors' Report to Shareholders. | | | |
| 1.5 (i) | Industry outlook and possible future developments in the industry; | ✓ | | |
| 1.5 (ii) | Segment-wise or product-wise performance; | ✓ | | |
| 1.5 (iii) | Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any; | ✓ | | |
| 1.5 (iv) | A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable; | ✓ | | |
| 1.5 (v) | A discussion on continuity of any extraordinary activities and their implications (gain or loss). | ✓ | | There was no extraordinary activities. |
| 1.5 (vi) | A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions; | ✓ | | |
| 1.5 (vii) | A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments; | ✓ | | No such matter |
| 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. | ✓ | | No such matter |
| 1.5 (ix) | An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements; | ✓ | | No such matter |
| 1.5 (x) | A statement of remuneration paid to the directors including independent directors; | ✓ | | |
| 1.5 (xi) | A statement that 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; | ✓ | | |
| 1.5 (xii) | A statement that proper books of account of the issuer company have been maintained; | ✓ | | |
| 1.5 (xiii) | A statement that 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; | ✓ | | |
| 1.5 (xiv) | A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed; | ✓ | | |
| 1.5 (xv) | A statement that the system of internal control is sound in design and has been effectively implemented and monitored; | ✓ | | |
| 1.5 (xvi) | A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress; | ✓ | | |

| Condition No. | Title | Compliance Status Put (✓) in the appropriate column | | Remarks (if any) |
|-----------------|--|---|--------------|--|
| | | Complied | Not Complied | |
| 1.5 (xvii) | A statement that there is no significant doubt 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 there of shall be disclosed; | ✓ | | No such matter |
| 1.5 (xviii) | An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained; | ✓ | | |
| 1.5 (xix) | A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized; | ✓ | | |
| 1.5 (xx) | An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year; | ✓ | | |
| 1.5 (xxi) | Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend; | ✓ | | |
| 1.5 (xxii) | The total number of Board meetings held during the year and attendance by each director; | ✓ | | |
| 1.5 (xxiii) | A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:- | ✓ | | |
| 1.5 (xxiii) (a) | Parent or Subsidiary or Associated Companies and other related parties (name-wise details); | ✓ | | |
| 1.5 (xxiii) (b) | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details); | ✓ | | |
| 1.5 (xxiii) (c) | Executives; and | ✓ | | |
| 1.5 (xxiii) (d) | Shareholders holding ten percent (10%) or more voting interest in the company (name wise details) | ✓ | | |
| 1.5 (xxiv) (a) | A brief resume of the director; | ✓ | | |
| 1.5 (xxiv) (b) | Nature of his/her expertise in specific functional areas; and | ✓ | | |
| 1.5 (xxiv) (c) | Names of companies in which the person also holds the directorship and the membership of committees of the Board; | ✓ | | |
| 1.5 (xxv) (a) | Accounting policies and estimation for preparation of financial statements; | ✓ | | |
| 1.5 (xxv) (b) | Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes; | ✓ | | |
| 1.5 (xxv) (c) | Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof; | ✓ | | |
| 1.5 (xxv) (d) | Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario; | ✓ | | |
| 1.5 (xxv) (e) | Briefly explain the financial and economic scenario of the country and the globe; | ✓ | | |
| 1.5 (xxv) (f) | Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and | ✓ | | |
| 1.5 (xxv) (g) | Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM; | ✓ | | |
| 1.5 (xxvi) | Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and | ✓ | | |
| 1.5 (xxvii) | The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C. | ✓ | | |
| 1.6 | Meeting of the Board of Directors. | | | |
| | The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code. | ✓ | | |
| 1.7 | Code of Conduct for the Chairperson, other Board members and Chief Executive Officer. | | | |
| 1.7 (a) | The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company; | | | Refer to remarks of 6.4 "Meeting of the NRC" |
| 1.7 (b) | The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behaviour; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency. | | | |

| Condition No. | Title | Compliance Status Put (✓) in the appropriate column | | Remarks (if any) |
|---------------|--|---|--------------|------------------|
| | | Complied | Not Complied | |
| 2 | Governance of Board of Directors of Subsidiary Company. | | | |
| 2 (a) | Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company; | ✓ | | |
| 2 (b) | At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company; | ✓ | | |
| 2 (c) | The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company; | ✓ | | |
| 2 (d) | The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also; | ✓ | | |
| 2 (e) | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company. | ✓ | | |
| 3 | Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS). | | | |
| 3.1 | Appointment. | | | |
| 3.1 (a) | The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC); | ✓ | | |
| 3.1 (b) | The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals; | ✓ | | |
| 3.1 (c) | The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time; | ✓ | | |
| 3.1 (d) | The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS; | ✓ | | |
| 3.1 (e) | The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s). | ✓ | | No such matter |
| 3.2 | Requirement to attend Board of Directors' Meeting. | | | |
| | The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters. | ✓ | | |
| 3.3 | Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO) | ✓ | | |
| 3.3 (a) (i) | These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and | ✓ | | |
| 3.3 (a) (ii) | 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; | ✓ | | |
| 3.3 (b) | The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members; | ✓ | | |
| 3.3 (c) | The certification of the MD or CEO and CFO shall be disclosed in the Annual Report. | ✓ | | |
| 4 | Board of Directors' Committee. | | | |
| 4 (i) | Audit Committee; and | ✓ | | |
| 4 (ii) | Nomination and Remuneration Committee | ✓ | | |
| 5 | Audit Committee. | | | |
| 5 (1) | Responsibility to the Board of Directors. | | | |
| 5 (1) (a) | The company shall have an Audit Committee as a sub-committee of the Board; | ✓ | | |
| 5 (1) (b) | The Audit Committee shall assist the Board 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; | ✓ | | |
| 5 (1) (c) | The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing. | ✓ | | |
| 5.2 | Constitution of the Audit committee. | | | |
| 5.2 (a) | The Audit Committee shall be composed of at least 3 (three) members; | ✓ | | |
| 5.2 (b) | The Board shall appoint members of the Audit Committee who shall be nonexecutive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director; | ✓ | | |

| Condition No. | Title | Compliance Status Put (✓) in the appropriate column | | Remarks (if any) |
|---------------|---|---|--------------|------------------|
| | | Complied | Not Complied | |
| 5.2 (c) | All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience; | ✓ | | |
| 5.2 (d) | When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before 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 shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee; | ✓ | | |
| 5.2 (e) | The company secretary shall act as the secretary of the Committee; | ✓ | | |
| 5.2 (f) | The quorum of Audit Committee meeting shall not constitute without at least 1 (One) independent director. | ✓ | | |
| 5.3 | Chairperson of the Audit Committee. | | | |
| 5.3 (a) | The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director; | ✓ | | |
| 5.3 (b) | In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | ✓ | | No such matter |
| 5.3 (c) | Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM. | ✓ | | |
| 5.4 | Meeting of the Audit Committee. | | | |
| 5.4 (a) | The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee; | ✓ | | |
| 5.4 (b) | The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must. | ✓ | | |
| 5.5 | Role of Audit Committee. | | | |
| 5.5 (a) | Oversee the financial reporting process; | ✓ | | |
| 5.5 (b) | Monitor choice of accounting policies and principles; | ✓ | | |
| 5.5 (c) | Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report; | ✓ | | |
| 5.5 (d) | oversee hiring and performance of external auditors; | ✓ | | |
| 5.5 (e) | Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption; | ✓ | | |
| 5.5 (f) | Review along with the management, the annual financial statements before submission to the Board for approval; | ✓ | | |
| 5.5 (g) | Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval; | ✓ | | |
| 5.5 (h) | Review the adequacy of internal audit function; | ✓ | | |
| 5.5 (i) | Review the Management’s Discussion and Analysis before disclosing in the Annual Report; | ✓ | | |
| 5.5 (j) | Review statement of all related party transactions submitted by the management; | ✓ | | |
| 5.5 (k) | Review Management Letters or Letter of Internal Control weakness issued by statutory auditors; | ✓ | | |
| 5.5 (l) | Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and | ✓ | | |

| Condition No. | Title | Compliance Status Put (✓) in the appropriate column | | Remarks (if any) |
|------------------|---|---|--------------|---|
| | | Complied | Not Complied | |
| 5.5 (m) | Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds 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: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee | ✓ | | No such matter |
| 5.6 | Reporting of the Audit Committee. | | | |
| 5.6 (a) | Reporting the Board of Directors. | | | |
| 5.6 (a) (i) | The Audit Committee shall report on it activates to the Board; | ✓ | | |
| 5.6 (a) (ii) (a) | Report on conflicts of interest; | ✓ | | No such matter was identified during the year |
| 5.6 (a) (ii) (b) | Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; | ✓ | | |
| 5.6 (a) (ii) (c) | Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and | ✓ | | |
| 5.6 (a) (ii) (d) | Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately; | ✓ | | |
| 5.6 (b) | Reporting to the Authorities. | | | |
| | If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board 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 for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier. | ✓ | | No such matter was identified during the year |
| 5.7 | Reporting to the Shareholders and General Investors. | | | |
| | Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company. | ✓ | | |
| 6 | Nomination and Remuneration Committee (NRC). | | | |
| 6.1 | Responsibility to the Board of Directors. | | | |
| 6.1 (a) | The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board; | ✓ | | |
| 6.1 (b) | The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive; | ✓ | | |
| 6.1 (c) | The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6.5 (b). | ✓ | | |
| 6.2 | Constitution of the NRC. | | | |
| 6.2 (a) | The Committee shall comprise of at least three members including an independent director; | ✓ | | |
| 6.2 (b) | All members of the Committee shall be non-executive directors; | ✓ | | |
| 6.2 (c) | Members of the Committee shall be nominated and appointed by the Board; | ✓ | | |
| 6.2 (d) | The Board shall have authority to remove and appoint any member of the Committee; | ✓ | | |
| 6.2 (e) | In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee; | ✓ | | No such matter |
| 6.2 (f) | The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee; | ✓ | | No such matter |
| 6.2 (g) | The company secretary shall act as the secretary of the Committee; | ✓ | | |
| 6.2 (h) | The quorum of the NRC meeting shall not constitute without attendance of at least an independent director; | | | Refer to remarks of 6.4 "Meeting of the NRC" |

| Condition No. | Title | Compliance Status Put (✓) in the appropriate column | | Remarks (if any) |
|-----------------|--|---|--------------|--|
| | | Complied | Not Complied | |
| 6.2 (i) | No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company. | | | Refer to remarks of 6.4 "Meeting of the NRC" |
| 6.3 | Chairperson of the NRC. | | | |
| 6.3 (a) | The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director; | ✓ | | |
| 6.3 (b) | In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes; | | | Refer to remarks of 6.4 "Meeting of the NRC" |
| 6.3 (c) | The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM. | | | Not applicable since no AGM is held after the issuance of this circular |
| 6.4 | Meeting of the NRC. | | | |
| 6.4 (a) | The NRC shall conduct at least one meeting in a financial year; | | | No meeting of the NRC was held during the year ended 31 December 2018 as new code came into effect from the mid of the year and no definition has been provided for financial year. Hence, the condition for NRC meeting and it's corresponding other conditions are planned to conduct in 2019 considering 12 month financial year starting from the date of issue of new code. |
| 6.4 (b) | The chairperson of the NRC may convene any emergency meeting; | | | |
| 6.4 (c) | The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h); | | | |
| 6.4 (d) | The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such mines shall be confirmed in the next meeting. | | | |
| 6.5 | Role of NRC. | | | |
| 6.5 (a) | NRC shall be independent and responsible or accountable to the Board and to the shareholders; | ✓ | | |
| 6.5 (b) (i) (a) | The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully | ✓ | | |
| 6.5 (b) (i) (b) | The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and | ✓ | | |
| 6.5 (b) (i) (c) | The remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals; | ✓ | | |
| 6.5 (b) (ii) | Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality; | ✓ | | |
| 6.5 (b) (iii) | Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board; | ✓ | | |
| 6.5 (b) (iv) | Formulating the criteria for evaluation of performance of independent directors and the Board; | ✓ | | |
| 6.5 (b) (v) | Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and | ✓ | | |
| 6.5 (b) (vi) | Developing, recommending and reviewing annually the company's human resources and training policies; | ✓ | | |
| 6.5 (c) | The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report. | ✓ | | |

| Condition No. | Title | Compliance Status Put (✓) in the appropriate column | | Remarks (if any) |
|---------------|---|---|--------------|--|
| | | Complied | Not Complied | |
| 7.1 | The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely: - | ✓ | | |
| 7.1 (i) | Appraisal or valuation services or fairness opinions; | ✓ | | |
| 7.1 (ii) | Financial information systems design and implementation; | ✓ | | |
| 7.1 (iii) | Book-keeping or other services related to the accounting records or financial statements; | ✓ | | |
| 7.1 (iv) | Broker-dealer services; | ✓ | | |
| 7.1 (v) | Actuarial services; | ✓ | | |
| 7.1 (vi) | Internal audit services or special audit services; | ✓ | | |
| 7.1 (vii) | Any service that the Audit Committee determines; | ✓ | | |
| 7.1 (viii) | Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and | ✓ | | |
| 7.1 (ix) | Any other service that creates conflict of interest; | ✓ | | |
| 7.2 | No 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; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members; | ✓ | | |
| 7.3 | Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders. | ✓ | | |
| 8 | Maintaining a website by the company. | | | |
| 8.1 | The company shall have an official website linked with the website of the stock exchange. | ✓ | | |
| 8.2 | The company shall keep the website functional from the date of listing. | ✓ | | |
| 8.3 | The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s). | ✓ | | |
| 9 | Reporting and Compliance of Corporate Governance. | | | |
| 9.1 | The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report. | ✓ | | |
| 9.2 | The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting. | | | Not applicable for the year since AGM of Linde Bangladesh Limited for the year ended 31 December 2017 held before the issuance of this circular. Hence, Linde could not appoint the professional in AGM. |
| 9.3 | The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not. | ✓ | | |

Corporate Governance.

