

→ Linde Bangladesh Limited (formerly known as BOC Bangladesh Limited).

THE LINDE GROUP

Linde

Annual Report 2013.



Corporate Vision.

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

Our success will be built on our absolute dedication to the satisfaction of our customers, through constant innovation, operational efficiency, cost effectiveness and the talents of our people.

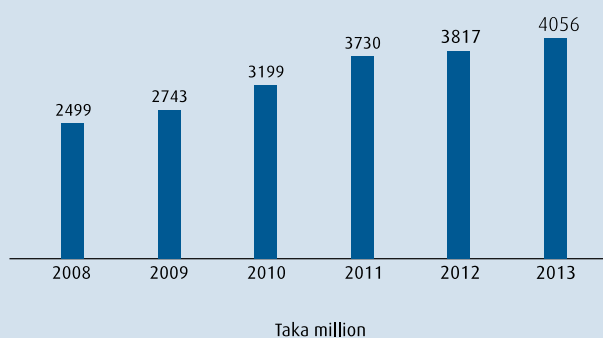
We shall always apply high standards of integrity and responsibility in our activities.

Financial History.

		2008	2009	2010	2011	2012	2013
Revenue	Taka'000	2,498,583	2,742,817	3,199,375	3,729,754	3,817,127	4,056,278
Profit before tax	"	457,740	772,611	903,256	940,136	660,493	1,001,587
Taxation	"	116,106	181,972	241,320	230,584	180,575	225,544
Deferred tax	"	-17,708	-19,231	-6,132	28,037	-2,593	37,148
Earnings	"	359,342	609,870	668,068	681,515	482,511	738,895
Final dividend proposed	"	117,181	117,181	152,183	152,183	167,401	167,401
Interim dividend paid	"	152,183	152,183	380,457	380,457	304,366	304,366
General reserve*	"	1,312,546	1,666,177	1,823,141	1,993,048	2,019,010	2,286,138
Share capital	"	152,183	152,183	152,183	152,183	152,183	152,183
Revaluation reserve	"	46,181	20,174	20,174	20,174	20,174	20,174
Shareholder's equity*	"	1,510,910	1,838,534	1,995,498	2,165,405	2,191,367	2,458,495
Net fixed assets	"	961,178	922,735	1,043,552	1,238,834	1,474,836	1,508,991
Depreciation	"	135,466	136,321	132,769	131,915	146,144	157,425
Earnings per share	Taka	23.61	40.08	43.90	44.78	31.71	48.55
Price earnings ratio	"	11.00	12.00	16.00	14.00	17.00	13.00
Dividend per share	"	17.70	17.70	35.00	35.00	31.00	31.00
Dividend percentage	%	177	177	350	350	310	310
Net assets per share*	Taka	99.28	120.81	131.13	142.29	144.00	161.55
Operating cashflow per share	"	25.11	68.41	45.45	34.57	31.78	54.91

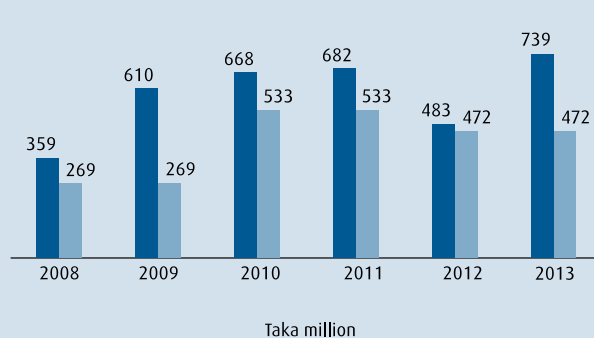
Revenue

■ Revenue



Earnings & Dividend

■ Earnings ■ Dividend



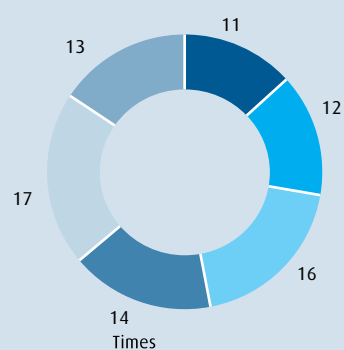
Net Assets per Share

■ Net Assets per Share



Price Earning Ratio*

■ 2008 ■ 2009 ■ 2010 ■ 2011 ■ 2012 ■ 2013



* Adjusted for change in presentation of proposed dividends

The Year at a Glance.

		2013	2012	Change over 2012
Revenue	'000 Taka	4,056,278	3,817,127	6.27%
Profit before tax	"	1,001,587	660,493	51.64%
Earnings	"	738,895	482,511	53.14%
Earnings per Share	Taka	48.55	31.71	53.14%

Statement of Value Added.

	2013		2012	
	'000 Taka	%	'000 Taka	%
Value Added				
Revenue	4,056,278		3,817,127	
Bought in materials and services	(2,40,5858)		(2,287,302)	
	1,650,420		1,529,825	
Other income including interest on bank deposits	125,549		42,085	
Available for distribution	1,775,969	100	1,571,910	100
Distributions				
To Employees in remuneration and benefits	470,398	26	494,048	31
To Provider of capital in :				
(a) interest on borrowings	2,969	0	8,631	1
(b) Interim and Final dividend proposed	471,767	27	471,767	30
To Government in taxes, duties and surcharges	406,283	23	440,576	28
Retained for reinvestment and future growth:				
(a) depreciation	157,424	9	146,144	9
(b) reserve and surplus	267,128	15	10,744	1
	1,775,969	100	1,571,910	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.

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 work values reinforced and developed 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 400 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.

The Linde Group is a world-leading gases and engineering company with approximately 63,500 employees working in more than 100 countries worldwide. In the 2013 financial year, it achieved sales of EUR 16.7 bn (2012: EUR 15.8 bn).

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 Rupgonj ASU Plant was commissioned.
- 1999 Shitalpur plant was bought over with 20 TPD production facility.
- 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 The company changed its name from "BOC Bangladesh Limited" to "Linde Bangladesh Limited."

Notice of Annual General Meeting.

Notice is hereby given that the 41 Annual General Meeting of Linde Bangladesh Limited will be held at Officers Club, 26 Baily Road, Ramna, Dhaka 1000, on Thursday 8 May 2014 at 10:30 am to transact the following business:

- 1 To receive and adopt the accounts for the year ended 31 December 2013 and the reports of the Auditors and Directors thereon.
- 2 To declare a Dividend for the year ended 31 December 2013.
- 3 To elect Directors.
- 4 To appoint Auditors and to fix their remuneration.

By order of the Board

M Nazmul Hossain
Company Secretary
13 March 2014

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 2014 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 10:30 am on Monday 5 May 2014 and in default will not be treated as valid.

Company Secretary
M Nazmul Hossain

Statutory Auditors
Hoda Vasi Chowdhury & Co.

Bankers
The Hongkong Shanghai
Banking Corporation Limited
Standard Chartered Bank Ltd.

Legal Advisers
Huq & Company
Syed Ishtiaq
Ahmed & Associates

Registered Office
Corporate Office
285 Tejgaon I/A
Dhaka 1208

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) and Bangladesh Institute of Management (BIM) and Small, Medium, Enterprise (SME) Foundation. He joined the Board of Linde Bangladesh Limited in 2008.



Erphan S Matin

Managing Director since 2011

Mr Erphan Shehabul Matin is an Electrical Engineer from Bangladesh University of Engineering & Technology (BUET), Dhaka. Soon after graduation he started his career with the Company in 1980. Over the years Mr Matin has worked in a variety of senior positions in the Company heading Marketing, Sales, Customer Services, Procurement, Distributions, Customer Engineering Services, Welding – Operations and Projects. He joined the Board of Linde Bangladesh Limited in 2008.

He is a life member of Bangladesh Institution of Engineers, Dhaka.



Mr Bernd Hugo Eulitz

Director since 2012

Mr Bernd Eulitz is the regional business unit head responsible for Linde's gases business in South & East Asia, based in Singapore. He oversees Linde's businesses in 11 countries in Asia – Bangladesh, India, Indonesia, South Korea, Malaysia, Pakistan, Philippines, Singapore, Sri Lanka, Thailand and Vietnam.

Mr Bernd has a master's degree in process engineering from the University of Karlsruhe, Germany. He joined Linde AG in Germany in 2004 as Head of Sales Region East, where he was responsible for sales and applications technology in the East Germany region. During his 4 years at Linde AG, he was responsible for the growth of the East German business and a broad range of projects for the Linde Group.

In April 2008, Bernd was appointed Chief Executive Officer of PanGas AG, The Linde Group's unit in Switzerland responsible for the industrial and medical products business.

In October 2011, Bernd moved to Singapore to take up his new appointment as Regional Business Unit Head for South & East Asia.

Prior to his career in Linde, Bernd spent 4 years in the gas industry in Germany, in sales engineering and logistic roles, and another 4 years in consulting work at A. T. Kearney in Germany, UK and France.

Additionally, he also serves as Director on the Board of the following companies: Linde Gas Asia Pte Ltd., Linde Bangladesh Ltd., Linde Malaysia Holdings Berhad, Linde Pakistan Ltd., Linde Philippines Ltd., Linde Gas Singapore Pte Ltd., Linde (Thailand) Public Company Ltd., Linde Gas Vietnam Pte Ltd and Ceylon Oxygen Ltd.



Desiree Bacher

Director since 2012

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

Ms Bacher has been with Linde for over 14 years. She joined Linde Philippines in August 1999 in the finance function, first as the Financial Controller. She then took on the Commercial Manager role and was responsible in setting up the commercial function looking after pricing and customer contracts. In 2001, she became the General Manager for Finance. She moved from the Philippines to Singapore in 2003 to take on a regional role as Service Quality Manager, Asia, responsible for finance organization development, Sarbanes-Oxley and various other projects in the North and Southeast Asia region. With the merger of The BOC Group and Linde AG in 2006 to form The Linde Group, Ms Bacher took on the role of Accounting and Reporting Director for South & East Asia. In 2010, she relocated to the Philippines to take on the role of Head of the Accounting Center of Excellence for South & East Asia where she spearheaded the successful implementation of the region's shared service center. In September 2011, she was appointed to her current role and is now based in Singapore.

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



Srikumar Menon

Director since 2012

Mr Srikumar Menon is the Cluster Head for Linde, South Asia and is responsible for the businesses in India, Bangladesh and Sri Lanka.

He joined Linde India Limited in 2001 as Head-Finance and became the Finance Director of the company in the same year. In 2008 Mr Menon was appointed as Managing Director of Linde India Limited and held the position till July 2013. Apart from this responsibility as Cluster Head for India, Bangladesh and Sri Lanka he is also the Chairman of Ceylon Oxygen Limited, Sri Lanka and is on the board of directors of the Linde Global Support Services Pvt Ltd based in Kolkata, India.

After completing his schooling from the Delhi Public School, Mathura Road, New Delhi he went on to complete a Bachelor of Commerce (Hons) degree from Hindu College, Delhi University.

Mr Menon is a Chartered Accountant from The Institute of Chartered Accountants of India and commenced his career in 1978 as a Finance Executive in Balmer Lawrie and Co. Ltd. He has since then worked in various capacities in several large Indian corporations. Prior to joining Linde India in 2001, Mr Menon was Vice President, Finance at Pidilite Industries Limited.

Mr Menon serves as a committee member on several Business, Professional and Social bodies. He is a council member of the Indo German Chamber of Commerce & Industry and is also a past president and committee member of the Gas Industries Association of India. He is also a member of the General Committee of CII, Eastern Region, India and the Chairman of the Economic Affairs, Finance & Taxation Sub Committee.



Latifur Rahman

Director since 2006

Mr Latifur Rahman is the Chairman and CEO of Transcom Group, with annual turnover of around Taka 36 billion, employing over 10 thousand people. The business originated with tea plantations in 1885.

Group companies dealing with beverages, electronics, pharmaceuticals, fast food, snacks and breakfast cereals, distributions, print media and tea include, Transcom Beverages, Transcom Electronics, Eskayef Bangladesh, Transcom Foods, Transcom Distribution Company, Transcom Consumer Products, Mediastar, Mediaworld and Tea Holdings. Major stakeholder in Reliance Insurance and National Housing Finance.

He is Chairman of Nestlé Bangladesh Ltd., Holcim Cement (Bangladesh) Ltd. and National Housing Finance & Investments Ltd. He is a member of the Governing Body of BRAC, world's largest NGO.

Mr Rahman is currently the Vice President of ICC – Bangladesh.

He is a former President of Metropolitan Chamber of Commerce, the position he held for seven terms and also a former President of Bangladesh Employers' Federation (two terms).

Mr Latifur Rahman was Chairman, Tradebody Reforms Committee, Member – Bangladesh Better Business Forum, Advisory Committee on WTO. He was Member of the Executive Board of Bangladesh Bank (Central Bank).

Mr. Rahman is an Honouree of "Oslo Business for Peace Award 2012" and was awarded Business Executive of the Year 2001 by American Chamber in Bangladesh.

**Md Fayekuzzaman**

Director since 2010

Mr. Md. Fayekuzzaman is the Managing Director of Investment Corporation of Bangladesh (ICB) and Chairman, ICB Capital Management Limited. He is also the Member, Board of Directors of Bangladesh Institute of Capital Market (BICM), Standard Bank Limited, Industrial and Infrastructure Development Finance Company Ltd. (IIDFC), Bangladesh Development Bank Ltd. (BDBL), British American Tobacco Bangladesh Ltd. (BATB), GlaxoSmithKline Bangladesh Ltd., Renata Limited, ACI Limited, National Tea Company Ltd., Central Depository Bangladesh Ltd. (CDBL), Dhaka Stock Exchange Ltd., The Institute of Bankers, Bangladesh; Credit Rating Agencies of Bangladesh Ltd. (CRAB), Credit Rating Information and Services Ltd. (CRISL), Apex Tannery Ltd., Apex Footwear Ltd. and The ACME Laboratories Ltd.

Mr. Md. Fayekuzzaman, born in 1953, obtained B.Com Hons., M. Com in Management. He completed his Post Graduation studies in Investment Planning, Appraisal and Management of Development Finance Institution in Bradford University, Bradford, United Kingdom. He attended Cambridge Leadership Program organized by the University of Cambridge, United Kingdom and Leadership Essential Program arranged by the Columbia University, USA. Mr. Zaman has experience of about 36 years of which 28 years in Commercial and Investment Banking. Prior to the present position, he had been Deputy Managing Director of Agrani Bank Ltd. since 2007. Before that he was the General Manager of ICB.

**Parveen Mahmud**

Director since 2011

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

Ms. Parveen Mahmud is the 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 was Convenor, SME Women's Forum. She serves in various Boards, including, BRAC International, Actionaid International Bangladesh, MIDAS, Manusher Jannyo Foundation (MJF), Under Privileged Children Educational Program (UCEP)-Bangladesh. She was the Chairperson, Acid Survivors Foundation.

**Waliur Rahman Bhuiyan, OBE**

Rejoined the Board of Directors in March 2013

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

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

Mr. Bhuiyan was President of Foreign Investors' Chamber of Commerce & Industry (FICCI), EC Member of Metropolitan Chamber of Commerce & Industry (MCCI), Bangladesh Employers' Federation and Member, Bangladesh Better Business Forum. He was with BRAC University as an Academic Council Member. He was Director of Biman Bangladesh Airlines and Chittagong Stock Exchange, the former Honorary Consul General of Finland to Bangladesh.

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

He is the Chief Advisor of Friendship Bangladesh (NGO) and an Advisor to the Board of Robi Axiata Limited.

**M Nazmul Hossain**

Director since 2011

Mr M Nazmul Hossain holds a Bachelor degree in Accounting (Hons) and a Chartered Accountant with many years of experience in the industry. He joined the Company in 1982 and held several senior positions in the Company prior to being appointed to the Board of Director. He also holds the office of the Company Secretary. He is a fellow member of the Institute of Chartered Accountants of Bangladesh.

Chairman's Statement.

Dear Shareholders,

It is my privilege to welcome you to the 41 Annual General Meeting of your Company, "Linde Bangladesh Limited". You may recall, Dear Shareholders, that in the last Annual General Meeting some of you were very critical, and rightly so, about our relatively poor performance in 2012. You demanded better performance from the Company in 2013. I had said on that occasion that in a situation where many externalities are beyond our control, it is difficult to make promises or hold out assurances about results. I had promised, however, that as always, we would spare no effort to achieve the best results we are capable of. As you know, in many ways 2013 was as even more difficult year than 2012 and naturally there were serious concerns about the Company's performance in 2013. It is in this context that I am delighted to share with you my happiness at the impressive business performance of your Company during the accounting year just concluded. 2013 was perhaps the best year yet for Linde Bangladesh Limited. The Company was able to achieve its targets and increase profit from operations by 40% over the previous year. The Company delivered on its promise to spare no effort to achieve the best results possible. The results that we report today were achieved through proper planning, dedication and unrelenting hard work. I invite you to join me in congratulating the management and all employees of the Company on the impressive business results in 2013 and on being able to sustain continuous business growth under a very challenging environment.

Business Environment and Financial Performance

The business environment that prevailed in 2013 is known to all of you, and, departing from the normal practice, I shall not dwell on it at any length. As I have said already, 2013 was in many ways a more difficult year than 2012. The constraints that we faced in 2012 continued in 2013. The gas shortage persisted impacting our production adversely. The stagnation in the Real Estate and Ship Building sectors continued, inhibiting the demand for our products. And Government continued to be tardy about paying our Hospital Care bills. The violent political turmoil in 2013, with frequent and prolonged strikes and blockades, caused serious disruption to our operations. It needed almost super human effort to move our products and make these available to our customers. This was achieved to a large extent and I congratulate the Management and Employees of Linde Bangladesh Limited once again on their dedication and hard work.

Under these circumstances the turnover of the company registered a net growth of 6%. On the other hand profit from operations and profit before taxation achieved remarkable growth by 40% and 52% respectively, over last year. Significant improvement of profit from operations resulted due to drop in raw material price in the international Market and achieving lower operating expenses. Sale of LPG assets also added significant value to profit before taxation. Interest income for the year

was lower than last year mainly for drop in cash and cash equivalent resulting from payment of dividend, purchase of capital items and excess investment in working capital.

Working Capital position was slightly higher than last year due to purchase of higher volume of MS wire and Rutile to get cost benefit of low price of raw materials in the international market. Debtors outstanding reached an all time high, for failure by Government Hospitals to settle bills per credit term. All the Government Hospitals were facing fund shortage. Trade creditors and other current liabilities were managed well. Your Board closely monitored the liquidity position of the company, with the objective to ensure prudent utilization of the liquid resources to achieve business objectives and optimise the value of the organisation. Accumulation of resources for future investment in upcoming projects to meet domestic demand and counter competition is a key agenda of your company. Surplus liquid funds were placed in fixed deposit to earn incremental profit as much as possible.

The Directors of your company recommended a final dividend of Taka 11.00 (110%) per share for the year ended 31 December 2013. This would require a payout of Taka 167,401,080. Therefore, the total payout for the year including interim dividend of Taka 20.00 (200%) per share would be Taka 471,766,680 and the overall dividend percentage would be 310%. In last year total dividend payment was 310% also.

For better understanding of the performance of the business, details are discussed by business segment i.e. Bulk, PG & P (Process Gas and Packages) and Hospital Care.

Bulk

Industrial liquid oxygen, liquid nitrogen, liquid argon and liquid carbon dioxide are reported under bulk segment. The performance of the segment was 11% below last year. Sales of liquid oxygen and liquid nitrogen were 16% and 14% below last year respectively, due to frequent break down of ASU plant, disruption in cross border liquid gas trunking due to political turmoil and frequent general strike throughout the year. Carbon-di-oxide sales was 21% below last year in volume due to loss of two major customers and also production disruption caused by low natural gas pressure in the national grid.

PG & P (Packaged Gas and Products)

Industrial compressed gases & welding products are reported under PG&P segment. Overall performance of the segment was 8% better than the last year. Mild Steel electrodes, the key driver of the segment, maintained 10% growth in 2013. Performance of Compressed Industrial Oxygen & Dissolved Acetylene was significantly below last year. Compressed nitrogen, Helium, Fire Suppression, Dry Ice, Refrigerant



Directors at the 40 AGM held on 16 May 2013



Shareholders at the 40 Annual General Meeting held on 16 May 2013

gases, performed well. Compressed Industrial oxygen continued to lose market share on price consideration & dissolved acetylene due to use of substitute product by the customers. Sale of package chemicals & other gases provided good support to maintain turnover and operating profit of the segment above last year's level. Both bulk and PG&P business was seriously affected due to non availability of the manufactured gases on account of plant break down, disruption of gas import caused by political turmoil and nation wide blockade and general strike.

Hospital Care

Medical gases like oxygen and nitrous oxide, cylinders, equipments and medical gas pipelines are reported under this business segment. In 2013 our Hospital Care Business regained its growth momentum. This business segment achieved its revenue and operating profit target. Business growth is 12% over last year. Sales growth in Liquid Medical Oxygen was very impressive. One-off installation and maintenance contract of medical equipment and medical gas pipeline added to the benefits. Competition is being faced by Medical Oxygen from on site oxygen generation (PSA) and two local competitors. Outstanding debts settlement by government hospitals was extremely disappointing.

Supply

The capacity utilisation of the various gases plants was lower than last year due to frequent breakdown of the plant. Lower natural gas pressure in the national grid also disrupted ASU gases and Carbon-dioxide production quite often. Product shortages of ASU gases were out sourced. Electrode Factory continued uninterrupted production throughout the year. It may be mentioned that currently Electrode Factory has surplus production capacity to meet future demand of electrodes.

Product Distribution

Product shortages caused by the frequent breakdown of the ASU production Plants during the year were sought to be met by maximizing Liquid Oxygen and Argon (LOX & LAR) import from India using the limited resources of distribution in meeting customer demand. During political turmoil when intercity transportation was virtually stopped, the distribution team through proper planning and hard work made available

medical gases at the Hospitals so that treatment of the patients was not affected.

Distribution team also made available compressed gases and hard goods (Electrodes) at the customers door during political turmoil, so that business operations are not affected by nationwide blocked and general strike.

Safety Matters

For all our stakeholders, especially for our employees and customers, safety remained the top-most priority for the Company as elsewhere in the Linde Group. In 2013 your Company achieved its Leading Safety Indicators and managed Lagging Indicators except for three major incidents. All three incidents resulted from transport operation. Transport operation is one area where there is no scope for complacency or to rest on success. The Company organized 2 nos. Golden Rules of Safety Stand down Program across the Country where Managing Director led the program along with Senior Managers and Country Leadership Team. The Company also arranged Transport Safety Training and Communication Program for 3rd Party Bus Drivers at different Bus Terminals to raise awareness about transport accident and responsibility of the drivers. To reduce the number of major incidents and improve safety quality, Lead Safe, Site Safe, Act Safe program and Golden Rules of Safety have been put into operation in all major locations covering our employees, contractors and customers.

Human Resources

In 2013 your company successfully managed employees overall satisfaction and ensured high morale. Industrial relations between management and workers were maintained harmoniously. A few HR processes along with organizational master data of all employees of the company have been migrated to Linde Global Service, Manila (LGSM) Philippines, to leverage world class and cost effective shared services to deliver standardized and effective business processes.

Online Compensation Management system has been introduced to align with global Linde system. Some global training such as Six Sigma, People Excellence in Action (PEIA), First line Manager's (FLM) training has been effectively conducted for the employees to develop their managerial skills. For employee motivation, recognition programs like Country Excellence Award, Spot Recognition have been implemented.



Transport Safety Training and Communication Program of 3rd parties Bus Drivers at different Bus Terminals



Tree Plantation Program at Mirpur DOHS cantonment to Zia Colony Flyover road

Information Services

In 2013, Information Services (IS) initiatives in your Company were primarily driven by the Linde Group's vision of a High Performance Organization (HPO). During the year Linde Bangladesh implemented Supplier Relationship Management (SRM) system which will provide best practices in Procurement management. SRM will drive procurement process standardization and harmonization across the Linde Group. Company was also brought under the umbrella of Project VITAL (Value, Innovation & Transformation at Linde) which aimed to move significant portion of financial, human resources and procurement processes to the Linde Global Services centre in Manila. The objective is to implement standardized, best-practice business processes, capturing synergies and efficiencies, and delivering productivity at lowest possible cost, while ensuring positive customer experience with minimum disruption to the business and strengthening internal control in Finance, human resources and procurement.

Linde Bangladesh also implemented SAP Plant Maintenance (SAP PM). SAP PM ensures plant maintenance in timely manner. SAP PM keeps maintenance history of the plant including maintenance costs. It also ensures proper control on maintaining spares, which helps to improvement in Plants reliability.

Linde Bangladesh has rolled out a project named Open Doors that harmonizes all client PCs and servers' infrastructure landscape across Linde. Linde Bangladesh Limited was the only company in the region who has completed 100% migration of both clients and servers.

Your company has increased the network bandwidth of all establishments at least double in size with no cost impact. This resulted faster data access and smooth transaction processing to improve productivity in data communication.