Corporate governance practices

Sound corporate governance is fundamental to a company's long-term success. The Board of Directors of Linde Bangladesh Limited is firmly committed to upholding principles of sound corporate governance. The Board's Management and supervision of actions are always guided by a 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. Linde's 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.

Linde Bangladesh Limited follows the Corporate Governance Code promulgated by the Bangladesh Securities and Exchange Commission vide Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018.

Role of the 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. Responsibilities of the Board is steered by the regulations contained in the Memorandum and Articles of Association of the Company, the Companies Act 1994, relevant valid regulations, Codes of Corporate Governance of BSEC, Listing Regulations of Exchanges, corporate best practices of the Country and Company's Codes of Conduct. 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 six times in 2018. 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. Board meetings were held under section # 96 of Companies Act 1994 and Bangladesh Securities and Exchange Commission (BSEC) regulations regarding Board meeting were complied with. The company conducts

its Board meetings and records the minutes of the meetings as well as keeps required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB). Director's attendance in the Board meeting is shown in ➔ [page # 20](#) of the Report of the Board of Directors.

Audit Committee

Linde Bangladesh Limited has an Audit Committee as a sub-Committee of the Board of Directors. The aims of the establishment of an Audit Committee is to create efficiency in the operations and to add value to the organization.

The Audit Committee is appointed by the Board of Directors to assist the Board in discharging its oversight responsibilities by reviewing:

- the financial reporting process to ensure the balance, transparency and integrity of published financial information so that the financial statements reflect true and fair view of the state of affairs of the company;
- the effectiveness of the company's internal financial control and risk management system as well as the effectiveness of the internal audit and compliance function to ensure sound monitoring system within the business;
- the independent audit process including recommending the appointment and assessing the performance of the external auditor.

In performing its duties, the Committee maintains effective working relationships with the Board of Directors, management, and the external and internal auditors. The Audit Committee is responsible to the Board of Directors according to the duties and responsibilities assigned by the Board of Directors. To perform his or her role effectively, each Committee member needs to develop and maintain his or her skills and knowledge, including an understanding of the committee's responsibilities and of the company's business, operations and risks. A separate report on activities of the Audit Committee is attached at ➔ [page # 37](#) of this report pursuant to condition # 5(7) of the Corporate Governance Code of 3 June 2018.

Nomination & Remuneration Committee (NRC)

The Nomination & Remuneration Committee of Linde Bangladesh Limited is appointed by the Board of Directors, as required by the Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) notification. The NRC consist of three members, of whom one is an independent director, and rest are the nominated directors.

The Nomination & Remuneration Committee (NRC) was set up with clear terms of reference. The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive. The Nomination and

Remuneration (NRC) Committee shall, at least once a year, consider its own act and terms of reference to ensure that it is functioning at maximum usefulness and recommend any updates necessary to the Board for consent. The policy of NRC is attached at [⇒ page # 38](#) of this report pursuant to condition # 6.5(c) of the Corporate Governance Code of 3 June 2018.

Chairperson and Managing Director/CEO of the Company are different persons

To reinforce compliance of the Corporate Governance Code of 1(4), Chairperson of the Board and Managing Director/CEO of the Company are different individuals with different roles and responsibilities as defined by the Board. The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company. The Chairperson and Managing Director of the Board is to be balanced to ensure that its members collectively possess the knowledge, skills and professional experience necessary to enable them to discharge their duties in a fit and proper manner. The Chairperson is a Non-Executive Director while the Managing Director/CEO is an Executive Director. The Chairperson and Managing Director/CEO ensures that the Board is functioning in accordance with the Memorandum and Articles of Association of the Company as well as other applicable laws.

Role of the Chairperson

The Chairperson of the Board shall be elected by the Board of Directors from among the non-executive directors of the company. In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes. The purpose of the role is to make the board excellent and to take personal responsibility for the level of quality in the boardroom, to improve and maximize the governance process, thus protecting the shareholders assets and ensuring decent return on their investment. A brief of the roles and responsibilities of the Chairperson is as follows:

- The Chairperson's responsibility is defined by the Board as directed by BSEC Corporate Governance code.
- Responsible for overseeing the board meetings as well as the executive sessions of independent directors, organizing and coordinating the board's activities.
- The Chairperson confirms that the Board is functioning in harmony with the Memorandum and Articles of Association of the Company as well as other pertinent laws.
- Reviewing and evaluating the performance of the Managing Director and the other board members.
- Ensure that all statutory and legal compliance is strictly adhered
- Ensure internal Linde compliance in all aspects of the business.
- Work closely with the Board of Directors, Global, Regional, Cluster and Country Leadership Team, Regional Partners; in country teams; external organizations including industry and legislative bodies.

Role of the Managing Director & CEO

The directors shall appoint Managing Director & CEO for such period and upon such terms as they think fit. The purpose of the role is to drive profitable growth in Linde's business, identify new business opportunities, align the organisation internally and implement the industry best practices within the Company as per approved objective. The Managing Director works closely with the Board of Directors, Global, Regional, Cluster and Country Leadership Team, Functional Heads, Regional Partners; in country teams; external organizations including industry and legislative bodies. A brief of the roles and responsibilities of the Managing Director & CEO is as follows:

- Delivering company's over-all financial and non-financial targets (profit and loss management, safety, quality, regulatory compliance, customer service KPI's, DSO, etc.).
- Provide over-all leadership and management in business in terms of sales, marketing, local product management, pricing, trademark, branding and regulatory compliance.
- Reporting of key business qualitative and quantitative performance indicators across relevant departments and management levels.
- Develop in-depth understanding of the existing trend of local market, value chain, customer segments and competitors within the market sector and incorporate those into company's business strategies.
- Review organization and succession planning to ensure business continuity within the team.
- Ensure internal Linde compliance in all aspects of the business.

Role of the Chief Financial Officer (CFO)

The Chief Financial Officer (CFO) shall be appointed by the directors for such time, at such remuneration and upon such conditions as they may think fit, and any Chief Financial Officer so appointed may be removed by them. The Corporate Governance Code # 3 issued by BSEC requires a listed company to appoint a Chief Financial Officer who shall not hold any executive position in any other company at the same time. The Chief Financial Officer of a company has overall responsibility for the strategic planning, implementation, managing and running of all the finance activities of the company, including business planning, budgeting, forecasting, risk and governance as well as negotiations. The CFO job description should also implement company's overall financial policy to achieve Company's short and long term financial goals. A brief of the roles and responsibilities of the Chief Financial Officer is as follows:

- Formulates and administers financial policy and develops best financial practices in the Company.
- Draws strategy to maintain smooth cash flow throughout the year.
- Ensures that all rules and regulations of the Company, the Statutory/Regulatory bodies, the Company laws, Security & Exchange Rules are fully in compliance.
- Supports and monitors activities of Share and Finance Departments and provide shareholders' appropriate services.
- Assists and advises the Managing Director of the Company in matters of financial decisions and briefs the Board members with finance related information.

- Leads the budget preparation process and finalises it.
- Establishes standardised systems and processes for various financial operations and ensures development of standard operating procedures.
- Creates a culture of financial discipline by ensuring the implementation of management and financial management systems and processes across the organization.
- Present the financials to the Board and Country Leadership team.
- Manages key financial risks including that of Treasury and Insurance and update the Board time to time.
- Formulates and administers financial policy & accounting practices and reporting system in the Company.
- Strives to achieve cost control through judicious control over the commercial planning, contracts and taxation matters.

Role of the Company Secretary

The Secretary shall be appointed by the directors for such time, at such remuneration and upon such conditions as they may think fit, and any Secretary so appointed may be removed by them. The purpose of this position is to guide company directors about the operation of the company, including compliance with legal and statutory requirements to achieve Company's short and long-term goals. The Corporate Governance Code # 3 issued by BSEC requires a listed company to appoint a full-fledged Company Secretary who shall not hold any executive position in any other company at the same time. Company Secretary should work closely with Board of Directors, different committee members, shareholders, regulatory authorities and all functional heads of the company. The Company Secretary plays an important role in ensuring that a company and its directors both comply with Company law. The Company Secretary shall organise Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of these Code and guided by the regulations contained in the Memorandum and Articles of Association of the Company, the Companies Act, 1994, relevant applicable regulations, BSEC Codes of Corporate Governance, Listing Regulations of the exchanges and other generally accepted corporate best practices.

Being a governance official, the Company Secretary drives for corporate compliance and provides support to the Chairman, other members of the Board and the Managing Director to ensure effective functioning of the Board. The Company Secretary organises and attends all Board and Committee meetings and ensures that deliberations on all issues are properly minuted decisions recorded and are duly communicated across the respective authority lines for necessary information and actions. A brief of the roles and responsibilities of the Company Secretary is as follows:

- Convening and servicing annual general meeting (AGM), extra-ordinary general meetings (EGM) including producing agendas, taking minutes; conveying decisions etc.
- Providing support to committees and working parties such as the Board of Directors, Audit Committee etc.

- Implementing procedural/administrative systems as directed.
- Handling correspondence before and after meetings.
- Ensuring policies are kept current, are approved, and that company members are aware of their implications.
- Prepare various management reports for Board Directors.
- Collating information and report accordingly as directed on company matters.
- Providing legal/financial advice during and outside of meetings.
- Ensure that all regulatory requirements and reporting are strictly adhered.
- Maintaining current awareness about company law.
- Keeping the register of shareholders updated and liaising with them on behalf of the company.

Role of the Head of Internal Audit & Compliance (HIAC)

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 Auditors submit their observation on weaknesses and non compliance of company's practices and statutory provisions. The Head of Internal Audit and Compliance is responsible for the internal control system and reporting to the Audit Committee regarding deviations from accounting and internal control system. The internal auditors embark on a comprehensive audit of all functional areas and operations and their findings are referred to the Audit Committee of the Board for due appraisal with the BSEC guideline.

The Head of Internal Audit and Compliance (HIAC), performs group-wide independent, objective assurance and consulting activities in order to add value and improve the organisation's operations. Fulfils the country level Audit Committee requirements in the role of Country Head of Internal Audit which is a statutory requirement of the local country Companies Act. LBL has made relevant mandatory disclosures in its financial statements under the regulatory framework, including compliance with the provisions of International Financial Reporting Standards (IFRS) as adopted in Bangladesh. Besides that, it submits all the reports/statements regularly which are required to be sent to the regulators as well as the other stakeholders of the Company. A brief of the roles and responsibilities of the Head of Internal Audit and Compliance (HIAC) is as follows:

- Present project status updates to members of the Audit Committee.
- Convey key issues identified, the risks associated, the recommendations required and the management comments.
- Describe the severity of findings and how it impacts the respective country financial performance.
- Present feedback on investigations and outcomes.
- Handle all queries regarding Internal Audit as raised in the Audit Committee meeting or requested by the chairperson.
- Ensure stakeholder appreciation for the work done by Internal Audit.
- Achieve good understanding of the country operations and business models.

- Engage with the country leadership to build good working relations.
- Interact with the External Auditors as required to understand their challenges and risks identified in the company.
- Conduct annual risk assessments and feedback to the Head of Audit to incorporate in the risk based audit plans.
- Ensure the agreed audit plans are delivered for the respective country/ies.

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. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018. Corporate Governance Compliance Report is attached in Annexure C.

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.
- International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), 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.

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.

Statutory Audit

The Company prepares and publishes its annual financial statements and interim financial statements in accordance with International Financial Reporting Standards (IFRS) 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.

As per these regulations, auditors are appointed by Shareholders at each Annual General Meeting (AGM) and their remuneration is also fixed by the Shareholders at the same AGM. Appropriate structure is in place as per corporate governance best practices to ensure independence of statutory auditors. Statutory auditors are changed every three years in compliance with the Bangladesh Securities and Exchange Commission (BSEC) regulations.

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.

Compliance Audit

Compliance audit of the company is ruled by the Corporate Governance Code # 9(1) issued by BSEC on 3 June 2018 that the professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting. The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and such certificate shall be disclosed in the Annual Report. To ensure good governance a Compliance Certificate is obtained from licensed practicing professionals who certify that the company has duly complied with all the regulatory requirements as stipulated by the Bangladesh Securities and Exchange Commission (BSEC). The Compliance Certificate is available at ➔ [page # 22](#) in this Report.

Declaration of CEO and the CFO regarding Financial Statements

A separate statement pertaining to due diligence of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as required under Corporate Governance Code of BSEC is presented in Annexure-A at ➔ [page # 21](#) of this report.

Employee

Total number of employees in the Linde Bangladesh Limited at 31 December 2018 was 305 (31 December 2017: 317). The Company paid salary and wages Taka 510 million (31 December 2017 Taka 531 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 pro-

tection 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 2018 in accordance with applicable law and regulations.

The Management is required to prepare the financial statements in accordance with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), 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.

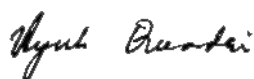
The Directors are legally responsible for ensuring fair presentation of financial statements, which comprises of the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and 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 # 39-42](#) of the Annual Report.

On behalf of the Board of Directors,
Dhaka, 4 March 2019



Ayub Quadri
Director & Chairman



Mohsin Uddin Ahmed
Managing Director

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 ensuring good governance of the Company and it is a sub-committee of the Board. The Audit Committee consist of four members, of which two are independent directors. Meetings of the Committee were attended by the Managing Director, Chief Financial Officer of the company on invitation.

The Composition of the Audit Committee

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, Independent Director |
| Mr. Moloy Banerjee | Member, Non-Executive Director |
| Ms. Desiree Bacher | Member, Non-Executive Director |
| Ms. Rupali H Chowdhury | Member, Non-Executive Director |
| Mr Abu Mohammad Nisar | Secretary |

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

There were four meetings during the period. 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 and regularly updates the Board of Directors on their observations and status of control environment. The members of Committee were apprised duly by:

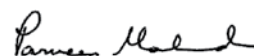
- The external auditor on accounting policies, internal controls, compliance of statutory provisions of law and other regulatory authorities, Compliance of Bangladesh Accounting Standards and appropriateness of disclosure in the Financial Statements. The committee reviewed the audit findings and management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

Reporting

Pursuant to condition # 5(6)(a) of the Corporate Governance Code-2018 issued by BSEC, the Committee reports that it did not find any conflict of interest, any fraud, irregularity or material defect in the internal control system. There also are no infringement of laws rules and regulations.

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
Dhaka, 4 March 2019

Report on the Nomination & Remuneration Committee (NRC).

The Nomination & Remuneration Committee of Linde Bangladesh Limited is appointed by the Board of Directors, as required by Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) notification. The NRC consist of three members, of whom one is an independent director, and rest are nominated directors. Pursuant to code 6.5(c) of the codes of corporate governance, the Nomination & Remuneration Policy of the Company is presented hereunder at a glance:

Nomination & Remuneration Committee (NRC)

The Nomination & Remuneration Committee (NRC) was set up with clear terms of reference. The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive. The Nomination and Remuneration (NRC) Committee shall, at least once a year, consider its own act and terms of reference to ensure that it is functioning at maximum usefulness and recommend any updates necessary to the Board for consent.

The Composition of the NRC

The Board of Directors has appointed the Nomination & Remuneration Committee comprising at least three members including an Independent Director and all members of the Committee are Non-Executive Directors. The following members of the Committee are:

| | |
|-----------------------|-----------------------------------|
| Ms Rupali H Chowdhury | Chairperson, Independent Director |
| Mr Moloy Banerjee | Member, Non-Executive Director |
| Ms Desiree Bacher | Member, Non-Executive Director |
| Mr Abu Mohammad Nisar | Secretary |

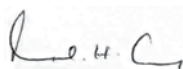
The Responsibilities of the Nomination Committee

The Committee shall be independent and responsible or accountable to the Board and to the Shareholders. The responsibilities of the Committee are as follows:

- Review and recommend the size and composition of the Board, including review of Board succession plans and the succession of the Chairman.
- Review and recommend a policy to the Board relating to the nomination criteria for determining qualifications, positive attributes, experiences and Independence of Directors and top level executives.
- Assist the Board as required to identify individuals who are qualified to become Directors and who may be appointed in top level executive position in accordance with the nomination criteria laid down, and recommend their appointment/re-appointment and removal to the Board.

- Review and recommend to the Board the policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality.
- Review the Code of Conduct of Board on a periodic basis, and recommend any amendments for Board consideration.
- Ensure that an effective induction process is in place for any newly appointed Director and regularly review its effectiveness.
- Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria.
- Developing, recommending and reviewing annually the company's human resources and training policies.
- Review and recommend a policy to Board relating to the remuneration of the Directors and top level executive, considering the following:
 - The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to run the company successfully,
 - The relationship of remuneration to performance is clear and meets appropriate performance benchmarks, and
 - Remuneration to Directors and top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- Assist the Board to formulate the criteria for evaluation of performance of the Board including Independent Director.
- Review and recommend to the Board the meeting attendance fees for the Non-Executive Directors of the Board.
- Recommend a report to the Board on activities of the Committee during the financial year.
- Such other key issues/matters as may be referred by the Board or as may be necessary in view of the provisions of the Country's Laws, Rules and Regulations.

On behalf of the Nomination & Remuneration Committee



Rupali H Chowdhury
Chairperson
Nomination & Remuneration Committee (NRC)
Dhaka, 4 March 2019

Consolidated Independent Auditors' Report to the Shareholders.

Report of the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Linde Bangladesh Limited (hereinafter referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other Information

Management is responsible for the other information. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably

be expected to outweigh the public interest benefits of such communication.

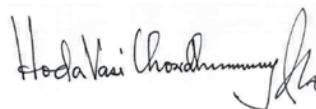
We have not come across any key audit issue for the year under audit, and as such nothing is reportable.

Report on Other Legal and Regulatory Requirements:

In accordance with the Companies Act, 1994 and International Standards on Auditing (ISAs), we also report the following:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b. 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;
- c. the Group's consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income along with the annexed notes 1 to 43 dealt with by the report are in agreement with the books of account; and
- d. the expenditure incurred was for the purposes of the Group's business.

Dhaka, 4 March 2019



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Independent Auditors' Report to the Shareholders.

Report of the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Linde Bangladesh Limited (hereinafter referred to as "the Company"), which comprise the statement of financial position as at 31 December 2018, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other Information

Management is responsible for the other information. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

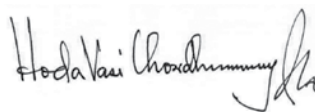
We have not come across any key audit issue for the year under audit, and as such nothing is reportable.

Report on Other Legal and Regulatory Requirements:

In accordance with the Companies Act, 1994 and International Standards on Auditing (ISAs), we also report the following:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b. 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;
- c. the Company's statement of financial position and the statement of profit or loss and other comprehensive income along with the annexed notes 01 to 43 dealt with by the report are in agreement with the books of account; and
- d. the expenditure incurred was for the purposes of the Company's business.

Dhaka, 4 March 2019



Hoda Vasi Chowdhury & Co.
Chartered Accountants

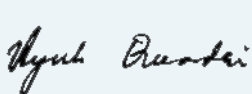
Consolidated Statement of Financial Position.

| | | As at 31 December | |
|---|-------|-------------------|------------------|
| | | 2018 | 2017 |
| | Notes | '000 Taka | '000 Taka |
| Assets | | | |
| Non-current assets | | 3,547,974 | 3,317,837 |
| Property, plant and equipment | 21 | 3,445,462 | 3,218,638 |
| Intangible assets | 22 | 11,755 | 18,699 |
| Advances, deposits and prepayments | 17 | 90,757 | 80,500 |
| Current assets | | 3,301,253 | 2,626,970 |
| Inventories | 15 | 842,895 | 683,575 |
| Trade and other receivables | 16 | 618,969 | 608,505 |
| Advances, deposits and prepayments | 17 | 224,415 | 180,886 |
| Investment | 18 | 10,753 | 10,535 |
| Current tax assets | 28(a) | - | 11,113 |
| Cash and cash equivalents | 19(a) | 1,604,221 | 1,132,356 |
| Total assets | | 6,849,227 | 5,944,806 |
| Equity and Liabilities | | | |
| Shareholders' equity | | | |
| Share capital | 23 | 152,183 | 152,183 |
| Other component of equity | | 16,069 | 9,915 |
| General reserve/retained earnings | | 4,304,151 | 3,513,559 |
| Equity attributable to owners of the Company | | 4,472,403 | 3,675,657 |
| Non-controlling interest | 39 | 0.38 | 0.73 |
| Total shareholders' equity | | 4,472,404 | 3,675,658 |
| Non-current liabilities | | 731,028 | 696,012 |
| Employee benefits | 24 | 155,465 | 161,342 |
| Deferred tax liabilities | 14.1 | 327,328 | 299,171 |
| Other non-current liabilities | 25 | 248,235 | 235,499 |
| Current liabilities | | 1,645,795 | 1,573,136 |
| Trade and other payables | 26(a) | 1,413,511 | 1,411,322 |
| Provision for expenses | 27(a) | 146,017 | 161,814 |
| Current tax liabilities | 28(a) | 86,267 | - |
| Total equity and liabilities | | 6,849,227 | 5,944,806 |
| Net Assets Value (NAV) Per Share | 29(a) | 293.88 | 241.53 |

These financial statements should be read in conjunction with annexed notes.

Dhaka, 4 March 2019

As per our report of same date



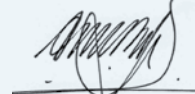
Ayub Quadri
Chairman



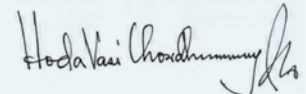
Mohsin Uddin Ahmed
Managing Director



Md Anisuzzaman
Chief Financial Officer



Abu Mohammad Nisar
Company Secretary



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Consolidated Statement of Profit or Loss and other Comprehensive Income.

| | Notes | For the year ended 31 December | |
|--|-------|--------------------------------|------------------|
| | | 2018 | 2017 |
| | | '000 Taka | '000 Taka |
| Revenue | 6 | 5,460,190 | 4,941,799 |
| Cost of sales | 7 | (3,177,097) | (2,632,227) |
| Gross profit | | 2,283,093 | 2,309,572 |
| Other income/(loss) | 9 | 30,539 | (18,847) |
| Operating expenses | 8(a) | (906,805) | (933,955) |
| Profit from operations | | 1,406,827 | 1,356,770 |
| Net finance income | 10 | 29,335 | 16,009 |
| Profit before contribution to WPPF | | 1,436,162 | 1,372,779 |
| Contribution to WPPF | 12 | (71,814) | (68,645) |
| Profit before tax | | 1,364,348 | 1,304,134 |
| Income tax expenses | 14 | (360,700) | (351,522) |
| Profit | | 1,003,648 | 952,612 |
| Other comprehensive income | | 6,154 | 9,915 |
| Total comprehensive income | | 1,009,802 | 962,527 |
| Profit attributable to: | | | |
| Owners of the Company | | 1,003,648 | 952,612 |
| Non-controlling interests | 39 | - | - |
| | | 1,003,648 | 952,612 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 1,009,802 | 962,527 |
| Non-controlling interests | 39 | - | - |
| | | 1,009,802 | 962,527 |
| Earnings per share (EPS): | | | |
| Basic and diluted earnings per share (par value Tk 10) in Taka | 11(a) | 65.95 | 62.60 |

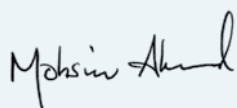
These financial statements should be read in conjunction with annexed notes.

Dhaka, 4 March 2019

As per our report of same date



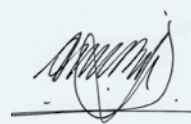
Ayub Quadri
Chairman



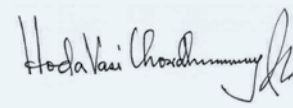
Mohsin Uddin Ahmed
Managing Director



Md Anisuzzaman
Chief Financial Officer



Abu Mohammad Nisar
Company Secretary



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Consolidated Statement of Changes in Equity.

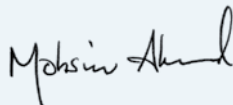
| | Attributable to owners of the Company | | | | | Non-controlling interests | Total equity |
|---|---------------------------------------|---------------------------|-----------------------------------|------------------|-------------|---------------------------|------------------|
| | Share capital | Other component of equity | General reserve/retained earnings | Total | | | |
| | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| Balance as at 1 January 2017 | 152,183 | - | 3,032,714 | 3,184,897 | 1.08 | | 3,184,898 |
| Profit for the year | - | - | 952,612 | 952,612 | (0.35) | | 952,612 |
| Other comprehensive income for the year | - | 9,915 | - | 9,915 | - | | 9,915 |
| Final dividend for the year 2016 | - | - | (167,401) | (167,401) | - | | (167,401) |
| Interim dividend for the year 2017 | - | - | (304,366) | (304,366) | - | | (304,366) |
| Balance as at 31 December 2017 | 152,183 | 9,915 | 3,513,559 | 3,675,657 | 0.73 | | 3,675,658 |
| Balance as at 1 January 2018 | 152,183 | 9,915 | 3,513,559 | 3,675,657 | 0.73 | | 3,675,658 |
| Profit for the year | - | - | 1,003,648 | 1,003,648 | (0.35) | | 1,003,648 |
| Other comprehensive income for the year | - | 6,154 | - | 6,154 | - | | 6,154 |
| Final dividend for the year 2017 | - | - | (213,056) | (213,056) | - | | (213,056) |
| Balance as at 31 December 2018 | 152,183 | 16,069 | 4,304,151 | 4,472,403 | 0.38 | | 4,472,404 |

These financial statements should be read in conjunction with annexed notes.

Dhaka, 4 March 2019



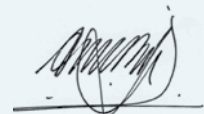
Ayub Quadri
Chairman



Mohsin Uddin Ahmed
Managing Director



Md Anisuzzaman
Chief Financial Officer



Abu Mohammad Nisar
Company Secretary

Consolidated Statement of Cash Flow.