Corporate Social Responsibilities

We proactively take part in different CSR activities in order to be a partner of people's choice. As per the guidance of Linde, Region of South and East Asia (RSE) corporate responsibility programme "HELP" (ie Healthcare, Education, Local Community Development & Protecting the Environment), we undertook our initiatives of tree plantation, and donation of PC to blind school at Mirpur and to a Primary School near our factory at Rupgonj. We have continued to provide safety training among inter-district bus drivers, helpers, contractor drivers and employee-

owned car drivers to bring in safety awareness to avoid road accident. Throughout the year we engaged fresh university graduates from leading private & public universities as interns to different department. We have created a unique avenue for interns to gain leadership and managerial skills for career development. Our Welding Training Centre continued to produce significant number of skilled world class welders, who have demand in local and overseas labour market. Your Company awards scholarships among the brilliant offspring of welding dealers and non management staffs to support them to continue their studies at secondary and higher secondary level.

Prospects

2013 was a difficult year for your Company. We had to confront and operate within a daunting set of adverse circumstances. We did it successfully and can be proud of our performance. We would like to believe that 2014 and the future years will see a much more conducive environment. The initial indications, however, do not appear very encouraging. We do not know what the future holds and will have to handle it as it emerges. But we must strive to be prepared for it and spare no effort to achieve the best results for the Company. The performance in 2013 gives me confidence to believe that this is possible.

Dear Shareholders,

It is my privilege and pleasure to thank the Board members and the shareholders for their support, and the employees of the Company for making it possible to achieve the results I have described. We also owe a debt to our Customers, Suppliers, Bankers, Government authorities and agencies. We acknowledge this with deep gratitude.

Thank you,

Ayub Quadri

Ayub Quadri
13 March 2014

Report of the Board of Directors.

The Board of Directors Linde Bangladesh Limited are pleased to present the audited accounts of the Company for the year ended 31 December 2013.

The Company continued to be the market leader of industrial and medical gases, welding equipment and products, and medical products and consumables in the Country.

Business performance

The revenue of the Company for the year 2013 was Tk. 4,056 m as against Tk. 3,817 m of 2012. The revenue is derived from following segments:

Segments	2013	2012
	Taka m	Taka m
Bulk Gases	353	397
Packaged Gas and Products (PGP)	3,325	3,085
Hospital Care	378	335
	4,056	3,817

Bulk gases comprises of liquid industrial oxygen, liquid nitrogen, liquid argon and carbon di-oxide. Packaged gas solutions comprises of mild steel electrodes and compressed industrial gases. Hospital Care comprises of medical Gases, medical equipment and medical pipeline.

Financial Results

The Company recorded 6% growth in Revenue in quantum during the year 2013 over previous year. Revenue growth derived mainly from Mild Steel Electrode, special and other gases and fire suppression. On the other hand cost of sales increased by 1% only over last year. Main cause of lower cost of sales was purchase of imported raw material at cheaper price and significant improvement in operating expenses control. In 2012 Taka 39 m was spent for restructuring of the organisation. There was no such program in 2013. This has resulted profit from operations to improve from 16.43% of 2012 to 21.67% in 2013.

Particulars	2013	2012
	Taka m	Taka m
Revenue	4,056	3,817
Cost of Sales	(2,550)	(2,527)
Gross Profit	1,506	1,290
Operating Expenses	(627)	(663)
Profit from operations	879	627
Other Income	94	-
Interest income	28	33
Profit before taxation	1001	660

Working Capital Management

Working Capital position was Taka 778 m in 2013 as against Taka 757m of 2012. Significant improvement on inventory management was achieved in 2013. Trade debtors reached all time high for failure to settle bills as per credit terms by Government Hospitals on account of shortage of fund. This was further aggravated by private credit customers and institutional buyers by not settling bills per credit terms. Trade creditors and other current liabilities were managed well.

Dividends

An interim dividend of Taka 20.00 (200%) per share amounting to Taka 304,365,600 was paid out in the year.

With the Directors' recommendation for a final dividend of Taka 11.00 (110%) per share for the year, involving a payout of Taka 167,401,080 (2012 Taka 167,401,080) subject to approval at the Annual General Meeting, over all dividend percentage for the year would be 310% and total dividend payout for the year would amount to Taka 471,766,680 (2012 Taka 471,766,680).

Reserves

The Directors propose to transfer net profit for the year Taka 738,895,437 to General Reserve.

Auditors

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

Directors

The present Directors are named on pages 004 to 006 of this report. Mr. Ayub Quadri, Mr. Latifur Rahman and Mr. M Nazmul Hossain retire under Article 81 of the Articles of Association of the Company. Mr. Ayub Quadri, Mr. Latifur Rahman and Mr. Md. Nazmul Hossain being eligible, offer themselves for re-election.

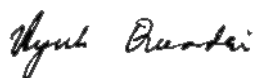
Contribution to National Exchequer

Total payment of duty and taxes to National Exchequer in 2013 was Tk.979 million as against Tk. 1,013 million for 2012.

On behalf of the Board of Directors,
13 March 2014



Erphan Shehabul Matin
Managing Director



Ayub Quadri
Director & Chairman

Committees.

Audit Committee

Chairperson	Ms Parveen Mahmud	Director
Member	Mr Latifur Rahman	Director
Member	Mr Srikumar Menon	Director
Member	Ms Desiree Bacher	Director
Secretary	Mr M Nazmul Hossain	Director
	Ms Sanchita Chakraborty Das	Country Head of Internal Audit Bangladesh

Country Leadership Team

Chairman	Mr Erphan S Matin	Managing Director
Member	Mr M Nazmul Hossain	Finance Director & Company Secretary
Member	Ms Saiqa Mazed	Head of HR
Member	Mr Abu Shair	Country IS Manager
Member	Mr Iftekhar Karim	Head of Supply
Member	Mr Md Mostafizur Rahman	Head of Strategic Marketing
Member	Mr Md Abdul Matin	Manager, SHEQ
Member	Mr A K M Tareq	Head of Sales, Hardgoods
Member	Mr Shorab Uddin Ahmed	Head of Health Care
Member	Mr Rafiqul Islam	Head of IR and Administration
Member	Mr. Tariqul Islam	Head of Customer Service
Member	Mr. Deba Brata Shaha	Head of Distribution
Member	Mr. Syed Ali Asgar	Head of Procurement

Annexure 1.

Key operating and financial data of five years preceding the year ended 31 December 2013.

Financial History

		2008	2009	2010	2011	2012	2013
Revenue	Taka'000	2,498,583	2,742,817	3,199,375	3,729,754	3,817,127	4,056,278
Profit before tax	"	457,740	772,611	903,256	940,136	660,493	1,001,587
Taxation	"	116,106	181,972	241,320	230,584	180,575	225,544
Deferred tax	"	-17,708	-19,231	-6,132	28,037	-2,593	37,148
Earnings	"	359,342	609,870	668,068	681,515	482,511	738,895
Final Dividend proposed	"	117,181	117,181	152,183	152,183	167,401	167,401
Interim Dividend paid	"	152,183	152,183	380,457	380,457	304,366	304,366
General reserve *	"	1,312,546	1,666,177	1,823,141	1,993,048	2,019,010	2,286,138
Share capital	"	152,183	152,183	152,183	152,183	152,183	152,183
Revaluation Reserve	"	46,181	20,174	20,174	20,174	20,174	20,174
Shareholder's equity*	"	1,510,910	1,838,534	1,995,498	2,165,405	2,191,367	2,458,496
Net fixed assets	"	961,178	922,735	1,043,552	1,238,834	1,474,836	1,508,991
Depreciation	"	135,466	136,321	132,769	131,915	146,144	157,425
Earnings per share	Taka	23.61	40.08	43.90	44.78	31.71	48.55
Price earnings ratio	"	11.00	12.00	16.00	14.00	17.00	13.00
Dividend per share	"	17.70	17.70	35.00	35.00	31.00	31.00
Dividend percentage (%)	%	177	177	350	350	310	310
Net assets per share*	Taka	99.28	120.81	131.13	142.29	144.00	161.55
Operating cash flow per share	"	25.11	68.41	45.45	34.57	31.78	54.91

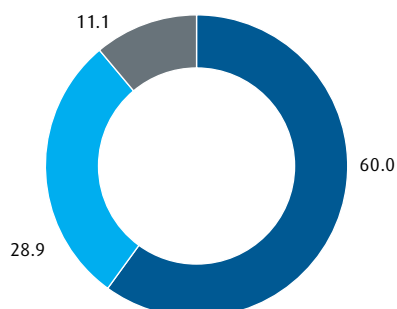
Annexure 2.

Shareholding Pattern

Director's Name	Holdings		
	2011	2012	2013
Mr. Ayub Quadri (Chairman)	10	10	10
Mr. Erphan Shehabul Matin (CEO)	12	12	12
Spouse (Folio # N0018)	12	12	12
Mr. Latifur Rahman	10	10	10
Mr. Mohammed Nazmul Hossain (CFO & Company Secretary)	3	3	3
Ms Parveen Mahmud (Independent Director)	50	50	50
Mr Waliur Rahman Bhuiyan OBE (Independent Director)	44	44	44
Spouse (Folio # S0606)	44	44	44
Executive Name			
Mr. Mohammad Abu Shair &	37	37	37
Spouse (Folio # F0335)	100	100	100
10 % or above shareholding			
The BOC Group Limited	9,130,968	9,130,968	9,130,968
ICB Unit Fund	-	-	1,840,705
Parent, Subsidiary, Companies			
The BOC Group Limited			
Bangladesh Oxygen Limited			
BOC Bangladesh Limited			

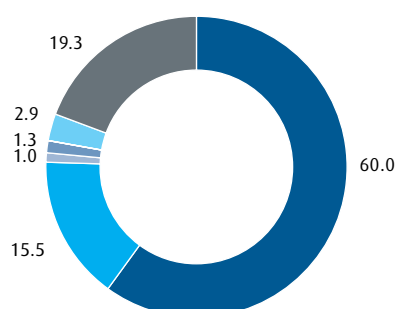
Percentage of shareholdings – institutes & publics

- The BOC Group Limited (60.0)
- Various Institutes (28.9)
- Publics (11.1)



Percentage of shareholdings – various Companies & others

- The BOC Group Limited (60.0)
- Investment Corporation of Bangladesh (15.5)
- Bangladesh Development Bank Limited (1.0)
- Sadharan Bima Corporation (1.3)
- Bangladesh Fund (2.9)
- Other Shareholders (19.3)



Annexure 3.

Board Meetings

During the period the Board met 6 times

	Name of the Directors	No. of Attendance
1	Mr. Ayub Quadri (Chairman)	6
2	Mr. Erphan Shehabul Matin (CEO)	6
3	Mr. Bernd Hugo Eulitz	1
4	Mr. Srikumar Menon	3
5	Ms. Desiree Bacher	2
6	Mr. Md. Fayekuzzaman	5
7	Mr. Latifur Rahman	2
8	Ms Parveen Mahmud (Appointed May 2013 as an independent Director)	6
9	Mr. Mohammed Nazmul Hossain	6
10	Mr Waliur Rahman Bhuiyan OBE (Appointed March 2013 as an independent Director)	4

Audit Committee Meetings

There were three meetings during the period. Head of Global Business Controls of the Linde Group attended three meetings

	Name of the Members	No. of Attendance
1	Ms Parveen Mahmud (Chairperson and Independent Director)	3
2	Mr. Latifur Rahman	1
3	Mr. Srikumar Menon Director (Corporate Investor nominated)	2
4	Ms Desiree Bacher Director (Corporate Investor nominated)	1

Annexure 4.

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

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

Condition		Compliance
No.	Title	Status
1.4	Chairman of the Board and Chief Executive Officer	
	The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	Complied
1.5	The Directors' Report to Shareholders	
1.5(i)	Industry outlook and possible future developments in the industry.	Complied
1.5(ii)	Segment-wise or product-wise performance	Complied
1.5(iii)	Risks and concerns	Complied
1.5(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	Complied
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss.	Not Applicable
1.5(vi)	Basis for related party transactions – a statement of all related party transactions should be disclosed in the annual report.	Complied
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	Not Applicable
1.5(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	Not Applicable
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	Complied
1.5(x)	Remuneration to directors including independent directors.	Complied
1.5(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	Complied
1.5(xii)	Proper books of account of the issuer company have been maintained.	Complied
1.5(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	Complied
1.5(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	Complied
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	Complied
1.5(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	Complied
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	Complied
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	Complied
1.5(xix)	If has not declared dividend for the year, the reasons given (cash or stock).	Not Applicable
1.5(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	Complied
1.5(xxi) (a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details).	Complied

Condition		Compliance
No.	Title	Status
1.5(xxi) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details).	Complied
1.5(xxi) (c)	Executives	Complied
1.5(xxi) (d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	Complied
1.5(xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:	
1.5(xxii) (a)	a brief resume of the director.	Complied
1.5(xxii) (b)	nature of his/her expertise in specific functional areas.	Complied
1.5(xxii) (c)	names of companies in which the person also holds the directorship and the membership of committees of the Board.	Complied
2.	Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)	
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	Complied: same person appoint. CFO & Co. Secretary.
2.2	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	Complied
3.	Audit Committee	
3(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	Complied
3(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	Complied
3(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	Complied
3.1	Constitution of the Audit Committee	
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	Complied
3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	Complied
3.1 (iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	Complied
3.1(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	Complied
3.1(v)	The company secretary shall act as the secretary of the Committee.	Complied
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	Complied

Condition		Compliance
No.	Title	Status
3.2	Chairman of the Audit Committee	
3.2(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	Complied
3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	Complied
3.3	Role of Audit Committee	
3.3 (i)	Oversee the financial reporting process.	Complied
3.3 (ii)	Monitor choice of accounting policies and principles.	Complied
3.3 (iii)	Monitor Internal Control Risk management process.	Complied
3.3 (iv)	Oversee hiring and performance of external auditors.	Complied
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	Complied
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	Complied
3.3 (vii)	Review the adequacy of internal audit function.	Complied
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	Complied
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	Complied
3.3 (x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	Not Applicable
3.4	Reporting of the Audit Committee	
3.4.1	Reporting to the Board of Directors	
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors.	Complied
3.4.1(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-	
3.4.1(ii)(a)	Reporting of Conflicts of interest to the Board of Director.	Not Applicable
3.4.1(ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system.	Not Applicable
3.4.1(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations;	Not Applicable
3.4.1(ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately.	Not Applicable
3.4.2	Reporting to the Authorities	
	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	Not Applicable
3.5	Reporting to the Shareholders and General Investors	
	Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	Not Applicable

Condition No.	Title	Compliance Status
4.	External/Statutory Auditors	
4.00(i)	Appraisal or valuation services or fairness opinions.	Complied
4.00(ii)	Non-engagement in designing of Financial Information System.	Complied
4.00(iii)	Non-engagement in Book keeping.	Complied
4.00(iv)	Non-engagement in Broker-dealer services.	Complied
4.00(v)	Non-engagement in Actuarial services.	Complied
4.00(vi)	Non-engagement in Internal Audit.	Complied
4.00(vii)	Non-engagement in any other services.	Complied
4.00(viii)	Non-engagement partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that Company.	Complied
4.00(ix)	Audit/certification services on compliance of corporate governance as required under clause (i) of condition No. 7.	Complied
5.	Subsidiary Company	
5.00(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	Not Applicable
5.00(ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	Complied
5.00(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	Complied
5.00(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	Complied
5.00(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	Complied
6.	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO)	
6.00(i)(a)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	Complied
6.00(i) (b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	Complied
6.00(ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	Complied
7.	Reporting and Compliance of Corporate Governance	
7.00(i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost & Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	Complied
7.00(ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	Complied

Corporate Governance.

Corporate Governance Practices

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

Board of Directors

The Board of Linde Bangladesh is responsible for managing the company and overseeing its general business activities. Its action and decisions are made in the best interests of the company, which includes the interests of shareholders, employees, customers and other stakeholder groups. Its aim is to create lasting value for stakeholders. The Board of Linde Bangladesh comprises of 10 members of whom 2 members are independent directors, 2 members are executive directors, 3 are Linde nominated directors, 1 ICB nominated director and rest 2 are non executive directors. 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 met six times in 2013. Board meetings were held under section # 96 of Companies Act 1994 and Bangladesh Securities and Exchange Commission regulations regarding Board Meeting were complied with. Director's attendance in the Board Meeting is shown in the (annexure-3) of Directors report. In the Board Meeting the actions and decisions are geared towards the best interests of the Company taking into account the concern of shareholders, employee, customers and other stakeholders.

Annual General Meeting

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

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

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

Corporate Governance Compliance report

In accordance of the requirement of Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 Corporate Governance Compliance Report is attached in Annexure 1-4 on page 13 to 20.

Corporate and Financial Reporting Framework

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

Accounting and External Audit

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

Internal Control

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

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

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

Audit Committee

The Audit Committee reviews financial reporting process, system of internal control and management of business and financial risks, the audit process and the company's process for monitoring compliance with relevant laws and regulation and its own code of business ethics. The Audit Committee consist of four members, of which one is independent director, one is non executive director and rest are Group nominated directors. The Chairman of the Audit Committee is an independent director. Audit Committee meets three times in a year. It is a subcommittee of Board of directors. Only committee members are entitled to attend the meeting. However Managing Director, Finance Director and Internal Auditor are invited in the meeting. External auditor is invited in the meeting of the committee in which Annual Financial

Statement is reviewed. Duties and Responsibilities of Audit Committee stated in Audit Committee Charter are as below:

- Oversee the financial reporting process.
- Monitor choice of accounting policy.
- Monitor internal control and Risk management process.
- Oversee hiring and performance of external auditor.
- Review annual financial statement before submission to the board for approval.
- Review periodical financial statement before submission to the board for approval.
- Review adequacy of internal audit function.
- Review statement of related party transactions.
- Review Management letter issued by statutory auditor.

Employee

Total number of employees in the Linde Bangladesh Limited at 31 December 2013 was 382 (31 December 2012 364). The Company paid salary and wages Taka 418 million (31 December 2012 Taka 459 million) during the year under review. The strategy of Company is to attract, develop and promote the best employee, build long term loyalty to the Company which is the most important prerequisite for long term success of the Company. Training arrangements were made throughout the year for people development. Through occupational safety and health protection measures, Linde Bangladesh 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 our 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, employee, customers and other stakeholders.

Information which are host 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 Directors are responsible for preparing the Annual Report and its financial statements for the year ended 31 December 2013 in accordance with applicable law and regulations.

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

The Directors are legally responsible for the preparation and fair presentation of financial statements, which comprises of the statement of financial position as at 31 December 2013, and the statement of Profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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 27 of the Annual Report.

The financial statements were approved by the Board of Directors on 13 March 2014 and are signed on its behalf by:



Erphan Shehabul Matin
Managing Director



M Nazmul Hossain
Finance Director

Audit Committee Report.

The Audit Committee is appointed by the Board of Directors, as recommended by Bangladesh Securities and Exchange Commission (BSEC) notification. The Audit Committee consist of four members, of which one is independent director, one is non executive director and rest are Group nominated directors. Meeting of the Committee were attended by the Managing Director, Finance Director and Internal Auditor of the company on invitation.

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

Ms Parveen Mahmud, Chairperson
Mr Latifur Rahman, Member
Mr Srikumar Menon, Member
Ms Desiree Bacher, Member

Three (3) meetings of Audit Committee were held during the year under review. In all meeting 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 meet external auditor to discuss their observations on statutory audit and their recommendations for improvement.

Role of Audit Committee

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

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

Meeting and attendance

The Company will hold at least 3 meetings in a year. The quorum of the Audit Committee meeting shall not constitute without at least 1 independent director, and two members present.

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

Activities carried out by the audit committee

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

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

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

On behalf of the Audit Committee



Parveen Mahmud
Chairperson, Audit Committee
13 March 2014

Compliance Certificate to the Shareholders.

We were engaged by Linde Bangladesh Limited (the “Company”) to provide certification whether the Company has complied with the conditions of corporate governance guidelines issued by the Bangladesh Securities and Exchange Commission in its notification number SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 (the “conditions of corporate governance guidelines”) for the year ended 31 December 2013.

The Company’s Responsibilities

Those charged with governance and management of the Company are responsible for complying with the conditions of corporate governance guidelines. Those charged with the governance of the Company are also responsible for stating in the director’s report whether the Company has complied with the conditions of corporate governance guidelines.

Our Responsibilities

Our responsibility is to examine the Company’s status of compliance with the conditions of corporate governance guidelines and to certify thereon

in the form of an independent assurance conclusion based on the evidence obtained. For the purpose of the engagement, we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain assurance whether the Company has complied with the conditions of corporate governance guidelines.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the Company has complied with the conditions of corporate governance guidelines for the year ended 31 December 2013.

Dhaka, 13 March 2014



Rahman Rahman Huq
Chartered Accountants

Auditors' Report to the Shareholders.

We have audited the accompanying consolidated as well as separate financial statements of Linde Bangladesh Limited (the "Company"), which comprise the consolidated and separate statements of financial position as at 31 December 2013, related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other relevant explanatory notes thereon.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements whether due to fraud and error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's

internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Linde Bangladesh Limited and its subsidiaries as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

1. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
2. in our opinion, proper books of account as required by law have been kept by the Company and its subsidiaries so far as it appeared from our examination of those books;
3. the Company's statement of financial position and statement of profit or loss and other comprehensive income along with the annexed notes 1 to 40 dealt with by the report are in agreement with the books of account and returns;
4. the expenditure incurred and payments made were for the purposes of the Company's and its subsidiaries' business.

Dhaka, 13 March 2014



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Statement of Financial Position.

	Notes	As at 31 December	
		2013	2012
		'000 Taka	'000 Taka
Assets			
Non-current assets:			
Property, plant and equipment	5	1,508,991	1,474,836
Intangible assets	6	43,781	48,238
Investment in subsidiaries	7	40	40
Total non-current assets		1,552,812	1,523,114
Current assets:			
Inventories	8	668,098	805,766
Trade debtors	9	380,830	268,574
Advances, deposits and prepayments	10	197,861	189,157
Cash and cash equivalents	11	708,272	411,930
Total current assets		1,955,061	1,675,427
Total assets		3,507,873	3,198,541
Equity and Liabilities			
Shareholders' equity:			
Share capital	12	152,183	152,183
Revaluation reserve		20,174	20,174
General reserve	13	2,286,138	2,019,010
Total equity		2,458,495	2,191,367
Non-current liabilities:			
Employee benefits	14	100,711	87,892
Deferred tax liabilities	15	127,531	90,383
Other non-current liabilities	16	186,794	183,873
Total non-current liabilities		415,036	362,148
Current liabilities:			
Trade creditors	17	70,602	88,284
Expense creditors and accruals	18	323,277	281,130
Sundry creditors	19	138,045	191,539
Provision for taxation (net of advance tax payment)	20	102,418	84,073
Total current liabilities		634,342	645,026
Total liabilities		1,049,378	1,007,174
Total equity and liabilities		3,507,873	3,198,541


The annexed notes 1 to 40 form an integral part of these financial statements.

Dhaka, 13 March 2014

As per our report of same date



Ayub Quadri
Chairman



Erphan S Matin
Managing Director



M Nazmul Hossain
Company Secretary



Hoda Vasi Chowdhury & Co.
Chartered Accountants

Statement of Profit or Loss and other Comprehensive Income.

		For the year ended 31 December	
		2013	2012
	Notes	'000 Taka	'000 Taka
Revenue	21	4,056,278	3,817,127
Cost of sales	22	(2,550,089)	(2,526,730)
Gross profit		1,506,189	1,290,397
Operating expenses	23	(627,182)	(663,358)
Profit from operations		879,007	627,039
Other income	24	94,377	194
Interest income, net	25	28,203	33,260
Profit before taxation		1,001,587	660,493
Taxation	26	(262,692)	(177,982)
Net profit for the year		738,895	482,511
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		738,895	482,511
Earnings per share:			
Basic earnings per share (par value Tk 10) in Taka	27.1	48.55	31.71

The annexed notes 1 to 40 form an integral part of these financial statements.

Dhaka, 13 March 2014

As per our report of same date



Ayub Quadri
Chairman



Erphan S Matin
Managing Director



M Nazmul Hossain
Company Secretary




Hoda Vasi Chowdhury & Co.
Chartered Accountants

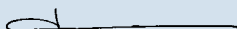
Statement of Changes in Equity.

	For the year ended 31 December 2013			
	Share capital	Revaluation reserve	General reserve	Total
	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Balance as at 1 January 2012	152,183	20,174	1,993,048	2,165,405
Dividend for the year	-	-	(456,549)	(456,549)
Total comprehensive income for the year:				
Profit earned during the year	-	-	482,511	482,511
Balance as at 31 December 2012	152,183	20,174	2,019,010	2,191,367
Dividend for the year	-	-	(471,767)	(471,767)
Total comprehensive income for the year:				
Profit earned during the year	-	-	738,895	738,895
Balance as at 31 December 2013	152,183	20,174	2,286,138	2,458,495

Dhaka, 13 March 2014



Ayub Quadri
Chairman



Erphan S Matin
Managing Director



M Nazmul Hossain
Company Secretary

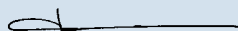
Statement of Cash Flow.