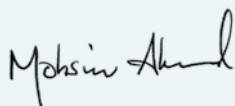
| | For the year ended 31 December | |
|---|--------------------------------|------------------|
| | 2018 | 2017 |
| | '000 Taka | '000 Taka |
| A. Cash flows from operating activities | | |
| Cash receipts from customers | 5,394,635 | 4,828,248 |
| Other receipts | 16,341 | 40,909 |
| Cash paid to suppliers and employees | (4,006,372) | (3,309,553) |
| Cash generated from operating activities | 1,404,604 | 1,559,604 |
| Income tax paid | (234,018) | (401,134) |
| Interest paid | (936) | (20) |
| Net cash from operating activities | 1,169,650 | 1,158,450 |
| B. Cash flows from investing activities | | |
| Payment for acquisition of property, plant and equipment | (551,615) | (969,008) |
| Payment for acquisition of intangible assets | - | (833) |
| Proceeds from sale of property, plant and equipment | 37,105 | 1,176 |
| Investment in fixed deposit receipts | (218) | (236) |
| Interest received | 27,971 | 17,813 |
| Net cash used in investing activities | (486,757) | (951,088) |
| C. Cash flows from financing activities | | |
| Dividend paid | (211,027) | (466,229) |
| Net cash used in financing activities | (211,027) | (466,229) |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | 471,866 | (258,867) |
| Cash and cash equivalents as at 1 January | 1,132,356 | 1,391,223 |
| Cash and cash equivalents as at 31 December | 1,604,221 | 1,132,356 |
| Net Operating Cash Flows Per Share (NOCFPS) | 76.86 | 76.12 |

These financial statements should be read in conjunction with annexed notes.

Dhaka, 4 March 2019



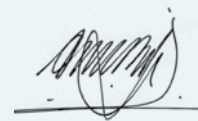
Ayub Quadri
Chairman



Mohsin Uddin Ahmed
Managing Director



Md Anisuzzaman
Chief Financial Officer



Abu Mohammad Nisar
Company Secretary

Statement of Financial Position.

| | Notes | As at 31 December | |
|---|-------|-------------------|-------------------|
| | | 2018 '000 Taka | 2017 '000 Taka |
| Assets | | | |
| Non-current assets | | 3,548,014 | 3,317,877 |
| Property, plant and equipment | 21 | 3,445,462 | 3,218,638 |
| Intangible assets | 22 | 11,755 | 18,699 |
| Investment in subsidiaries | 20 | 40 | 40 |
| Advances, deposits and prepayments | 17 | 90,757 | 80,500 |
| Current assets | | 3,301,233 | 2,626,955 |
| Inventories | 15 | 842,895 | 683,575 |
| Trade and other receivables | 16 | 618,969 | 608,505 |
| Advances, deposits and prepayments | 17 | 224,415 | 180,886 |
| Investment | 18 | 10,753 | 10,535 |
| Current tax assets | 28 | - | 11,118 |
| Cash and cash equivalents | 19 | 1,604,201 | 1,132,336 |
| Total assets | | 6,849,247 | 5,944,832 |
| Equity and Liabilities | | | |
| Shareholders' equity | | 4,472,691 | 3,675,819 |
| Share capital | 23 | 152,183 | 152,183 |
| Other component of equity | | 16,069 | 9,915 |
| General reserve/retained earnings | | 4,304,439 | 3,513,721 |
| Non-current liabilities | | 731,028 | 696,012 |
| Employee benefits | 24 | 155,465 | 161,342 |
| Deferred tax liabilities | 14.1 | 327,328 | 299,171 |
| Other non-current liabilities | 25 | 248,235 | 235,499 |
| Current liabilities | | 1,645,529 | 1,573,001 |
| Trade and other payables | 26 | 1,413,550 | 1,411,487 |
| Provision for expenses | 27 | 145,717 | 161,514 |
| Current tax liabilities | 28 | 86,262 | - |
| Total equity and liabilities | | 6,849,247 | 5,944,832 |
| Net Assets Value (NAV) Per Share | 29 | 293.90 | 241.54 |

These financial statements should be read in conjunction with annexed notes.

Dhaka, 4 March 2019

As per our report of same date

Ayub Quadri
Chairman

Mohsin Uddin Ahmed
Managing Director

Md Anisuzzaman
Chief Financial Officer

Abu Mohammad Nisar
Company Secretary

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Statement of Profit or Loss and other Comprehensive Income.

| | | For the year ended 31 December | |
|--|-------|--------------------------------|-------------|
| | | 2018 | 2017 |
| | Notes | '000 Taka | '000 Taka |
| Revenue | 6 | 5,460,190 | 4,941,799 |
| Cost of sales | 7 | (3,177,097) | (2,632,227) |
| Gross profit | | 2,283,093 | 2,309,572 |
| Other income | 9 | 30,539 | (18,847) |
| Operating expenses | 8 | (906,679) | (933,829) |
| Profit from Operation | | 1,406,953 | 1,356,896 |
| Net finance income | 10 | 29,335 | 16,009 |
| Profit before contribution to WPPF | | 1,436,288 | 1,372,905 |
| Contribution to WPPF | 12 | (71,814) | (68,645) |
| Profit before tax | | 1,364,474 | 1,304,260 |
| Income tax expenses | 14 | (360,700) | (351,522) |
| Profit after tax | | 1,003,774 | 952,738 |
| Other comprehensive income | | 6,154 | 9,915 |
| Total comprehensive income | | 1,009,928 | 962,653 |
| Earnings per share (EPS): | | | |
| Basic and diluted earnings per share (par value Tk 10) in Taka | 11 | 65.96 | 62.60 |

These financial statements should be read in conjunction with annexed notes.

Dhaka, 4 March 2019

As per our report of same date



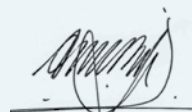
Ayub Quadri
Chairman



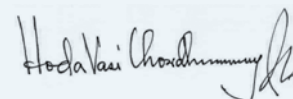
Mohsin Uddin Ahmed
Managing Director



Md Anisuzzaman
Chief Financial Officer



Abu Mohammad Nisar
Company Secretary



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Statement of Changes in Equity.

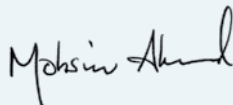
| | Share capital | Other component of equity | General reserve/ retained earnings | Total equity |
|---------------------------------------|----------------|---------------------------|------------------------------------|------------------|
| | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| Balance as at 1 January 2017 | 152,183 | - | 3,032,750 | 3,184,933 |
| Other comprehensive income | - | 9,915 | - | 9,915 |
| Profit for the year | - | - | 952,738 | 952,738 |
| Final dividend for the year 2016 | - | - | (167,401) | (167,401) |
| Interim dividend for the year 2017 | - | - | (304,366) | (304,366) |
| Balance as at 31 December 2017 | 152,183 | 9,915 | 3,513,721 | 3,675,819 |
| Balance as at 1 January 2018 | 152,183 | 9,915 | 3,513,721 | 3,675,819 |
| Other comprehensive income | - | 6,154 | - | 6,154 |
| Profit for the year | - | - | 1,003,774 | 1,003,774 |
| Final dividend for the year 2017 | - | - | (213,056) | (213,056) |
| Balance as at 31 December 2018 | 152,183 | 16,069 | 4,304,439 | 4,472,691 |

These financial statements should be read in conjunction with annexed notes.

Dhaka, 4 March 2019



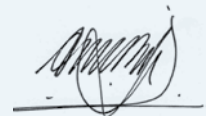
Ayub Quadri
Chairman



Mohsin Uddin Ahmed
Managing Director



Md Anisuzzaman
Chief Financial Officer




Abu Mohammad Nisar
Company Secretary

Statement of Cash Flow.

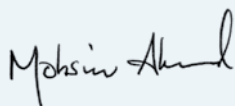
| | For the year ended 31 December | |
|---|--------------------------------|------------------|
| | 2018 | 2017 |
| | '000 Taka | '000 Taka |
| A. Cash flows from operating activities | | |
| Cash receipts from customers | 5,394,635 | 4,828,248 |
| Other receipts | 16,341 | 40,909 |
| Cash paid to suppliers and employees | (4,006,246) | (3,309,427) |
| Cash generated from operating activities | 1,404,730 | 1,559,730 |
| Income tax paid | (234,018) | (401,134) |
| Interest paid | (936) | (20) |
| Net cashes from operating activities | 1,169,776 | 1,158,576 |
| B. Cash flow from investing activities | | |
| Payment for acquisition of property, plant and equipment | (551,615) | (969,008) |
| Payment for acquisition of intangible assets | - | (833) |
| Proceeds from sale of property, plant and equipment | 37,105 | 1,176 |
| Investment in fixed deposit receipts | (218) | (236) |
| Interest received | 27,971 | 17,813 |
| Net cashes used in investing activities | (486,757) | (951,088) |
| C. Cash flows from financing activities | | |
| Paid to subsidiary | (126) | (126) |
| Dividend paid | (211,027) | (466,229) |
| Net cash used in financing activities | (211,153) | (466,355) |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | 471,866 | (258,867) |
| Cash and cash equivalents as at 1 January | 1,132,336 | 1,391,203 |
| Cash and cash equivalents as at 31 December | 1,604,201 | 1,132,336 |
| Net Operating Cash Flow Per Share (NOCFPS) | 76.87 | 76.13 |

These financial statements should be read in conjunction with annexed notes.

Dhaka, 4 March 2019



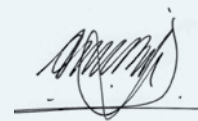
Ayub Quadri
Chairman



Mohsin Uddin Ahmed
Managing Director



Md Anisuzzaman
Chief Financial Officer



Abu Mohammad Nisar
Company Secretary

Notes to the Financial Statements.

For the year ended 31 December 2018

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.

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 its 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 equipments and ancillary equipments. The Company also earns rental from cylinders used by the customers and from Vacuum Insulated Evaporators (VIE) 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 International Financial Reporting Standards (IFRSs), 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 International Financial Reporting Standards (IFRSs) and the Companies Act 1994.

Financial statements were authorised for issue by the Company's board of directors on 4 March 2019.

Details of the Company's accounting policies, including changes during the year, if any, are included in Note 43.

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 2019 is included in the following notes:

Note 14.1: Deferred tax liabilities

Note 16.1.1.1: Provision for trade receivables

Note 21: Useful life and residual value of property, plant and equipment

Note 24.1: Provision for gratuity

Note 28: Current tax liabilities

5. Operating segments

(a) Basis for segmentation

The Company has following three strategic division, 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 |
| 2018 | | | | |
| Revenue | 577,343 | 4,189,818 | 693,029 | 5,460,190 |
| Profit from operations | 100,929 | 1,327,580 | 256,335 | 1,684,844 |
| 2017 | | | | |
| Revenue | 529,161 | 3,832,567 | 580,071 | 4,941,799 |
| Profit from operations | (22,815) | 1,461,384 | 224,162 | 1,662,731 |

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

| | Note | 2018 | 2017 |
|---|-------|-----------|-----------|
| | | '000 Taka | '000 Taka |
| i. Revenue | | | |
| Total revenue for reportable segments | 5 (B) | 5,460,190 | 4,941,799 |
| Revenue for other segments | | - | - |
| Elimination of inter-segment revenue | | - | - |
| Total revenue | | 5,460,190 | 4,941,799 |
| ii. Profit before tax | | | |
| Total profit before tax for reportable segments | 5 (B) | 1,684,844 | 1,662,731 |
| Profit before tax for other segments | | - | - |
| Elimination of inter-segment profit | | - | - |
| Amount not related to reported segments | | (320,369) | (358,471) |
| Total profit before tax | | 1,364,475 | 1,304,260 |
| iii. Amount not related to reportable segments | | | |
| Other income/(loss) | 9 | 30,539 | (18,847) |
| Technical assistance fees | 8 | (32,178) | (29,829) |
| Finance income | 10 | 29,335 | 16,009 |
| Contribution to Workers' Profit Participation Fund | 12 | (71,814) | (68,645) |
| Unallocated corporate overheads | | (276,251) | (257,159) |
| | | (320,369) | (358,471) |

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

| | Unit | 2018 | | 2017 | |
|---------------------|----------------|----------|-----------|----------|-----------|
| | | Quantity | Amount | Quantity | Amount |
| | | '000 | '000 Taka | '000 | '000 Taka |
| ASU gases | M ³ | 20,931 | 948,730 | 18,941 | 847,868 |
| Dissolved acetylene | M ³ | 205 | 118,216 | 219 | 122,333 |
| Electrodes | M. Ton | 26 | 3,657,350 | 25 | 3,333,742 |
| Others | | | 735,893 | - | 637,855 |
| | | | 5,460,190 | | 4,941,799 |

| | Note | 2018 | 2017 |
|---|-------|------------------|------------------|
| | | '000 Taka | '000 Taka |
| 7. Cost of sales | | | |
| Opening inventories of manufactured products | | 124,146 | 138,159 |
| Cost of goods manufactured | 7.1 | 3,104,537 | 2,523,820 |
| Closing inventories of manufactured products | | (157,939) | (124,146) |
| Cost of sales of manufactured products | | 3,070,744 | 2,537,833 |
| Cost of trading products | | 106,353 | 94,394 |
| | | 3,177,097 | 2,632,227 |
| 7.1 Cost of goods manufactured | | | |
| Raw and packing materials consumed | 7.1.1 | 2,273,972 | 1,856,172 |
| Fuel and power | | 284,675 | 209,103 |
| | | 2,558,647 | 2,065,275 |
| Manufacturing overhead: | | | |
| Salaries, wages and staff welfare | | 204,552 | 195,618 |
| Depreciation | | 194,658 | 140,502 |
| Repairs to machinery | | 87,549 | 104,805 |
| Repairs to building | | 5,111 | 9,122 |
| Maintenance | | 4,193 | 4,048 |
| Insurance | | 3,986 | 4,228 |
| Rent, rates and taxes | | 466 | 602 |
| Travelling and conveyance | | 815 | 757 |
| Training expenses | | 155 | 352 |
| Vehicle running expenses | | 4,185 | 4,542 |
| Telephone, telex and fax | | 939 | 823 |
| Printing, postage, stationery and office supplies | | 3,426 | 3,746 |
| Consultancy fees | | 1,574 | 861 |
| Inventory written off | | 21,004 | 21,834 |
| Provision for inventory obsolescence | | 4,509 | (48,488) |
| Sundry factory expenses | | 8,768 | 15,193 |
| | | 545,890 | 458,545 |
| | | 3,104,537 | 2,523,820 |

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 | 73 | 5,021 | 675 | 51,736 | 63 | 4,791 | 685 | 51,966 | 2.29 |
| Wire | M. Ton | 528 | 27,642 | 20,254 | 1,368,445 | 344 | 23,141 | 20,437 | 1,372,946 | 60.38 |
| Blended powder | M. Ton | 1,937 | 151,627 | 5,752 | 576,284 | 1,771 | 170,419 | 5,918 | 557,492 | 24.52 |
| Others* | | | 121,977 | | 332,402 | | 162,811 | | 291,568 | 12.82 |
| 2018 | | | 306,267 | | 2,328,867 | | 361,162 | | 2,273,972 | 100.00 |
| 2017 | | | 406,290 | | 1,756,149 | | 306,267 | | 1,856,172 | 100.00 |

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

| | | 2018 | 2017 |
|---|------|----------------|----------------|
| | Note | '000 Taka | '000 Taka |
| 8. Operating expenses | | | |
| Salaries, wages and staff welfare | | 305,442 | 335,861 |
| Depreciation | | 85,407 | 79,149 |
| Amortisation of intangible assets | | 6,944 | 8,546 |
| Fuel and power | | 1,581 | 2,520 |
| Repairs to building | | 2,126 | 2,284 |
| Maintenance | | 6,577 | 6,182 |
| Insurance | | 112 | 656 |
| Delivery expenses | | 287,624 | 312,636 |
| Rent, rates and taxes | | 13,292 | 11,259 |
| Travelling and conveyance | | 8,239 | 8,509 |
| Training expenses | | 623 | 737 |
| Telephone, telex and fax | | 10,689 | 11,557 |
| Global information service | | 45,376 | 33,817 |
| Outsourcing service charge | | 13,014 | 10,969 |
| Printing, postage, stationery and office supplies | | 8,342 | 4,965 |
| Advertising and promotion | | 14,898 | 20,424 |
| Provision for trade receivable | | 1,963 | 9,097 |
| Bad debts written off | | 9,513 | 1,899 |
| Legal and professional charge | | 27,289 | 16,390 |
| Technical assistance fee | | 32,178 | 29,829 |
| Audit fees | 8.1 | 890 | 890 |
| Bank charges | | 6,516 | 8,248 |
| Entertainment | | 684 | 648 |
| Sundry office expenses | | 17,360 | 16,757 |
| | | 906,679 | 933,829 |
| 8(a) Operating expenses (Consolidated) | | | |
| Salaries, wages and staff welfare | | 305,442 | 335,861 |
| Depreciation | | 85,407 | 79,149 |
| Amortisation of intangible assets | | 6,944 | 8,546 |
| Fuel and power | | 1,581 | 2,520 |
| Repairs to building | | 2,126 | 2,284 |
| Maintenance, others | | 6,577 | 6,182 |
| Insurance | | 112 | 656 |
| Delivery expenses | | 287,624 | 312,636 |
| Rent, rates and taxes | | 13,292 | 11,259 |
| Travelling and conveyance | | 8,239 | 8,509 |
| Training expenses | | 623 | 737 |
| Telephone, telex and fax | | 10,689 | 11,557 |
| Global information service | | 45,376 | 33,817 |
| Outsourcing service charge | | 13,014 | 10,969 |
| Printing, postage, stationery and office supplies | | 8,342 | 4,965 |
| Advertising and promotion | | 14,898 | 20,424 |
| Provision for trade receivable | | 1,963 | 9,097 |
| Bad debts written off | | 9,513 | 1,899 |
| Legal and professional charge | | 27,289 | 16,482 |
| Technical assistance fee | | 32,178 | 29,829 |
| Audit fees | | 1,016 | 924 |
| Bank charges | | 6,516 | 8,248 |
| Entertainment | | 684 | 648 |
| Sundry office expenses | | 17,360 | 16,757 |
| | | 906,805 | 933,955 |

| | | 2018 | 2017 |
|---|------|---------------|-----------------|
| | Note | '000 Taka | '000 Taka |
| 8.1 Audit fees | | | |
| Statutory audit | | 690 | 690 |
| Other audit | | 200 | 200 |
| | | 890 | 890 |
| 9. Other income/(loss) | | | |
| Gain on disposal of property, plant and equipment | 9.1 | 24,390 | 941 |
| Net foreign exchange gain/(loss) | | 6,149 | (19,788) |
| | | 30,539 | (18,847) |
| 9.1 Gain on disposal of property, plant and equipment | | | |
| Proceeds from sales of property, plant and equipment | 31 | 37,105 | 1,176 |
| Less: Carrying amount: | | | |
| Cost of the property, plant and equipment | 31 | 431,640 | 6,119 |
| Less: Accumulated depreciation | 31 | 418,925 | 5,884 |
| Carrying amount | | 12,715 | 235 |
| Gain on disposal of property, plant and equipment | | 24,390 | 941 |
| 10. Net finance income | | | |
| Finance income | | 30,271 | 16,029 |
| Finance cost | | (936) | (20) |
| | | 29,335 | 16,009 |
| 11. Earnings per share | | | |
| 11.1 Basic earnings per share | | | |
| The computation of earnings per share is given below: | | | |
| Earnings attributable to the ordinary shareholders (in thousand) | | 1,003,774 | 952,738 |
| Number of ordinary shares outstanding during the year (in thousand) | | 15,218 | 15,218 |
| Basic earnings per share (EPS) (Taka) | | 65.96 | 62.60 |
| 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 (in thousand) | | 1,003,648 | 952,612 |
| Number of ordinary shares outstanding during the year (in thousand) | | 15,218 | 15,218 |
| Basic earnings per share (EPS) (Taka) | | 65.95 | 62.60 |
| 12. Contribution to workers profit participation fund (WPPF) | | | |
| Contribution to WPPF | 12.1 | 71,814 | 68,645 |
| 12.1 Computation of contribution to WPPF | | | |
| Profit before contribution to WPPF | | 1,436,288 | 1,372,905 |
| Applicable contribution rate | | 5% | 5% |
| Amount of contribution to WPPF | | 71,814 | 68,645 |

| | | 2018 | 2017 |
|------------------------------------|------|---------------|---------------|
| | Note | '000 Taka | '000 Taka |
| 13. Directors' remuneration | | | |
| Fees | | 260 | 190 |
| Salaries and benefits | | 16,733 | 14,745 |
| Accommodation | | 1,200 | 1,200 |
| Provident fund contribution | | 753 | 468 |
| Retirement benefits | | 465 | 297 |
| | | 19,411 | 16,900 |

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

| | | | |
|---|------|----------------|----------------|
| 14. Income tax expense | | | |
| Amounts recognised in profit or loss | | | |
| Current tax expense | | | |
| Current year | | 331,398 | 171,432 |
| Deferred tax (income)/expense | | | |
| Origination/(reversal) of temporary differences | 14.1 | 29,302 | 180,090 |
| Income tax expense | | 360,700 | 351,522 |

14.1 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 assets | Deferred tax liabilities |
| 2018 | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| Property, plant and equipment | (353,206) | (31,679) | - | (384,885) | - | (384,885) |
| Intangible assets | 4,012 | 910 | - | 4,922 | 4,922 | - |
| Inventories | 10,728 | 1,618 | - | 12,346 | 12,346 | - |
| Trade receivable | 7,283 | - | - | 7,283 | 7,283 | - |
| Employee benefits | 32,012 | (151) | - | 31,861 | 31,861 | - |
| Deferred tax on OCI | - | - | 1,145 | 1,145 | 1,145 | - |
| Net deferred tax assets (liabilities) | (299,171) | (29,302) | 1,145 | (327,328) | 57,557 | (384,885) |
| 2017 | | | | | | |
| Property, plant and equipment | (184,530) | (168,676) | - | (353,206) | - | (353,206) |
| Intangible assets | 2,840 | 1,172 | - | 4,012 | 4,012 | - |
| Inventories | 22,850 | (12,122) | - | 10,728 | 10,728 | - |
| Trade receivable | 5,008 | 2,275 | - | 7,283 | 7,283 | - |
| Employee benefits | 34,751 | (2,739) | - | 32,012 | 32,012 | - |
| Deferred tax on OCI | 3,305 | - | (3,305) | - | - | - |
| Net deferred tax assets (liabilities) | (115,776) | (180,090) | (3,305) | (299,171) | 54,035 | (353,206) |

| | | 2018 | 2017 |
|--------------------------------------|------|----------------|----------------|
| | Note | '000 Taka | '000 Taka |
| 15. Inventories | | | |
| Raw materials | | 361,162 | 311,301 |
| Finished goods | | 356,084 | 246,498 |
| Goods in transit | | 34,532 | 24,408 |
| Maintenance spares | | 157,419 | 163,161 |
| Provision for inventory obsolescence | 15.1 | (66,302) | (61,793) |
| | | 842,895 | 683,575 |

| | | 2018 | 2017 |
|--|----------|-----------|-----------|
| | Note | '000 Taka | '000 Taka |
| 15.1 Provision for Inventory obsolescence | | | |
| Balance as at 1 January | | 61,793 | 110,281 |
| Provision made/reversed during the year | | 4,509 | (48,488) |
| Balance as at 31 December | | 66,302 | 61,793 |
| 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 | | | |
| Trade receivables | 16.1 | 582,082 | 516,527 |
| Inter company receivable | | 8,121 | 53,516 |
| Interest receivable | | 4,365 | 2,065 |
| Other receivables | | 24,401 | 36,397 |
| | | 618,969 | 608,505 |
| 16.1 Trade receivables | | | |
| Gases | | 190,397 | 214,229 |
| Welding | | 69,201 | 59,075 |
| Healthcare | | 344,846 | 272,352 |
| | | 604,444 | 545,656 |
| Provision for trade receivable | 16.1.1.1 | (22,362) | (29,129) |
| | | 582,082 | 516,527 |
| 16.1.1 Ageing of trade receivable | | | |
| The ageing of gross trade receivables at the reporting date was: | | | |
| Invoiced 0-30 days | | 503,325 | 446,398 |
| Invoiced 31-60 days | | 17,627 | 21,452 |
| Invoiced 61-90 days | | 18,846 | 11,708 |
| Invoiced 91-180 days | | 24,028 | 17,678 |
| Invoiced 181-365 days | | 18,670 | 32,154 |
| Invoiced and above 365 days | | 21,948 | 16,266 |
| | | 604,444 | 545,656 |
| Movement in the provision for trade receivables during the year was as follows: | | | |
| Opening balance | | 29,129 | 20,032 |
| Provision (reversed)/made during the year | | (6,767) | 9,097 |
| Closing balance | | 22,362 | 29,129 |
| 16.1.1.1 Provision for trade receivable | | | |
| Balance as at 1 January | | 29,129 | 20,032 |
| Provision (reversal)/ made for trade receivable | | 1,963 | 9,097 |
| Opening balance adjustment (IFRS 9) | | (8,730) | - |
| Balance as at 31 December | | 22,362 | 29,129 |
| 17. Advances, deposits and prepayments | | | |
| Loans and advances to employees | | 68,993 | 61,196 |
| Advances to suppliers | | 427 | 1,056 |
| Deposits and prepayments | | 154,051 | 93,470 |
| VAT current account | | 91,701 | 105,664 |
| | | 315,172 | 261,386 |
| Non-current | | 90,757 | 80,500 |
| Current | | 224,415 | 180,886 |
| | | 315,172 | 261,386 |
| Above amounts are unsecured, but considered good. | | | |