	Notes	For the year ended 31 December	
		2013	2012
		'000 Taka	'000 Taka
Cash flow from operating activities			
Receipts from sales		3,944,022	3,735,146
Other receipts/(payments)		(19,668)	30,116
Payments for supply of goods and services		(2,897,880)	(3,148,491)
Net interest received		16,434	52,210
Income tax paid	20	(207,199)	(185,391)
		835,709	483,590
Cash flow from investing activities			
Payment for acquisition of property, plant and equipment*		(201,846)	(388,255)
Payment for acquisition of intangible assets	6	(2,936)	(70)
Proceeds from sale of property, plant and equipment	32	119,836	1,473
		(84,946)	(386,852)
Cash flow from financing activities			
Paid to subsidiary		-	(20)
Payment of dividend		(454,420)	(464,094)
		(454,420)	(464,114)
Net increase in cash during the year		296,342	(367,376)
Opening cash and cash equivalents		411,930	779,306
Closing cash and cash equivalents	11	708,272	411,930
*Payment for acquisition of property, plant and equipment			
Addition during the year	5	658,347	554,700
Transfer from capital work in progress	5.1	(451,792)	(171,345)
Paid to vendor for capital items for 2012		4,830	9,730
Payable to vendors for capital items	19	(9,539)	(4,830)
		201,846	388,255

Dhaka, 13 March 2014



Ayub Quadri
Chairman



Erphan S Matin
Managing Director



M Nazmul Hossain
Company Secretary

Consolidated Statement of Financial Position.

		As at 31 December	
		2013	2012
	Notes	'000 Taka	'000 Taka
Assets			
Non-current assets:			
Property, plant and equipment	5	1,508,991	1,474,836
Intangible assets	6	43,781	48,238
Total non-current assets		1,552,772	1,523,074
Current assets:			
Inventories	8	668,098	805,766
Trade debtors	9	380,830	268,574
Advances, deposits and prepayments	10	197,861	189,157
Cash and cash equivalents	11(a)	708,292	411,948
Total current assets		1,955,081	1,675,445
Total assets		3,507,853	3,198,519
Equity and liabilities			
Shareholders' equity:			
Share capital	12	152,183	152,183
Revaluation reserve		20,174	20,174
General reserve	13(a)	2,286,454	2,019,406
Total equity		2,458,811	2,191,763
Non-current liabilities:			
Employee benefits	14	100,711	87,892
Deferred tax liabilities	15	127,531	90,383
Other non-current liabilities	16	186,794	183,873
Total non-current liabilities		415,036	362,148
Current liabilities:			
Trade creditors	17	70,602	88,284
Expense creditors and accruals	18(a)	322,936	280,707
Sundry creditors	19	138,045	191,539
Provision for taxation (net of advance tax payment)	20(a)	102,423	84,078
Total current liabilities		634,006	644,608
Total liabilities		1,049,042	1,006,756
Total equity and liabilities		3,507,853	3,198,519

The annexed notes 1 to 40 form an integral part of these financial statements.

Dhaka, 13 March 2014

As per our report of same date



Ayub Quadri
Chairman



Erphan S Matin
Managing Director



M Nazmul Hossain
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	
		2013	2012
		'000 Taka	'000 Taka
Revenue	21	4,056,278	3,817,127
Cost of sales	22	(2,550,089)	(2,526,730)
Gross profit		1,506,189	1,290,397
Operating expenses	23(a)	(627,262)	(663,438)
Profit from operations		878,927	626,959
Other income	24	94,377	194
Interest income, net	25	28,203	33,260
Profit before taxation		1,001,507	660,413
Taxation	26	(262,692)	(177,982)
Net profit for the year		738,815	482,431
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		738,815	482,431
Earnings per share:			
Basic earnings per share (par value Tk 10) in Taka	27(a)	48.55	31.70

The annexed notes 1 to 40 form an integral part of these financial statements.

Dhaka, 13 March 2014

As per our report of same date



Ayub Quadri
Chairman



Erphan S Matin
Managing Director



M Nazmul Hossain
Company Secretary



Hoda Vasi Chowdhury & Co.
Chartered Accountants


Consolidated Statement of Changes in Equity.

	For the year ended 31 December 2013			
	Share capital	Revaluation reserve	General reserve	Total
	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Balance as at 1 January 2012	152,183	20,174	1,993,524	2,165,881
Dividend for the year	-	-	(456,549)	(456,549)
Total comprehensive income for the year:				
Profit earned during the year	-	-	482,431	482,431
Balance as at 31 December 2012	152,183	20,174	2,019,406	2,191,763
Dividend for the year	-	-	(471,767)	(471,767)
Total comprehensive income for the year:				
Profit earned during the year	-	-	738,815	738,815
Balance as at 31 December 2013	152,183	20,174	2,286,454	2,458,811

Dhaka, 13 March 2014



Ayub Quadri
Chairman



Erphan S Matin
Managing Director



M Nazmul Hossain
Company Secretary

Consolidated Statement of Cash Flow.

	Notes	For the year ended 31 December	
		2013	2012
		'000 Taka	'000 Taka
Cash flow from operating activities			
Receipts from sales		3,944,022	3,735,146
Other receipts/(payments)		(19,668)	30,116
Payments for supply of goods, services and operating expenses		(2,897,878)	(3,148,491)
Net interest received		16,434	52,210
Income tax paid	20(a)	(207,199)	(185,391)
		835,711	483,590
Cash flow from investing activities			
Payment for acquisition of property, plant and equipment*		(201,846)	(388,255)
Payment for acquisition of intangible assets	6	(2,936)	(70)
Proceeds from sale of property, plant and equipment	32	119,836	1,473
		(84,946)	(386,852)
Cash flow from financing activities			
Payment of dividend		(454,420)	(464,094)
		(454,420)	(464,094)
Net increase in cash during the year		296,344	(367,356)
Opening cash and cash equivalents		411,948	779,304
Closing cash and cash equivalents	11(a)	708,292	411,948
*Payment for acquisition of property, plant and equipment			
Addition during the year	5	658,347	554,700
Transfer from capital work in progress	5.1	(451,792)	(171,345)
Paid to vendor for capital items for 2012		4,830	9,730
Payable to vendors for capital items	19	(9,539)	(4,830)
		201,846	388,255

Dhaka, 13 March 2014



Ayub Quadri
Chairman



Erphan S Matin
Managing Director



M Nazmul Hossain
Company Secretary

Notes to the Financial Statements.

1. Reporting entity

1.1 Company profile

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

Bangladesh Oxygen Limited and BOC Bangladesh Limited are wholly owned subsidiaries of Linde Bangladesh Limited. These subsidiaries are entities controlled by the Company.

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 installed at customers' premises.

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Date of authorization

The board of directors has authorised these financial statements on 13 March 2014 for circulation to shareholders and other concerned stakeholders.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for some Land & Buildings which are measured on revaluation model.

2.4 Functional and presentation 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 off to the nearest thousand, except as stated.

2.5 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and

liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation and judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 5:	Useful life and residual value of property, plant & equipment
Note 9.1:	Provision for doubtful debts
Note 14.1:	Provision for gratuity
Note 15:	Deferred tax liabilities
Note 18:	Expense creditors and accruals
Note 20:	Provision for taxation

2.6 Reporting period

The financial period of the Company covers one year from 1 January to 31 December.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 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.

3.2 Property, plant and equipment

3.2.1 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.

3.2.2 Borrowing costs

Pursuant to Linde Group policy, the Company uses the group borrowing rate to determine the borrowing costs to be capitalized for the qualifying assets, even if the asset is financed by equity or operating cash flow.

3.2.3 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 the Statement of Profit or Loss and Other Comprehensive Income as incurred.

3.2.4 Depreciation

Linde Bangladesh Limited uses the month placed in service depreciation convention for all property, plant and equipment. Using this convention, depreciation begins in the month the asset is placed in service regardless of which day within the month the asset is placed in service. All purchased items are placed in service and being depreciated from the month of capitalisation. In case of disposals, depreciation is charged up to the immediate previous month of disposal.

No depreciation is charged on freehold land and capital work in progress. Depreciation is charged on all other items of property, plant and equipment on straight line method. The rates of depreciation vary according to the estimated useful lives of the items of property, plant and equipment. The estimated useful lives for depreciation are as follows:

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

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

3.2.5 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.

3.3 Intangible assets

3.3.1 Recognition and measurement

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

3.3.2 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 the Statement of Profit or Loss and Other Comprehensive Income when incurred.

3.3.3 Amortisation

Amortisation is recognised in the Statement of Profit or Loss and Other Comprehensive Income 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.

3.4 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.

3.5 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.

3.5.1 Financial assets

The Company initially recognises debtors and deposits 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 and trade debtors

(a) Cash and cash equivalents

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

(b) Trade debtors

Trade debtors 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 uncollectibility of any amount so recognised.

3.5.2 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 creditors, expense creditors and accruals, sundry creditors and other non-current liabilities.

3.6 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.

3.7 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 the Statement of Profit or Loss and Other Comprehensive Income.

3.8 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.

3.9 Contingencies

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

3.10 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

3.10.1 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 24.75% considering 10% tax rebate for

declaring dividend of more than 20% of the paid up capital. Provision for taxation has been made on the basis of Finance Act 2013.

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 0.5% 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.

3.10.2 Deferred tax

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

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

3.11 Workers' profit participation fund (WPPF)

The Company provides 5% of its profit before charging such expense as WPPF in accordance with The Bangladesh Labour (Amendment) Act, 2013.

3.12 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.

3.12.1 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 12.5% 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.

3.12.2 Defined benefit plans

3.12.2.1 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. No actuarial valuation was made for this scheme after 2007. 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.

3.12.2.2 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.

3.13 Revenue recognition

3.13.1 Revenue arising from sale of goods

3.13.1.1 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.

3.13.1.2 Cash on delivery sales

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

3.13.2 Services

Revenue from services rendered is recognised in Statement of Profit or Loss and Other Comprehensive Income in proportion to the stage of completion of the transaction at the reporting date. Cylinder and VIE rent is recognised on accrual basis.

3.13.3 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.

3.14 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 the Statement of Profit or Loss and Other Comprehensive Income.

3.15 Consolidation of financial statements

The subsidiary's financial statements have been consolidated with those of the Company in accordance with BFRS 10: Consolidated Financial Statements. Intra-group balances and unrealised income and expenses arising from intra-group transactions, are eliminated in full while preparing the consolidated financial statements.

3.16 Earnings per share

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

3.16.1 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.

3.17 Cash flow statement

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

3.18 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 38.

4. 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.

4.1 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 debtors. The Company provides for 50% of trade debtors which are 90 days overdue and 100% of trade debtors which are 180 days overdue for gas and welding product customers. Loss rate for Hospital Care customers is applied on gross debtors to work out provisions.

The Company held cash and cash equivalents of Taka 708,272 thousand at 31 December 2013 (2012: Taka 411,930 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.

4.2 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.

4.3 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.

The company, as part of its currency risk management enters into forward contracts with different banks for its upcoming purchase denominated in foreign currencies to ensure its net exposure is kept to an acceptable low level.

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.

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 powder, 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.

4.4 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.

5. Property, plant and equipment

a) Cost

Year 2013

Particulars	Cost				Depreciation				Written down value as at 31 December
	As at 1 January	Addition during the year	Disposal/ transfer during the year	As at 31 December	As at 1 January	Charge during the year	Disposal/ transfer during the year	As at 31 December	
	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 aka	'000 Taka
Freehold land	37,901	1,108	(3,475)	35,534	-	-	-	-	35,534
Freehold buildings	267,722	48,294	(6,970)	309,046	54,397	7,831	(1,043)	61,185	247,861
Buildings on leasehold land	108,951	-	(573)	108,378	24,643	2,792	(573)	26,862	81,516
Plant, machinery and cylinders	2,198,539	385,867	(83,204)	2,501,202	1,431,893	124,156	(67,594)	1,488,455	1,012,747
Motor vehicles	85,272	9,707	(15,763)	79,216	45,813	9,996	(15,699)	40,110	39,106
Furniture, fixtures and equipment	74,612	3,593	(8,324)	69,881	53,541	5,997	(8,245)	51,293	18,588
Computer hardware	49,843	3,308	(13,417)	39,734	31,229	6,156	(13,113)	24,272	15,462
	2,822,841	451,877	(131,726)	3,142,992	1,641,517	156,928	(106,267)	1,692,178	1,450,814
Capital work in progress (Note 5.1)	292,806	209,796	(444,634)	57,968	-	-	-	-	57,968
Sub-total (A)	3,115,647	661,673	(576,360)	3,200,960	1,641,517	156,928	(106,267)	1,692,178	1,508,782