| | Note | 2018 ‘000 Taka | 2017 ‘000 Taka |
|--|------|-------------------|-------------------|
| 18. Investment | | | |
| Investment in fixed deposit receipts | | 10,753 | 10,535 |
| 19. Cash and cash equivalents | | | |
| Cash in hand | | 357 | 2,757 |
| Cash at bank | | 403,188 | 458,889 |
| Fixed deposits with banks | | 1,200,656 | 670,690 |
| | | 1,604,201 | 1,132,336 |
| 19.1 Reconciliation of net operating Cash flows | | | |
| Net profit before tax | | 1,364,474 | 1,304,260 |
| Add: Items not involving movement of cash | | | |
| Depreciation on property, plant and equipment | | 280,065 | 219,651 |
| Amortization on intangible assets | | 6,944 | 8,546 |
| Gain on disposal of property, plant and equipment | | (24,390) | (941) |
| Finance Cost | | 936 | 20 |
| Interest income | | (30,271) | (16,029) |
| Provision for WPPF | | 71,814 | 68,645 |
| Provision for Gratuity | | 19,023 | 9,556 |
| | | 324,120 | 289,448 |
| A. Cash generated from operations before changes in working capital | | 1,688,594 | 1,593,708 |
| Changes in working capital: | | | |
| (Increase)/decrease in inventories | | (159,320) | 45,047 |
| Decrease/ (increase) in trade and other receivables | | 566 | (122,465) |
| (Increase)/ decrease in advances, deposits and prepayments | | (53,786) | 30,185 |
| Increase in other non current liability | | 12,736 | 19,638 |
| (Decrease)/ increase in other employee benefit | | (5,271) | 28,540 |
| Increase in trade and other payables | | 28,451 | 24,024 |
| (Decrease)/ increase in provision for expenses | | (18,966) | 19,489 |
| B. Total changes in working capital: | | (195,591) | 44,458 |
| C. Cash generated from operating activities (A+B) | | 1,493,004 | 1,638,166 |
| Less: | | | |
| Tax paid | | (234,018) | (401,134) |
| Interest paid | | (936) | (20) |
| WPPF paid | | (68,645) | (62,675) |
| Gratuity paid | | (19,629) | (15,761) |
| D. | | (323,228) | (479,590) |
| Net cash inflows from operating activities (C+D) | | 1,169,776 | 1,158,576 |
| 19(a). Cash and cash equivalents (Consolidated) | | | |
| Linde Bangladesh Limited | | 1,604,201 | 1,132,336 |
| Bangladesh Oxygen Limited | | - | - |
| BOC Bangladesh Limited | | 20 | 20 |
| | | 1,604,221 | 1,132,356 |
| 19(a).1 Reconciliation of net operating Cash flows (Consolidated) | | | |
| Net profit before tax | | 1,364,474 | 1,304,260 |
| Add: Items not involving movement of cash | | | |
| Depreciation on property, plant and equipment | | 280,065 | 219,651 |
| Amortization on intangible assets | | 6,944 | 8,546 |
| Gain on disposal of property, plant and equipment | | (24,390) | (941) |

| | Note | 2018 ‘000 Taka | 2017 ‘000 Taka |
|--|------|-------------------|-------------------|
| Finance Cost | | 936 | 20 |
| Interest income | | (30,271) | (16,029) |
| Provision for WPPF | | 71,814 | 68,645 |
| Provision for Gratuity | | 19,023 | 9,556 |
| | | 324,120 | 289,448 |
| A. Cash generated from operations before changes in working capital | | 1,688,594 | 1,593,708 |
| Changes in working capital: | | | |
| (Increase)/ decrease in inventories | | (159,320) | 45,047 |
| Decrease/ (increase) in trade and other receivables | | 566 | (122,465) |
| (Increase)/ decrease in advances, deposits and prepayments | | (53,786) | 30,185 |
| Increase in other non current liability | | 12,736 | 19,638 |
| (Decrease)/ increase in other employee benefit | | (5,271) | 28,540 |
| Increase in trade and other payables | | 28,325 | 23,898 |
| (Decrease)/ increase in provision for expenses | | (18,966) | 19,489 |
| B. Total changes in working capital: | | (195,717) | 44,332 |
| C. Cash generated from operating activities (A+B) | | 1,492,878 | 1,638,040 |
| Less: | | | |
| Tax paid | | (234,018) | (401,134) |
| Interest paid | | (936) | (20) |
| WPPF paid | | (68,645) | (62,675) |
| Gratuity paid | | (19,629) | (15,761) |
| D. | | (323,228) | (479,590) |
| Net cash inflows from operating activities (C+D) | | 1,169,650 | 1,158,450 |
| 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 63,250 each for the year ended 31 December 2018.

21. Property, plant and equipment

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 as at 1 January 2018 | 75,080 | 699,156 | 108,027 | 4,286,569 | 163,234 | 92,685 | 59,994 | 114,166 | 5,598,911 |
| Addition | - | 19,130 | - | 185,751 | 4,128 | 5,092 | 9,672 | 519,603 | 743,376 |
| Disposal/transfer | - | (679) | (1,601) | (399,701) | (12,568) | (8,023) | (9,067) | (223,773) | (655,412) |
| Balance as at 31 December 2018 | 75,080 | 717,607 | 106,426 | 4,072,619 | 154,794 | 89,754 | 60,599 | 409,996 | 5,686,875 |
| Balance as at 1 January 2017 | 39,403 | 349,888 | 108,027 | 2,819,937 | 155,839 | 81,528 | 47,137 | 1,108,683 | 4,710,442 |
| Addition | 35,677 | 349,268 | - | 1,467,350 | 12,796 | 11,157 | 12,857 | 894,588 | 2,783,693 |
| Disposal/transfer | - | - | - | (718) | (5,401) | - | - | (1,889,105) | (1,895,224) |
| Balance as at 31 December 2017 | 75,080 | 699,156 | 108,027 | 4,286,569 | 163,234 | 92,685 | 59,994 | 114,166 | 5,598,911 |

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 |
| B. Accumulated depreciation | | | | | | | | | |
| Balance as at 1 January 2018 | - | 106,397 | 63,447 | 2,012,245 | 91,996 | 68,965 | 37,223 | - | 2,380,273 |
| Charged during the year | - | 23,380 | 1,949 | 218,455 | 21,994 | 4,645 | 9,642 | - | 280,065 |
| Disposal/transfer during the year | - | (679) | (781) | (396,483) | (5,027) | (7,174) | (8,780) | - | (418,924) |
| Balance as at 31 December 2018 | - | 129,099 | 64,614 | 1,834,216 | 108,963 | 66,435 | 38,085 | - | 2,241,413 |
| Balance as at 1 January 2017 | - | 88,363 | 61,463 | 1,850,652 | 71,217 | 64,620 | 30,192 | - | 2,166,507 |
| Charged during the year | - | 18,034 | 1,984 | 162,077 | 26,180 | 4,345 | 7,031 | - | 219,651 |
| Disposal/transfer during the year | - | - | - | (484) | (5,401) | - | - | - | (5,885) |
| Balance as at 31 December 2017 | - | 106,397 | 63,447 | 2,012,245 | 91,996 | 68,965 | 37,223 | - | 2,380,273 |
| Carrying amounts (A-B) | | | | | | | | | |
| Balance as at 31 December 2018 | 75,080 | 588,509 | 41,811 | 2,238,403 | 45,831 | 23,318 | 22,514 | 409,996 | 3,445,462 |
| Balance as at 31 December 2017 | 75,080 | 592,759 | 44,580 | 2,274,324 | 71,238 | 23,720 | 22,771 | 114,166 | 3,218,638 |
| 21.1 Allocation of depreciation during the year | | | | | | | | | |
| Cost of sales | - | - | - | - | - | - | - | 194,658 | 140,502 |
| Operating expense | - | - | - | - | - | - | - | 85,407 | 79,149 |
| | | | | | | | | 280,065 | 219,651 |

22. Intangible assets

| | Software | Capital work in progress | Total |
|------------------------------------|-----------|--------------------------|-----------|
| | '000 Taka | '000 Taka | '000 Taka |
| A. Cost | | | |
| Balance as at 01 January 2018 | 68,100 | - | 68,100 |
| Addition | - | - | - |
| Balance as at 31 December 2018 | 68,100 | - | 68,100 |
| Balance as at 01 January 2017 | 67,267 | - | 67,267 |
| Addition | 833 | 833 | 1,666 |
| Transfer | - | (833) | (833) |
| Balance as at 31 December 2017 | 68,100 | - | 68,100 |
| B. Accumulated amortisation | | | |
| Balance as at 1 January 2018 | 49,401 | - | 49,401 |
| Amortisation | 6,944 | - | 6,944 |
| Balance as at 31 December 2018 | 56,345 | - | 56,345 |
| Balance as at 1 January 2017 | 40,855 | - | 40,855 |
| Amortisation | 8,546 | - | 8,546 |
| Balance as at 31 December 2017 | 49,401 | - | 49,401 |
| Carrying amounts (A-B) | | | |
| Balance as at 31 December 2018 | 11,755 | - | 11,755 |
| Balance as at 31 December 2017 | 18,699 | - | 18,699 |

| | 2018 | 2017 |
|--|----------------|----------------|
| | '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) | |
|--|------------|------------|-------------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| The BOC Group Limited | 60.0 | 60.0 | 91,310 | 91,310 |
| Investment Corporation of Bangladesh (ICB) | 14.8 | 14.5 | 22,519 | 22,120 |
| LANKABANGLA Securities Ltd. | 1.7 | 1.7* | 2,544 | 2,544 |
| Sadharan Bima Corporation (SBC) | 1.3 | 1.3* | 2,047 | 2,047 |
| Other shareholders | 22.2 | 22.5* | 33,763 | 34,162 |
| | 100 | 100 | 152,183 | 152,183 |

* Adjusted for changing in presentation of holding of Shares of Bangladesh Fund and LANKABANGLA Securities Ltd.

| Classification of shareholders by holding: | Number of holders | | Total holding (%) | |
|--|-------------------|--------------|-------------------|------------|
| Holdings | 2018 | 2017 | 2018 | 2017 |
| Less than 500 shares | 6,435 | 6,183 | 3.3 | 3.3 |
| 500 to 5,000 shares | 486 | 526 | 4.5 | 4.9 |
| 5,001 to 10,000 shares | 40 | 50 | 1.8 | 2.4 |
| 10,001 to 20,000 shares | 33 | 38 | 3.2 | 3.7 |
| 20,001 to 30,000 shares | 22 | 11 | 3.5 | 1.8 |
| 30,001 to 40,000 shares | 5 | 6 | 1.1 | 1.3 |
| 40,001 to 50,000 shares | 2 | 5 | 0.6 | 1.5 |
| 50,001 to 100,000 shares | 7 | 3 | 3.3 | 1.2 |
| 100,001 to 1,000,000 shares | 5 | 7 | 11.7 | 12.9 |
| Over 1,000,000 shares | 2 | 2 | 67.0 | 67.0 |
| | 7,037 | 6,831 | 100 | 100 |

| | Note | 2018 | 2017 |
|------------------------------|------|----------------|----------------|
| | | '000 Taka | '000 Taka |
| 24. Employee benefits | | | |
| Gratuity scheme | 24.1 | 127,443 | 128,049 |
| Other employee benefits | | 28,022 | 33,293 |
| | | 155,465 | 161,342 |

| | | | |
|--------------------------------|--|----------------|----------------|
| 24.1 Gratuity scheme | | | |
| Balance as at 1 January | | 128,049 | 134,254 |
| Provision made during the year | | 19,023 | 9,556 |
| | | 147,072 | 143,810 |
| Paid during the year | | (19,629) | (15,761) |
| Balance as at 31 December | | 127,443 | 128,049 |

| | | | |
|---|--|---------|---------|
| 25. Other non-current liabilities | | | |
| Cylinder security deposit | | 248,235 | 235,499 |
| Cylinder security deposit from customers is a liability of a continuing nature. | | | |

| | | 2018 | 2017 |
|-------------------------------------|------|------------------|------------------|
| | Note | '000 Taka | '000 Taka |
| 26. Trade and other payables | | | |
| Trade payables | | 81,549 | 98,614 |
| Inter company payables | | 486,403 | 423,434 |
| Payables for capital items | | 21,184 | 53,196 |
| Advances from customers | | 58,406 | 73,574 |
| Unpaid dividend | | 82,349 | 80,320 |
| Current account with subsidiaries | 26.1 | 39 | 165 |
| Others | | 683,620 | 682,184 |
| | | 1,413,550 | 1,411,487 |

* 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 Tejgaon site, Dhaka measuring 2.31 acres. The money has already been received and now waiting for transfer through execution of sale deed which is in process.