Year 2012

Particulars	Cost				Depreciation				Written down value as at 31 December
	As at 1 January	Addition during the year	Disposal/ transfer during the year	As at 31 December	As at 1 January	Charge during the year	Disposal/ transfer during the year	As at 31 December	
	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 aka	'000 Taka
Freehold land	37,901	-	-	37,901	-	-	-	-	37,901
Freehold buildings	263,520	4,202	-	267,722	47,099	7,298	-	54,397	213,325
Buildings on leasehold land	119,350	-	(10,399)	108,951	32,209	2,793	(10,359)	24,643	84,308
Plant, machinery and cylinders	2,086,175	123,041	(10,677)	2,198,539	1,323,414	118,588	(10,109)	1,431,893	766,646
Motor vehicles	59,466	30,541	(4,735)	85,272	44,257	5,634	(4,079)	45,813	39,459
Furniture, fixtures and equipment	68,915	9,147	(3,449)	74,612	51,664	5,312	(3,435)	53,541	21,071
Computer hardware	45,543	4,344	(44)	49,843	25,252	6,021	(44)	31,229	18,614
	2,680,870	171,275	(29,304)	2,822,841	1,523,895	145,647	(28,025)	1,641,517	1,181,324
Capital work in progress (Note 5.1)	80,656	383,425	(171,275)	292,806	-	-	-	-	292,806
Sub-total (B)	2,761,526	554,700	(200,580)	3,115,647	1,523,895	145,647	(28,025)	1,641,517	1,474,130

b) Revaluation

2013

Particulars	Revaluation				Depreciation				Written down value as at 31 December
	As at 1 January	Addition during the year	Disposal/ transfer during the year	As at 31 December	As at 1 January	Charge during the year	Disposal/ transfer during the year	As at 31 December	
	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 aka	'000 Taka
Freehold land	147	-	-	147	-	-	-	-	147
Freehold buildings	176	-	-	176	122	11	-	133	43
Buildings on Leasehold land	19,851	-	-	19,851	19,347	486	-	19,833	18
Sub-total (C)	20,174	-	-	20,174	19,469	497	-	19,966	208

2012

Particulars	Revaluation				Depreciation				Written down value as at 31 December
	As at 1 January	Addition during the year	Disposal/ transfer during the year	As at 31 December	As at 1 January	Charge during the year	Disposal/ transfer during the year	As at 31 December	
	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 aka	'000 Taka
Freehold land	147	-	-	147	-	-	-	-	147
Freehold buildings	176	-	-	176	111	11	-	122	54
Buildings on Leasehold land	19,851	-	-	19,851	18,861	486	-	19,347	504
Sub-total (D)	20,174	-	-	20,174	18,972	497	-	19,469	705

Property, plant and equipment at cost and revaluation

	'000 Taka								
As at 31 December 2013 (A + C)	3,135,821	661,673	(576,360)	3,221,134	1,660,986	157,425	(106,267)	1,712,144	1,508,991
As at 31 December 2012 (B + D)	2,781,700	554,700	(200,579)	3,135,821	1,542,867	146,144	(28,025)	1,660,986	1,474,836

5.1 Capital work in progress

Particulars	Balance as at 1 January 2013	Addition during the year	Transferred to property, plant and equipment	Balance as at 31 December 2013	Balance as at 1 January 2012	Addition during the year	Transferred to property, plant and equipment	Balance as at 31 December 2012
	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 aka	'000 Taka
Freehold land, freehold and buildings on leasehold lands	43,800	19,895	(49,401)	14,294	1,469	46,533	(4,202)	43,800
Plant, machinery, cylinders and motor vehicles	246,707	181,313	(388,332)	39,688	73,223	327,066	(153,582)	246,707
Furniture, fixtures and equipment	–	3,593	(3,593)	–	3,849	5,298	(9,147)	–
Computer hardware	2,299	4,995	(3,308)	3,986	2,115	4,528	(4,344)	2,299
	292,806	209,796	(444,634)	57,968	80,656	383,425	(171,275)	292,806
Computer software	4,222	2,936	(7,158)	–	–	48,181	(43,959)	4,222
Total	297,027	212,732	(451,792)	57,968	80,656	431,606	(215,234)	297,027

5.2 Allocation of depreciation charged during the year

	2013	2012
	'000 Taka	'000 Taka
Cost of sales (Note 22.1)	106,072	100,425
Operating expenses (Note 23)	51,352	45,719
	157,424	146,144

6. Intangible assets

Year 2013

Particulars	Cost				Amortisation				Written down value as at 31 December
	As at 1 January	Addition during the year	Disposal/ adjustment during the year	As at 31 December	As at 1 January	Charge during the year	Disposal/ adjustment during the year	As at 31 December	
	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka
ERP software	50,808	6,129	–	56,937	8,601	6,605	–	15,206	41,731
Other softwares*	9,483	1,028	–	10,511	7,674	787	–	8,461	2,050
	60,291	7,157	–	67,448	16,275	7,392	–	23,667	43,781
Capital work in progress (Note 5.1)	4,222	2,936	(7,158)	–	–	–	–	–	–
Total	64,513	10,093	(7,158)	67,448	16,275	7,392	–	23,667	43,781

Year 2012

Particulars	Cost				Amortisation				
	As at 1 January	Addition during the year	Disposal/ adjustment during the year	As at 31 December	As at 1 January	Charge during the year	Disposal/ adjustment during the year	As at 31 December	Written down value as at 31 December
	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka
ERP software	6,919	43,889	-	50,808	5,522	3,079	-	8,601	42,207
Other softwares*	9,413	70	-	9,483	7,134	540	-	7,674	1,809
	16,332	43,959	-	60,291	12,656	3,619	-	16,275	44,016
Capital work in progress (Note 5.1)	-	48,181	(43,959)	4,222	-	-	-	-	4,222
Total	16,332	92,140	(43,959)	64,513	12,656	3,619	-	16,275	48,238

*Other softwares include server software and other application softwares.

	2013	2012
	'000 Taka	'000 Taka
7. Investment in subsidiaries		
	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 38,719 and Tk 40,250 respectively for the year ended 31 December 2013.

8. Inventories

Raw materials	356,466	427,694
Finished goods	214,598	219,470
Goods in transit	403	73,359
Maintenance spares	96,631	85,243
	668,098	805,766

In view of innumerable items of inventory and diversified units of measurement, it is not feasible to disclose quantities against each item.

9. Trade debtors

Debts exceeding six months	126,146	97,373
Debts below six months	281,308	205,889
	407,454	303,262
Provision for debts considered doubtful (Note 9.1)	(26,624)	(34,688)
	380,830	268,574

9.1 As per policy of the Company where a debt, other than Health Care business, is overdue by 90 days or 180 days, provision for doubtful debts is made at the rates of 50% and 100% respectively. For Health Care, loss rate is applied on gross debtors to arrive at debtors provision. During the year 2013 provision for an aggregate amount of Tk 8,064 thousand was realised.

10. Advances, deposits and prepayments

Loans and advances to employees	84,959	77,882
Advances to suppliers	11,911	20,242
Loan to Rajbari Enterprise Limited	5,254	5,231
Accrued interest on fixed deposit	1,286	-
Deposits and prepayments	28,417	38,910
VAT current account	66,034	46,892
	197,861	189,157

Above amounts are unsecured, but considered good. Of the total advances, deposits and prepayments Tk 103,553 thousand (2012: Tk 109,124 thousand) is receivable within 12 months from the reporting date.

	2013	2012
	'000 Taka	'000 Taka
11. Cash and cash equivalents		
Cash in hand	2,036	1,089
Cash at bank	249,873	410,841
Fixed deposits with banks	456,363	-
	708,272	411,930

11.1. Credit facilities available as at 31 December

Standard Chartered Bank (SCB)	580,000	580,000
The Hong Kong & Shanghai Banking Corporation Ltd. (HSBC)	550,000	550,000
	1,130,000	1,130,000

Agreement with HSBC (Credit facility)

As per agreement executed on 22 August 2013 between Linde Bangladesh Limited and HSBC, the Company has been availing credit facilities. The terms and conditions are as follows:

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

Purpose: Working capital

Overdraft Interest Rate: 12.00%

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

Agreement with Standard Chartered Bank Bangladesh (Credit facility)

As per agreement executed on 8 September 2013 between Linde Bangladesh Limited and Standard Chartered Bank Bangladesh, the company has been availing credit facilities. The terms and conditions are as follows:

Facility limit: BDT 580 million (BDT Five hundred and eighty million)

Purpose: Working capital

Overdraft Interest Rate: 13.50%

Security: Demand promissory note and letter of continuation for BDT 580 million and letter of comfort from Linde AG.

11(a) Consolidated cash and cash equivalents

Linde Bangladesh Limited	708,272	411,930
Bangladesh Oxygen Limited	-	(2)
BOC Bangladesh Limited	20	20
	708,292	411,948

12. Share capital**Authorised:**

20,000,000 ordinary shares of Tk 10 each	200,000	200,000
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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:	Percentage of shareholdings		Value ('000 Taka)	
	2013	2012	2013	2012
The BOC Group Limited	60.0	60.0	91,310	91,310
Investment Corporation of Bangladesh (ICB)	15.5	16.1	23,588	24,568
Bangladesh Development Bank Limited (BDBL)	1.0	1.1	1,517	1,715
Sadharan Bima Corporation (SBC)	1.3	1.4	2,046	2,046
Bangladesh Fund	2.9	2.8	4,405	4,308
Other shareholders	19.3	18.6	29,317	28,236
	100.0	100.0	152,183	152,183

Classification of shareholders by holding:

Holdings	Number of holders		Total holding (%)	
	2013	2012	2013	2012
Less than 500 shares	7,360	7,804	3.94	4.05
500 to 5,000 shares	490	434	4.11	3.73
5,001 to 10,000 shares	42	37	2.01	1.69
10,001 to 20,000 shares	23	26	2.23	2.65
20,001 to 30,000 shares	6	9	0.93	1.41
30,001 to 40,000 shares	5	5	1.18	1.19
40,001 to 50,000 shares	4	7	1.19	2.16
50,001 to 100,000 shares	8	7	3.50	3.15
100,001 to 1,000,000 shares	6	5	8.82	11.15
Over 1,000,000 shares	2	2	72.09	68.82
	7,946	8,336	100.00	100.00

	2013	2012
	'000 Taka	'000 Taka
13. General reserve		
Opening balance	2,019,010	1,993,048
Profit earned during the year	738,895	482,511
Payments of final dividends	(167,401)	(152,183)
Payments of interim dividends	(304,366)	(304,366)
	2,286,138	2,019,010

13(a) Consolidated general reserve

Opening balance	2,019,406	1,993,524
Profit earned during the year	738,815	482,431
Payments of final dividends	(167,401)	(152,183)
Payments of interim dividends	(304,366)	(304,366)
	2,286,454	2,019,406

14. Employee benefits

Gratuity scheme (Note 14.1)	100,711	87,892
	100,711	87,892

14.1 Gratuity Scheme

Balance as at 1 January	87,892	85,538
Provision made during the year	16,031	19,023
	103,923	104,561
Payments made during the year	(3,212)	(16,669)
Balance as at 31 December	100,711	87,892

15. Deferred tax liabilities

Deferred tax assets and liabilities have been recognised and measured in accordance with the provision of BAS 12: Income Taxes. Related deferred tax expense/income have been disclosed in note 26. Deferred tax assets and liabilities are attributable to the following:

	Carrying amount at the reporting date '000 Taka	Tax base '000 Taka	Taxable/(deductible) temporary difference '000 Taka
As at 31 December 2013			
Assets			
Property, plant and equipment	1,451,022	751,566	699,457
Inventories	668,098	724,943	(56,845)
Trade debtors	380,830	407,454	(26,624)
	2,499,950	1,883,963	615,988

	Carrying amount at the reporting date '000 Taka	Tax base '000 Taka	Taxable/(deductible) temporary difference '000 Taka
As at 31 December 2013			
Liabilities			
Employee benefits: Gratuity scheme	100,711	-	100,711
	100,711	-	100,711
Net taxable temporary differences			515,277
Effective tax rate			24.75%
Deferred tax liabilities			127,531
As at 31 December 2012			
Assets			
Property, plant and equipment	1,182,029	627,937	554,093
Inventories	805,766	872,095	(66,329)
Trade debtors	268,574	303,262	(34,688)
	2,256,369	1,803,294	453,076
Liabilities			
Employee benefits: Gratuity scheme	87,892	-	87,892
	87,892	-	87,892
Net taxable temporary differences			365,184
Effective tax rate			24.75%
Deferred tax liabilities			90,383
Opening balance		90,383	92,976
Charge/(release) during the year		37,148	(2,593)
		127,531	90,383
		2013	2012
		'000 Taka	'000 Taka
16. Other non-current liabilities			
Cylinder security deposit		186,794	183,873
Cylinder security deposit from customers is a liability of a continuing nature.			
17. Trade creditors			
Payable to vendors		70,602	88,284
Trade creditors are unsecured and payable within a month.			
18. Expense creditors and accruals			
Salaries, wages and retirement benefits		49,762	49,065
Technical assistance fee		67,319	50,930
Accrued expenses		9,431	40,913
Other creditors		144,050	105,459
Workers' profit participation fund (WPPF)		52,715	34,763
		323,277	281,130
18. a) Consolidated expense creditors and accruals			
Salaries, wages and retirement benefits		49,762	49,065
Technical assistance fee		67,319	50,930
Accrued expenses		9,621	41,045
Other creditors		143,519	104,904
Workers' profit participation fund (WPPF)		52,715	34,763
		322,936	280,707