26.1 Current account with subsidiaries

| | | | |
|---------------------------|--|-----------|------------|
| Bangladesh Oxygen limited | | 317 | 380 |
| BOC Bangladesh Limited | | (278) | (215) |
| | | 39 | 165 |

26.(a) Trade and other payables (consolidated)

| | | | |
|----------------------------|--|------------------|------------------|
| Trade payables | | 81,549 | 98,614 |
| Inter company payables | | 486,403 | 423,434 |
| Payables for capital items | | 21,184 | 53,196 |
| Advances from customers | | 58,406 | 73,574 |
| Unpaid dividend | | 82,349 | 80,320 |
| Others | | 683,620 | 682,184 |
| | | 1,413,511 | 1,411,322 |

27. Provision for expenses

| | | | |
|------------------------------------|------|----------------|----------------|
| Accrued expenses | | 41,591 | 56,558 |
| Accrued employee benefits | | 32,298 | 36,297 |
| Workers' profit participation fund | 27.1 | 71,828 | 68,659 |
| | | 145,717 | 161,514 |

27(a) Provision for expenses (consolidated)

| | | | |
|------------------------------------|------|----------------|----------------|
| Accrued expenses | | 41,891 | 56,858 |
| Accrued employee benefits | | 32,298 | 36,297 |
| Workers' profit participation fund | 27.1 | 71,828 | 68,659 |
| | | 146,017 | 161,814 |

27.1 Workers' profit participation fund

| | | | |
|--------------------------------|--|----------------|----------------|
| Balance as at 1 January | | 68,659 | 62,689 |
| Provision made during the year | | 71,814 | 68,645 |
| | | 140,473 | 131,334 |
| Paid during the year | | (68,645) | (62,675) |
| Balance as at 31 December | | 71,828 | 68,659 |

28. Current tax liabilities

| | | | |
|--------------------|------|---------------|-----------------|
| Provision for tax | 28.1 | 518,081 | 506,141 |
| Advance income tax | 28.2 | (431,819) | (517,259) |
| | | 86,262 | (11,118) |

| | | 2018 | 2017 | |
|---|-----------|--------------------------|-----------------|----------------|
| | Note | '000 Taka | '000 Taka | |
| 28.(a) Current tax liabilities (consolidated) | | | | |
| Provision for tax | | 518,086 | 506,146 | |
| Advance income tax | 28.2 | (431,819) | (517,259) | |
| | | 86,267 | (11,113) | |
| 28.1 Provision for tax | | | | |
| Balance as at 1 January | | 506,141 | 334,709 | |
| Tax Expenses | | | | |
| Current year | 14 | 331,398 | 171,432 | |
| Tax adjusted for the AY: 2017- 2018 | | (319,458) | - | |
| Balance as at 31 December | | 518,081 | 506,141 | |
| 28.2 Advance income tax | | | | |
| Balance as at 1 January | | 517,259 | 116,125 | |
| Payment made u/s- 64 and 74 | | 46,177 | 250,282 | |
| Withholding tax | | 187,841 | 150,852 | |
| Tax adjusted for the AY: 2017-2018 | | (319,458) | - | |
| Balance as at 31 December | | 431,819 | 517,259 | |
| 29. Net Asset Value (NAV) | | | | |
| Total assets | | 6,849,247 | 5,944,832 | |
| Non current liabilities | | (731,028) | (696,012) | |
| Current liabilities | | (1,645,529) | (1,573,001) | |
| | | 4,472,690 | 3,675,819 | |
| Number of Ordinary Shares of Taka 10 each as at 31 December | | 15,218 | 15,218 | |
| Net Asset Value as at 31 December | | 293.90 | 241.54 | |
| 29(a). Net Asset Value (NAV) - consolidated | | | | |
| Total assets | | 6,849,227 | 5,944,806 | |
| Non current liabilities | | (731,028) | (696,012) | |
| Current liabilities | | (1,645,795) | (1,573,136) | |
| | | 4,472,404 | 3,675,658 | |
| Number of Ordinary Shares of Taka 10 each as at 31 December | | 15,218 | 15,218 | |
| Net Asset Value as at 31 December (2017 Published) | | 293.88 | 241.53 | |
| 30. Capital expenditure commitment | | | | |
| Contracted but not provided for in these accounts | | 214,949 | 63,500 | |
| 31. Proceeds from sale of property, plant and equipment | | | | |
| | Cost | Accumulated depreciation | Carrying amount | Sales proceeds |
| | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| Vehicles | 12,568 | 5,027 | 7,541 | 7,727 |
| Plant & Machineries | 390,749 | 389,966 | 783 | 25,979 |
| Buildings | 2,280 | 1,460 | 820 | - |
| Computers | 9,067 | 8,780 | 287 | 739 |
| Furniture/Fixture | 8,023 | 7,174 | 849 | 513 |
| Cylinders: Sold | 4,734 | 3,500 | 1,234 | 2,147 |
| Cylinders: Condemned | 4,219 | 3,018 | 1,201 | - |
| 2018 | 431,640 | 418,925 | 12,715 | 37,105 |
| 2017 | 6,119 | 5,884 | 235 | 1,176 |

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 305 (Year 2017: 317).

| 33. Production capacity | Unit of measurement | Normal capacity for the year | Production for the year | Remarks |
|-------------------------|---------------------|------------------------------|-------------------------|--|
| Major products | | | | |
| ASU Gases | 000 M ³ | 43,100 | 20,542 | Low production out put due to plant break down etc. |
| Dissolved Acetylene | 000 M ³ | 1,150 | 188 | Low demand of customers also plant was not running for the last 3 months on account of relocation project. |
| Electrodes | M. Ton | 31 | 26 | Additional capacity to meet future demand. |

34. Remittance made in foreign currency

| | 2018 | | 2017 | |
|---|---------|-----------|---------|-----------|
| | '000 FC | '000 Taka | '000 FC | '000 Taka |
| Dividend paid to The BOC Group, UK (GBP) | 1,011 | 115,050 | 2,418 | 254,754 |
| Service Chg Linde Gas Asia Pte Ltd- ROHQ, Philippines (USD) | 129 | 10,771 | 128 | 10,477 |
| Gas analysis, Atlantic Analytical Lab. Inc USA (USD) | 6 | 463 | 3 | 269 |
| New Delhi Lab. Pvt. Ltd, India (USD) | - | - | 6 | 447 |
| Linde Engineering India Pvt Ltd, India (EUR) | 3 | 321 | - | - |
| Linde India Ltd, India (USD) | 120 | 10,074 | - | - |
| Linde Treasury Asia Pacific PTE LTD, Singapore (SGD) | 4 | 219 | 9 | 507 |
| Deloitte, Germany (EUR) | - | - | 2 | 172 |
| Pricewaterhouse Coopers, Germany (EUR) | - | - | 1 | 93 |
| UL AG, USA (USD) | 6.8 | 572.8 | - | - |
| Praxair (Thailand) Co., Ltd. (USD) | 6 | 511 | - | - |
| TAF paid to The BOC Group, UK (GBP) | - | - | 209 | 22,176 |
| Total | 1,285 | 137,981 | 2,775 | 288,895 |

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 2018 includes final dividend of GBP 1011 thousand for the year 2018.

35. Receipt in foreign currency

| Name of customer/vendor | Nature of receipt | 2018 | | 2017 | |
|--------------------------------------|-------------------|---------|-----------|---------|-----------|
| | | '000 FC | '000 Taka | '000 FC | '000 Taka |
| Uniglory Cycle Component Ltd.(USD) | Deemed export | 120 | 9,925 | 65 | 5,151 |
| Uniglory Cycle Industries Ltd. (USD) | Deemed export | 181 | 14,980 | 69 | 5,470 |
| Steris Corporation, USA (USD) | Sales commission | 8 | 645 | 10 | 805 |
| Linde Malaysia Sdn Bhd (USD) | Service charge | - | - | 3 | 202 |
| Linde Gas Singapore (USD) | Service charge | - | - | 1 | 96 |
| Linde Gas Asia PTE Ltd (USD) | IS cost recharge | 769 | 63,645 | 78 | 6,198 |
| APR energy (USD) | Product export | 29 | 23,579 | - | - |
| ZTE Corporation (USD) | Service charge | 1,009 | 96,109 | - | - |
| Karnafuly Ship Builders (USD) | Deemed export | 46 | 3,810 | - | - |
| Total | | 2,161 | 212,693 | 226 | 17,922 |

36. Value of imports calculated on CIF basis

| | 2018 | 2017 |
|----------------------------|-----------|-----------|
| | '000 Taka | '000 Taka |
| Raw materials | 2,064,231 | 1,602,001 |
| Components and spare parts | 103,703 | 76,626 |
| Capital goods | 308,736 | 759,360 |
| | 2,476,670 | 2,437,987 |

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. | 69,470 | 122,689 |
| Outstanding letters of credit | 647,187 | 724,598 |
| Writ petition No. 2226 of 2015 filed by the Company against the Government of Bangladesh and others challenging demand as tax (VAT) and is pending for hearing. | 12,996 | 12,996 |

| | 2018 | 2017 |
|---|------------------|------------------|
| | '000 Taka | '000 Taka |
| 37.1 Credit facilities available as at 31 December | | |
| Standard Chartered Bank (SCB) | 1,200,000 | 1,600,000 |
| The Hong Kong & Shanghai Banking Corporation Ltd. (HSBC) | 610,250 | 481,200 |
| | 1,810,250 | 2,081,200 |

Agreement with HSBC (Credit facility)

As per renewed agreement executed on 30 October 2018 between Linde Bangladesh Limited and HSBC, the Company has been availing credit facilities. The terms and conditions are as follows:

Facility limit: EUR 6.00 million (six million) in equivalent local currency.

Purpose: Working capital

Overdraft Interest Rate: 8.00%

Security: Demand promissory note, letter of continuation for BDT 610.25 million and letter of comfort from Linde AG.

Agreement with Standard Chartered Bank Bangladesh (Credit facility)

As per agreement executed on 22 November 2018 between Linde Bangladesh Limited and Standard Chartered Bank Bangladesh, the Company has been availing credit facility. The terms and conditions are as follows:

Facility limit: BDT 1,200 million (BDT twelve hundred million)

Purpose: Working capital

Overdraft Interest Rate: 9.00%

Security: Demand promissory note and letter of continuation for BDT 1,200 million.

38. Operating leases – Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

| | | |
|----------------------------|---------------|---------------|
| No later than one year | 5,942 | 7,922 |
| Between two and five years | 9,434 | 20,705 |
| More than five years | 3,308 | 7,637 |
| | 18,684 | 36,264 |

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 2018 | | | | | |
| NCI percentage | 0.05% | 0.50% | - | - | - |
| Non-current assets | - | - | - | - | - |
| Current assets | 20,000 | 316,848 | - | - | - |
| Non-current liabilities | - | - | - | - | - |
| Current liabilities | (379,500) | (204,000) | - | - | - |
| Net assets | (359,500) | 112,848 | - | - | - |
| Net assets attributable to NCI | (180) | 564 | - | 384 | 0.38 |
| Revenue | - | - | - | - | - |
| Loss | (63,250) | (63,250) | - | (126,500) | (126.50) |
| OCI | - | - | - | - | - |
| Total comprehensive income | (63,250) | (63,250) | - | - | - |
| Loss allocated to NCI | (32) | (316) | - | (348) | - |
| 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 | - | - | - | - | - |

| | BOC | BOL | Intra-group eliminations | Total | '000 Taka |
|---|-----------|-----------|-----------------------------|-------|-----------|
| 31 December 2017 | | | | | |
| NCI percentage | 0.05% | 0.50% | - | - | - |
| Non-current assets | - | - | - | - | - |
| Current assets | 20,000 | 380,098 | - | - | - |
| Non-current liabilities | - | - | - | - | - |
| Current liabilities | (316,250) | (204,000) | - | - | - |
| Net assets | (296,250) | 176,098 | - | - | - |
| Net assets attributable to NCI | (148) | 880 | - | 732 | 0.73 |
| Revenue | - | - | - | - | - |
| Loss | (63,250) | (63,250) | - | - | - |
| OCI | - | - | - | - | - |
| Total comprehensive income | (63,250) | (63,250) | - | - | - |
| Loss allocated to NCI | (32) | (316) | - | (348) | - |
| 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 247 board meeting held on 4 March 2019, proposed Tk 37.50 per share, amounting to a total of Tk 570,686 thousand as final dividend for the year ended 31 December 2018, which represents 375% of the paid up capital. This dividend is 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.

| | Note | 2018 '000 Taka | 2017 '000 Taka |
|---|------|-------------------|-------------------|
| 41.2 Transaction with key management personnel | | | |
| Key management personnel compensation: | | | |
| Directors' remuneration | | 19,411 | 16,900 |

| | | | 31 December | | 31 December | |
|--|--------------------------|------------------------------|--------------------------|-----------|---------------------------|-----------|
| | | | 2018 | 2017 | 2018 | 2017 |
| 41.3 Other related party transactions | | | Transaction for the year | | Balance outstanding as at | |
| Name of party | Nature of relationship | Nature of transactions | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| Intercompany payables | | | | | | |
| BOC Gases, Technical Supply Centre | Fellow Subsidiary | Service fee | - | - | - | - |
| BOC Gases, Technical Supply Centre | Fellow Subsidiary | Purchase of goods | - | 902 | 290 | - |
| BOC Group Ltd. | Holding Company | Technical Assistance Fee | 32,178 | 29,829 | 174,676 | 142,498 |
| BOC Group Ltd. | Holding Company | Dividend | 115,050 | 254,754 | - | - |
| Linde AG, Linde Gas Headquarters | Ultimate Holding Company | Global IS fee | 42,215 | 33,558 | 172,341 | 130,126 |
| Linde Gas Asia Pte. Ltd. | Fellow Subsidiary | Recharges cost received | 312 | - | 1,330 | 1,018 |
| Linde Gas Asia Pte. Ltd.- ROHQ | Fellow Subsidiary | Service fee | 10,746 | 11,589 | 10,902 | 11,026 |
| Linde Gas Singapore Pte. Ltd. | Fellow Subsidiary | Purchase of goods | 20,380 | 3,361 | (624) | - |
| Linde India Ltd. | Fellow Subsidiary | Purchase of goods and assets | 78,928 | 815,641 | 103,801 | 131,266 |
| Linde Malaysia Sdn Bhd | Fellow Subsidiary | Purchase of goods and assets | 10,776 | 18,578 | 19,471 | 8,206 |
| Linde Treasury Asia Pacific Pte. Ltd. | Fellow Subsidiary | Service fee | 744 | 254 | 416 | - |
| Thai Industrial Gases PLC | Fellow Subsidiary | Recharges cost received | - | - | 105 | - |
| Linde Engineering India Pvt Ltd | Fellow Subsidiary | Service fee | 1,214 | - | - | - |
| LINDE ROC SDN BHD | Fellow Subsidiary | Service fee | 3,695 | - | 3,695 | - |
| Bangladesh Oxygen limited | Subsidiary | Payment of expenses | 63 | 63 | 317 | 380 |

| Name of party | Nature of relationship | Nature of transactions | 31 December | | 31 December | |
|----------------------------------|--------------------------|------------------------|--------------------------|-----------|---------------------------|-----------|
| | | | 2018 | 2017 | 2018 | 2017 |
| | | | Transaction for the year | | Balance outstanding as at | |
| | | | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| Intercompany receivables | | | | | | |
| Linde Gases Singapore Pte. Ltd. | Fellow Subsidiary | Recovery of expenses | - | - | - | - |
| Linde Gas Asia Pte. Ltd. – ROHQ | Fellow Subsidiary | Recovery of expenses | - | 29 | 203 | 205 |
| Linde Gas Asia Pte. Ltd. | Fellow Subsidiary | Recovery of expenses | 19,701 | 12,201 | 5,577 | 49,521 |
| Linde Korea Co. Limited | Fellow Subsidiary | Recovery of expenses | - | - | 454 | 454 |
| Linde Malaysia Sdn Bhd | Fellow Subsidiary | Recovery of expenses | - | - | - | - |
| BOC India Limited | Fellow Subsidiary | Recovery of expenses | - | - | 88 | 88 |
| Linde Pakistan Limited | Fellow Subsidiary | Recovery of expenses | - | - | - | - |
| Linde Ecuador S.A. | Fellow Subsidiary | Sale of product | 1,360 | 1,360 | - | 1,360 |
| Linde AG, Linde Gas Headquarters | Ultimate Holding Company | Recovery of expenses | 123 | - | 1,798 | 1,887 |
| BOC Bangladesh Limited | Subsidiary | Payment of expenses | 63 | 63 | 278 | 215 |

42. Basis of measurement

These financial statements have been prepared under the historical cost convention except for some land and buildings which are measured on revaluation model.

43. Significant accounting policies

The Company has consistently applied the following accounting policies to all years 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) General reserve/retained earnings
- (r) Events after the reporting date
- (s) General

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 or revalued amounts less accumulated depreciation, where applicable. 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 costs 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 | 25–40 |
| Plant, machinery and cylinders (including storage tank and vacuum insulated evaporator) | 10–20 |
| Motor vehicles | 5 |
| Furniture, fixtures and equipment | 5–10 |
| Computer hardware | 3–5 |

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 IAS 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.

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 2018.

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 IAS 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**

The Company operates an unfunded gratuity scheme for its permanent employees, under which an employee is entitled to the benefits depending on the length of services and last drawn basic salary. The Company calculated the provisions for maximum exposures as at the reporting date for all eligible employees. However, since there are no significant uncertainties/estimations with respect to gratuity payments, management considers, if actuarial valuation was made, the resulting difference, if any, would not be material in respect of amount and related disclosure as per IAS 19: Employee benefits.

(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 the statement of profit or loss in proportion to the stage of completion of the transaction at the reporting date. Cylinder and VIE rent is largely recognised on accrual 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) General reserve/retained earnings

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

r) 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.

s) General

Prior year's figures have been restated/rearranged in order to confirm to current year's presentation.

44. Financial instruments – Fair values and risk management

44.1. 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.

Reconciliation of carrying amount:

| | 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 | |
| | | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| 31 December 2018 | | | | | | | | | |
| Financial assets not measured at fair value | | | | | | | | | |
| Trade and other receivables | 16 | – | – | – | – | 618,969 | – | – | 618,969 |
| Investment | 18 | – | – | – | 10,753 | – | – | – | 10,753 |
| Cash and cash equivalents | 19 | – | – | – | – | 1,604,201 | – | – | 1,604,201 |
| Investment in subsidiaries | 20 | – | – | – | – | – | 40 | – | 40 |
| | | – | – | – | 10,753 | 2,223,170 | 40 | – | 2,233,963 |
| | | – | – | – | – | – | – | – | – |
| Financial liabilities not measured at fair value | | | | | | | | | |
| Trade and other payables* | 26 | – | – | – | – | – | – | 1,355,144 | 1,355,144 |
| Other non-current liabilities | 25 | – | – | – | – | – | – | 248,235 | 248,235 |
| | | – | – | – | – | – | – | 1,603,379 | 1,603,379 |
| 31 December 2017 | | | | | | | | | |
| Financial assets not measured at fair value | | | | | | | | | |
| Trade and other receivables | 16 | – | – | – | – | 608,505 | – | – | 608,505 |
| Investment | 18 | – | – | – | 10,535 | – | – | – | 10,535 |
| Cash and cash equivalents | 19 | – | – | – | – | 1,132,336 | – | – | 1,132,336 |
| Investment in subsidiaries | 20 | – | – | – | – | – | 40 | – | 40 |
| | | – | – | – | – | 1,740,841 | 40 | – | 1,751,416 |
| Financial liabilities not measured at fair value | | | | | | | | | |
| Trade and other payables* | 26 | – | – | – | – | – | – | 1,337,913 | 1,337,913 |
| Other non-current liabilities | 25 | – | – | – | – | – | – | 235,499 | 235,499 |
| | | – | – | – | – | – | – | 1,573,412 | 1,573,412 |

* Advances from customer are not financial liabilities (amount of Taka 58,406 thousand in 2018 and Taka 73,574 thousand in 2017) are not included.

The Company has not disclosed the fair values for financial instruments such as trade and other receivables, cash and cash equivalents, investment in subsidiaries, trade and other payables, and other non-current liabilities because their carrying amounts are a reasonable approximation of fair values.

44.2 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.

44.2.1. 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 100% provision on outstanding aged more than 1 year and ECL% (Expected Credit Loss) rate on outstanding less than 01 year for gases and welding 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 1,604,201 thousand at 31 December 2018 (2017: Taka 1,132,336 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.

44.2.2 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 flows | | | | | | |
|--|------------------------|-----------|------------------|-------------|-----------|-----------|-------------------|
| | Carrying amount | Total | 6 months or less | 6-12 months | 1-2 years | 2-5 years | More than 5 years |
| | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| 31 December 2018 | | | | | | | |
| Non-derivative financial liabilities: | | | | | | | |
| Trade payables | 81,549 | 81,549 | 81,549 | - | - | - | - |
| Inter company payables | 486,403 | 486,403 | 486,403 | - | - | - | - |
| Payables for capital items | 21,184 | 21,184 | 21,184 | - | - | - | - |
| | 589,136 | 589,136 | 589,136 | - | - | - | - |
| Derivative financial liabilities | - | - | - | - | - | - | - |
| 31 December 2017 | | | | | | | |
| Non-derivative financial liabilities: | | | | | | | |
| Trade payables | 98,614 | 98,614 | 98,614 | - | - | - | - |
| Inter company payables | 423,434 | 423,434 | 423,434 | - | - | - | - |
| Payables for capital items | 53,196 | 53,196 | 53,196 | - | - | - | - |
| | 575,244 | 575,244 | 575,244 | - | - | - | - |
| Derivative financial liabilities | - | - | - | - | - | - | - |

44.2.3 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 | '000 BDT | '000 USD | '000 EUR | '000 GBP | '000 INR | '000 PHP | '000 SGD | '000 THB |
|---|----------------|----------------|----------------|------------|----------------|-------------|-------------|-------------|
| As at 31 December 2018 | | | | | | | | |
| Foreign currency denominated assets | | | | | | | | |
| Trade receivable | 582,082 | - | - | - | - | - | - | - |
| Intercompany receivable | 8,121 | - | 20 | - | - | 47 | - | - |
| | 590,203 | - | 20 | - | - | 47 | - | - |
| Foreign currency denominated liabilities | | | | | | | | |
| Trade payables | 81,549 | - | - | - | - | - | - | - |
| Inter company payables | (174,017) | (1,613) | (1,797) | (3) | (3,232) | (88) | (13) | (41) |
| | (92,468) | (1,613) | (1,797) | (3) | (3,232) | (88) | (13) | (41) |
| Net exposure | 497,735 | (1,613) | (1,777) | (3) | (3,232) | (41) | (13) | (41) |
| | '000 BDT | '000 USD | '000 EUR | '000 GBP | '000 INR | '000 PHP | '000 SGD | '000 THB |
| As at 31 December 2017 | | | | | | | | |
| Foreign currency denominated assets | | | | | | | | |
| Trade receivable | 516,527 | - | - | - | - | - | - | - |
| Intercompany receivable | 50,716 | - | 19 | - | - | 47 | - | - |
| | 567,243 | - | 19 | - | - | 47 | - | - |
| Foreign currency denominated liabilities | | | | | | | | |
| Trade payables | 98,614 | - | - | - | - | - | - | - |
| Inter company payables | (147,326) | (1,767) | (1,316) | - | (1,746) | (88) | - | - |
| | (48,712) | (1,767) | (1,316) | - | (1,746) | (88) | - | - |
| Net exposure | 518,531 | (1,767) | (1,297) | - | (1,746) | (41) | - | - |

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

| Exchange rate at taka | Average rate | | Year end spot rate | |
|-----------------------------|--------------|--------|--------------------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| US Dollar 1 | 83.77 | 80.91 | 83.61 | 82.78 |
| Great Britain Pound (GBP) 1 | 111.82 | 104.70 | 106.68 | 111.87 |
| EURO (EUR) 1 | 98.22 | 91.22 | 95.90 | 99.31 |
| Singapore Dollar (SGD) 1 | 62.11 | 58.23 | 61.34 | 61.89 |

ii) Sensitivity analysis

A reasonably possible (assume 5%) strengthening (weakening) of foreign currencies against functional currency as at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| Effects in thousands of taka | Profit or loss | | Equity, net of tax | |
|-----------------------------------|----------------|-----------|--------------------|-----------|
| | Strengthening | Weakening | Strengthening | Weakening |
| | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| 31 December 2018 | | | | |
| USD | (6,756) | 6,756 | 5,067 | (5,067) |
| EURO | (8,727) | 8,727 | 6,545 | (6,545) |
| GBP | (15) | 15 | 11 | (11) |
| INR | (191) | 191 | 143 | (143) |
| PHP | (3) | 3 | 2 | (2) |
| SGD | (40) | 40 | 30 | (30) |
| THB | (5) | 5 | 4 | (4) |
| 31 December 2017 | | | | |
| USD | (7,148) | 7,148 | 5,361 | (5,361) |
| EURO | (5,916) | 5,916 | 4,437 | (4,437) |
| GBP | - | - | - | - |
| INR | (113) | 113 | 85 | (85) |
| PHP | (3) | 3 | 3 | (3) |
| SGD | - | - | - | - |
| THB | - | - | - | - |
| | | | 2018 | 2017 |
| | | | '000 Taka | '000 Taka |
| iii) Foreign exchange gain/(loss) | | | | |
| Foreign exchange gain/(loss) | | | 6,149 | (19,788) |

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 | |
|---------------------------|-----------------|---------|
| Fixed rate instruments | | |
| Financial assets | | |
| Fixed deposits with banks | 1,200,656 | 670,690 |
| Investment | 10,753 | 10,535 |
| | 1,211,409 | 681,225 |
| Financial liabilities | | |
| | - | - |
| | 1,211,409 | 681,225 |
| Floating rate instruments | | |
| Financial assets | - | - |
| Financial liabilities | - | - |
| | 1,211,409 | 681,225 |

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.

44.3 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.

Range of Products and Services.



Industrial gases

- Liquid oxygen
- Liquid nitrogen
- Liquid argon
- Liquid carbon dioxide
- Compressed oxygen
- Compressed nitrogen
- Compressed argon
- CORGON (Shielding Gas)
- Lamp gas
- Dissolved acetylene
- Carbon dioxide
- Dry ice
- Hydrogen
- Compressed air
- Refrigerant gases
- Fire suppression gas & system
- Helium
- Sulphur hexafluoride
- Sulphur dioxide
- Special gases & gas mixtures
- Any other gas on request

Hardgoods Filler Materials & Equipment

- Mild steel electrodes
- Low hydrogen/low alloy electrodes
- Cast iron electrodes
- Hard surfacing electrodes
- Stainless steel electrodes
- AC Arc welding equipment & accessories
- DC Arc welding equipment & accessories
- Gas welding and cutting equipment & accessories
- MIG welding equipment & accessories
- TIG welding equipment & accessories
- Gas welding rod & flux
- Gas welding and cutting equipment & accessories

Medical gases & equipment

- Medical oxygen liquid
- Medical oxygen compressed
- Nitrous oxide
- Entonox
- Sterilizing gases
- Medical Carbon-di-Oxide
- Medical Compressed Air
- Medical Gases Cylinders
- Oxytherapy Set
- Oxygen Concentrator
- Humidifier
- Medical Gases Pipeline Items
- Other Medical Gases 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 46th Annual General Meeting of the Company to be held on 30 April 2019 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 2019.

| | | | |
|------------------------|---------------|----------------|---------------|
| | | | |
| 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 46th Annual General Meeting of Linde Bangladesh Limited on 30 April 2019.

| | | |
|-------|---------------|-----------|
| | | |
| 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 Saturday 27 April 2019.

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