	2013	2012
	'000 Taka	'000 Taka
19. Sundry creditors		
Capital items	9,539	4,830
Deposit and advance from customers	52,494	75,083
Unpaid dividends	55,903	38,556
Others	20,109	73,070
	138,045	191,539

20. Provision for taxation		
Opening balance	84,073	88,889
Provision made during the year (Note-26)	225,544	180,575
	309,617	269,464
Payment during the year	(207,199)	(185,391)
Closing balance	102,418	84,073

20. a) Consolidated provision for taxation		
Opening balance	84,078	88,894
Provision made during the year:		
for Linde Bangladesh Limited	225,544	180,575
for Bangladesh Oxygen Limited	-	-
for BOC Bangladesh Limited	-	-
	225,544	180,575
	309,622	269,469
Payment during the year	(207,199)	(185,391)
Closing balance	102,423	84,078

21. Revenue					
		2013		2012	
	Unit	Quantity	Amount	Quantity	Amount
			'000 Taka		'000 Taka
ASU gases	'000 M3	12,712	538,630	13,587	557,073
Dissolved acetylene	'000 M3	289	160,199	316	172,745
Electrodes	MT	19,839	2,788,710	18,285	2,514,208
Others			568,739		573,101
			4,056,278		3,817,127

	2013	2012
	'000 Taka	'000 Taka
21.1 Entire business of the Company is analysed and reported under following segments:		
Bulk gases	353,141	396,932
Package gases and products (PG&P)	3,324,785	3,085,066
Hospital Care	378,352	335,129
	4,056,278	3,817,127

22. Cost of sales		
Opening inventories of manufactured products	106,957	142,108
Cost of goods manufactured (Note 22.1)	2,425,866	2,373,406
	2,532,823	2,515,514
Closing inventories of manufactured products	(135,060)	(106,957)
Cost of sales of manufactured products	2,397,763	2,408,557
Cost of trading products	152,326	118,173
	2,550,089	2,526,730

	2013	2012
	'000 Taka	'000 Taka
22.1 Cost of goods manufactured		
Materials, goods and labour:		
Raw and packing materials consumed (Note 39)	1,918,302	1,919,338
Fuel and power	107,360	93,958
Direct wages	111,336	108,889
	2,136,998	2,122,185
Manufacturing overhead:		
Salaries, wages and staff welfare	62,995	50,117
Depreciation	106,072	100,425
Repairs to machinery (Note 22.1.1)	72,435	68,047
Repairs to building	4,236	3,275
Maintenance, others	13,418	10,628
Insurance	4,013	1,975
Rent, rates and taxes	192	154
Travelling and conveyance	1,337	1,015
Training expenses	421	186
Vehicle running expenses	9,415	6,867
Telephone, telex and fax	1,168	1,082
Printing, postage, stationery and office supplies	2,057	3,817
Consultancy fees	2,550	834
Sundry factory expenses	8,559	2,799
	288,868	251,221
	2,425,866	2,373,406

22.1.1 Repairs to machinery

Repairs to machinery amounting to Tk 72,435 thousand include Tk 33,494 thousand (2012: Tk 40,343 thousand) being cost of spare parts consumed for plant maintenance.

23. Operating expenses		
Salaries, wages and staff welfare	243,351	300,279
Depreciation	51,352	45,719
Fuel and power	5,619	4,737
Repairs to building	1,326	1,899
Maintenance, others	4,283	5,899
Insurance	2,458	1,275
Delivery expenses	98,112	92,848
Rent, rates and taxes	7,174	9,845
Travelling and conveyance	11,663	8,852
Training expenses	1,500	1,230
Vehicle running expenses	41,288	38,957
Telephone, telex and fax	10,819	10,881
Global information service	36,272	18,203
Outsourcing service charge	12,849	6,686
Printing, postage, stationery and office supplies	8,205	9,481
Trade journal and subscription	2,070	1,416
Advertising and promotion	3,104	10,420
Provision for doubtful debts	(8,064)	16,551
Legal and professional charge	2,866	966
Technical assistance fee	20,771	26,290

	2013	2012
	'000 Taka	'000 Taka
Auditors' remuneration:		
Audit fees	475	475
Other Audit fees (Half Yearly Accounts, PF and WPPF audit, etc.)	157	436
Bank charges	5,048	3,978
Entertainment	740	1,076
Management meeting and conference	1,906	544
Sundry office expenses	1,731	6,033
Amortisation of intangible assets (Note-6)	7,392	3,619
Contribution to WPPF	52,715	34,763
	627,182	663,358

Operating expenses for the year 2013 consist of Distribution expenses, Marketing & Selling expenses and Administration expenses of Tk. 173,242; Tk. 219,559 and Tk. 234,381 thousands respectively.

23. a) Consolidated operating expenses

Salaries, wages and staff welfare	243,351	300,279
Depreciation	51,352	45,719
Fuel and power	5,619	4,737
Repairs to building	1,326	1,899
Maintenance, others	4,283	5,899
Insurance	2,458	1,275
Delivery expenses	98,112	92,848
Rent, rates and taxes	7,174	9,845
Travelling and conveyance	11,663	8,852
Training expenses	1,500	1,230
Vehicle running expenses	41,288	38,957
Telephone, telex and fax	10,819	10,881
Global information service	36,272	18,203
Outsourcing service charge	12,849	6,686
Printing, postage, stationery and office supplies	8,205	9,481
Trade journal and subscription	2,070	1,416
Advertising and promotion	3,104	10,420
Provision for doubtful debts	(8,064)	16,551
Legal and professional charge	2,866	966
Technical assistance fee	20,771	26,290
Auditors' remuneration:		
Audit fees	495	495
Other audit fees (Half-yearly accounts, PF and WPPF audit, etc.)	219	496
Bank charges	5,048	3,978
Entertainment	740	1,076
Management meeting and conference	1,906	544
Sundry office expenses	1,729	6,033
Amortisation of intangible assets (Note 6)	7,392	3,619
Contribution to WPPF	52,715	34,763
	627,262	663,438
24. Other income		
Proceeds from sale of property, plant and equipment (Note-32)	119,836	1,473
Less: Written down value:		
Cost of the property, plant and equipment	131,727	29,304
Less: Accumulated depreciation	106,268	28,025
	25,459	1,279
Gain/(loss) on disposal of property, plant and equipment	94,377	194

	2013	2012
	'000 Taka	'000 Taka
25. Interest income – net off expenses		
Interest income	31,172	41,891
Interest expense	(2,969)	(8,631)
	28,203	33,260

Interest attributable to Welding Electrode Factory 4th line project for its tenor of 20 months BDT 10 million was capitalised in 2013.

26. Taxation

Current tax expense (Note 20)	225,544	180,575
Deferred tax (income)/expense (Note 15)	37,148	(2,593)
	262,692	177,982

27. Earnings per share

27.1 Basic earnings per share

The computation of earnings per share is given below:

Earnings attributable to the ordinary shareholders (net profit after tax) ('000 Taka)	738,895	482,511
Number of ordinary shares outstanding during the year ('000 Taka)	15,218	15,218
Basic earnings per share (EPS) (Taka)	48.55	31.71

27.2 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.

27. a) Consolidated earnings per share

Earnings attributable to the ordinary shareholders (net profit after tax) ('000 Taka)	738,815	482,431
Number of ordinary shares outstanding during the year ('000 Taka)	15,218	15,218
Basic earnings per share (EPS) (Taka)	48.55	31.70

28. Directors' remuneration

Fees	147	79
Salaries and benefits	17,616	16,596
Accommodation	1,560	1,560
Provident fund contribution	370	349
Retirement benefits	496	1,129
	20,189	19,713

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

29. Capacity

Major products	Unit of measure	Normal Capacity for the year	Production for the year	Remarks
ASU Gases	000 M3	15,304	10,717	Low production output due to plant break down
Dissolved Acetylene	000 M3	1,150	290	Additional capacity to meet future demand
Electrodes	MT	30,800	20,072	–do–

	2013	2012
	'000 Taka	'000 Taka
30. Financial instrument		
30.1 Credit risk		
a) Exposure to credit risk		
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:		
Trade debtors	407,454	303,262
Less: Provision for doubtful debts	(26,624)	(34,688)
	380,830	268,574
Cash at bank	706,236	410,841
	1,087,066	679,415
The maximum exposure to credit risk for trade debtors at the reporting date by product category was:		
Gases	104,234	100,488
Welding	106,936	24,776
Hospital Care	196,284	177,998
	407,454	303,262
b) Ageing of trade debtors		
The ageing of gross trade debtors at the reporting date was:		
Invoiced 0–30 days	152,343	103,066
Invoiced 31–60 days	59,083	29,853
Invoiced 61–90 days	32,593	24,199
Invoiced 91–120 days	16,557	20,243
Invoiced 121–180 days	20,732	28,529
Invoiced 181–365 days	62,521	55,330
Invoiced and above 365 days	63,625	42,042
	407,454	303,262
Movement in the provision for doubtful debts during the year was as follows:		
Opening balance	34,688	18,136
Charged/(released) during the year	(8,064)	16,552
Closing balance	26,624	34,688

30.2 Liquidity risk

The following are the contractual maturities of financial liabilities

	Carrying amount '000 Taka	Contractual cash flows '000 Taka	6 months or less '000 Taka	6–12 months '000 Taka	1–2 years '000 Taka	2–5 years '000 Taka	More than 5 years '000 Taka
As at 31 December 2013							
Non-derivative financial liabilities:							
Trade creditors	70,602	70,602	70,602	–	–	–	–
Expense creditors and accruals	323,277	323,277	168,426	40,531	114,320	–	–
Sundry creditors	138,045	138,045	131,394	1,539	5,112	–	–
	531,924	531,924	370,422	42,070	119,432	–	–
As at 31 December 2012							
Non-derivative financial liabilities:							
Trade creditors	88,284	88,284	75,246	13,038	–	–	–
Expense creditors and accruals	281,130	281,130	83,781	197,349	–	–	–
Sundry creditors	191,539	191,539	107,647	83,892	–	–	–
	560,953	560,953	266,674	294,279	–	–	–

30.3 Market risk

a) Currency risk

The Company is exposed to foreign currency risk relating to purchases and other transactions which are denominated in foreign currencies. As at 31 December, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

i) Exposure to currency risk

	As at 31 December 2013				As at 31 December 2012			
	'000 BDT	'000 USD	'000 GBP	'000 EUR	'000 BDT	'000 USD	'000 GBP	'000 EUR
Foreign currency denominated assets								
Trade debtors	14,437	184	-	-	16,390	204	-	-
	14,437	184	-	-	16,390	204	-	-
Foreign currency denominated liabilities								
Trade creditors	(41,906)	(536)	-	-	(31,891)	(398)	-	-
Expense creditors and accruals	(169,992)	(208)	(520)	(794)	(129,587)	(42)	(390)	(701)
	(211,898)	(744)	(520)	(794)	(161,478)	(440)	(390)	(701)
Net exposure	(197,461)	(560)	(520)	(794)	(145,088)	(236)	(390)	(701)

The following significant exchange rates are applied during the year

Exchange rates as at	31 December 2013	31 December 2012
	Taka	Taka
US Dollar	78.25	80.20
Great Britain Pound (GBP)	129.50	130.43
EURO (EUR)	108.74	107.48

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

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

	Profit or loss		Equity	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Year 2013	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Expenditures denominated in USD	(8,472)	8,472	(8,472)	8,472
Expenditures denominated in GBP	(69)	69	(69)	69
Expenditures denominated in EURO	(53)	53	(53)	53
Exchange rate sensitivity	(8,594)	8,594	(8,594)	8,594
	Profit or loss		Equity	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Year 2012	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Expenditures denominated in USD	(11,793)	11,793	(11,793)	11,793
Expenditures denominated in GBP	(40)	40	(40)	40
Expenditures denominated in EURO	(342)	342	(342)	342
Exchange rate sensitivity	(12,175)	12,175	(12,175)	12,175

b) Interest rate risk

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

	Carrying amount	
	2013	2012
	'000 Taka	'000 Taka
Fixed rate instruments		
Financial assets		
Cash at bank	706,236	410,841
Financial liabilities	-	-
Floating rate instruments		
Financial assets	-	-
Financial liabilities	-	-

c) Accounting classification and fair values

Fair value of financial assets and liabilities together with carrying amount shown in the statement of financial position are as follows:

	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Assets carried at fair value through profit or loss	-	-	-	-
Held to maturity assets				
Fixed deposits	456,363	456,363	-	-
Loans and receivables				
Trade debtors, net	380,830	380,830	268,574	268,574
Cash at bank excluding fixed deposits	249,873	249,873	410,841	410,841
Available for sale financial assets	-	-	-	-
Liabilities carried at fair value through profit or loss	-	-	-	-
Liabilities carried at amortised costs				
Trade creditors	70,602	70,602	88,284	88,284
Expense creditors and accruals	323,277	323,277	281,130	281,130
Sundry creditors	138,045	138,045	191,539	191,539
Other non-current liabilities	186,794	186,794	183,873	183,873
			2013	2012
			'000 Taka	'000 Taka
31. Capital expenditure commitment				
Contracted but not provided for in these accounts			76,621	99,105

32. Proceeds from sale of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Purchaser
	'000 Taka	'000 Taka	'000 Taka	'000 Taka		
Freehold Land	3,475	-	3,475	31,700	Derecognition	Premier LPG Ltd.
Freehold Buildings	7,544	1,617	5,927	9,266	Derecognition	Premier LPG Ltd.
Plant and machinery	71,276	58,058	13,218	49,612	Derecognition	Various parties
Computer Equipment	13,417	13,113	304	472	Derecognition	Various parties
Vehicles	15,763	15,699	64	12,896	As per policy	Various parties
Furniture, fixtures and equipments:						
Sold	225	146	79	299	Tender	Various parties
Scrapped	8,099	8,099	-	-	Derecognition	Not applicable
	8,324	8,245	79	299		
Cylinders:						
Sold	10,045	8,059	1,986	15,591	Recovery from customers as per policy	Various customers.
Condemned	1,883	1,477	406	-		
	11,928	9,536	2,392	15,591		
2013	131,727	106,268	25,459	119,836		
2012	29,304	28,025	1,279	1,473		

33. Number of employees engaged

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk 36,000 and above were 382 (Year 2012: 364).

34. Remittance made in foreign currency

	2013		2012	
	'000 FC	'000 Taka	'000 FC	'000 Taka
Technical assistance fee to BOC Group, UK (GBP)	-	-	161	21,194
Dividend paid to The BOC Group, UK (GBP)	2,084.2	254,754	1,915	246,536
Global IS Charge to Linde AG, Germany (Euro)	-	-	57	6,250
ACE service Charge to Linde Gas Asia, (USD)	-	-	38	3,106
Lloyds Register Asia, India (USD)	9.8	769	18	1,496
Atlantic Analytical Lab. Inc (USD)	1.0	79	-	-
BOC Gases Tech. Supply Cent, UK (GBP)	0.4	49	-	-
Siemens Bank, GMBH (EUR)	2.1	225	-	-
New Delhi Lab. Pvt. Ltd. (USD)	1.1	90	-	-
Mercer (Singapore) Pte. Ltd. (USD)	2.0	142	-	-

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 2013 includes interim dividend of GBP 1,352 thousand for the year 2013.

35. Receipt in foreign currency

Name of customer/vendor	Nature of receipt	2013		2012	
		'000 US\$	'000 Taka	'000 US\$	'000 Taka
Uniglory Cycle Component Ltd.	Deemed export	136	10,474	96	7,772
Uniglory Cycle Industries Ltd.	Deemed export	119	9,120	100	8,066
Meghna Alloytech Ltd.	Deemed export	76	5,894	127	10,321
Fairdeal Agencies (P) Ltd., India	Export	19	1,450	-	-
Steris Corporation, USA	Sales commission	114	8,763	-	-
JW Medical Crop, Korea	Sales commission	9	664	-	-
Linde Gas Asia (P) Ltd, S.pore	IS Cost	16	1,206	-	-
Total		489	37,571	324	26,159

	2013	2012
	'000 Taka	'000 Taka
36. Value of imports calculated on CIF basis		
Raw materials	1,562,399	1,842,737
Components and spare parts	42,527	132,462
Capital goods	141,767	220,199
	1,746,693	2,195,398
37. Bank guarantees and commitments		
37.1 Bank guarantee provided against various parties and disputed VAT		
Bank guarantees to third parties, shipping guarantees, bank acceptance and disputed VAT	55,477	92,190
37.2 Outstanding letters of credit	515,603	495,438

38. Events after the reporting date

For the year 2013 the board has recommended a final dividend of Tk 11.00 per share amounting to Tk 167,401 thousand at the board meeting held on 13 March 2014.

39. Raw and packing materials consumed

	Opening stock		Purchase		Closing stock		Consumption		
	Quantity	Cost	Quantity	Cost	Quantity	Cost	Quantity	Cost	% of total
Description	MT	'000 Taka	MT	'000 Taka	MT	'000 Taka	MT	'000 Taka	consumption
Calcium carbide	223	18,920	1,202	97,829	388	31,277	1,038	85,472	4.46
Wire	805	51,049	16,143	1,003,005	738	43,031	16,210	1,011,023	52.70
Blended powder	1,359	212,218	4,892	614,637	1,841	223,221	4,411	603,634	31.47
Others*	-	145,507	-	131,603	-	58,937	-	218,173	11.37
2013	-	427,694	-	1,847,074	-	356,466	-	1,918,302	100.00
2012	-	433,200	-	1,913,832	-	427,694	-	1,919,338	100.00

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

40. Related party transactions

i) The Company purchased/received following goods and services from the Group companies in the normal course of business.


	Transaction during the year		Closing balance	
	2013	2012	2013	2012
	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Special gases, spares and cylinders	119,582	97,570	(30,618)	(31,891)
Software	3,300	46,588	(49,888)	(46,588)
Technical services	69,892	51,179	(120,104)	(81,186)
	192,774	195,337	(200,610)	(159,665)

ii) During the year following transactions were made with the organisations in which Mr Latifur Rahman, Director of the Company is interested as director.

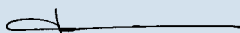
Sales to Transcom Group of Companies	29,703	34,942	3,114	1,004
iii) Dividend paid to The BOC Group Ltd.	254,754	246,536	-	-
iv) Key management personnel				
Directors' remuneration	20,189	19,713	-	-

Dividend paid to The BOC Group Ltd. in 2013 includes Tk 164,357 thousand paid as interim dividend for the year.

Dhaka, 13 March 2014



Ayub Quadri
Chairman



Erphan S Matin
Managing Director



M Nazmul Hossain
Company Secretary

Locations.

Registered Office

Corporate Office, 285 Tejgaon I/A
Dhaka 1208
Phone +88.02.8870322-27
Fax +88.02.8870329/8870336

Factories

Tejgaon

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

Rupganj

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

Shitalpur

Shitalpur, Sitakund, Chittagong
Phone +88.031.2780205
Mobile +88.01199703140

Bogra LPG Plant

Dhankundi, Sherpur, Bogra
Mobile +88.01713145458

Sales Centres

Tejgaon

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

Postagola

P.O. Faridabad, Postagola, Dhaka 1204
Phone +88.02.7441320
Mobile +88.01713099673

Tipu Sultan Road

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

Tongi

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

Narayanganj

72 Sirajuddowla Road, Narayanganj
Phone +88.02.7632942
Mobile +88.01713099656

Mymensingh

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

Noakhali

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

Khulna

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

Barisal

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

Rajshahi

Islampur (Debisingh para) Natore Road
Bhadra, Rajshahi
Phone +88.0721.750242
Mobile +88.01713099668

Shitalpur

Shitalpur, Sitakund, Chittagong
Phone +88.031.2780205
Mobile +88.01199703140

Sagorika

68/V Sagorika Road, Pahartali
P.O. Customs House, Chittagong
Phone +88.031.752122/752776/750839
Mobile +88.01713099658-9

Comilla

Sreemantapur, Chandpur Road
Ahmednagar, Comilla
Mobile +88.01713099661

Sylhet

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

Jessore

Central Road, Ghope, Jessore
Phone +88.0421.68596/66426
Mobile 01713099672

Bogra

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

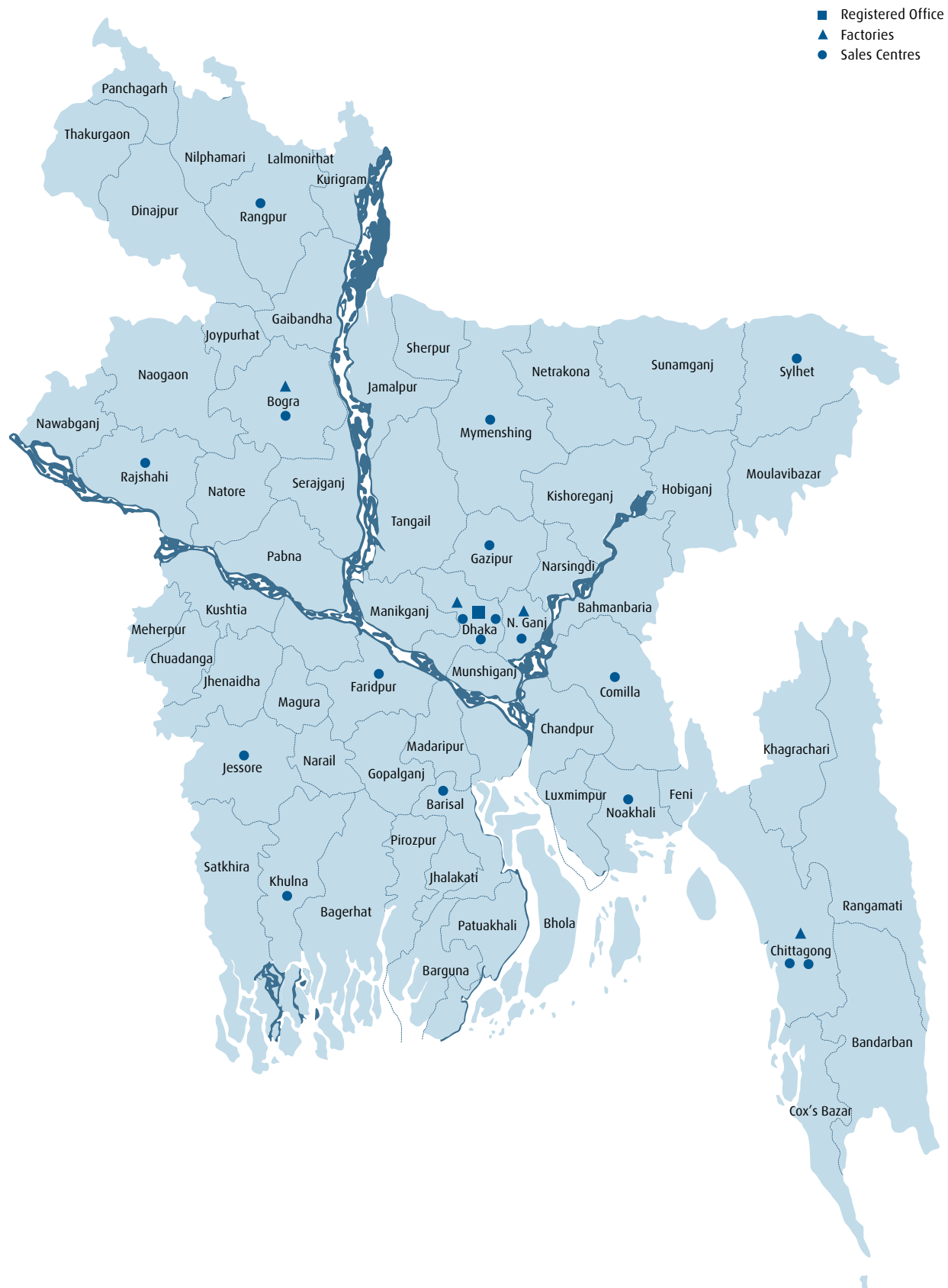
Rangpur

Central Bus Terminal, R.K. Road
Goneshpur, Rangpur
Phone +88.0521.63608
Mobile +88.01713099667

Faridpur

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

Linde Bangladesh sites.



Range of Products and Services.

Industrial gases

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

Welding gases & equipment

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

Medical gases & equipment

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





Linde Bangladesh Limited. Form of Proxy.

I/We (name)

of (address)

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

* Mr/Mrs/Miss (name)

of (address)

as my proxy, to attend on my/our behalf at the 41 Annual General Meeting of the Company to be held on 8 May 2014 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 2014

.....
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 41 Annual General Meeting of Linde Bangladesh Limited on 8 May 2014.

.....
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 10:30 AM on Monday 5 May 2014.

Notes.



Published by

Linde Bangladesh Limited
(formerly known as BOC Bangladesh Limited)
Corporate Office
285 Tejgaon Industrial Area, Dhaka 1208, Bangladesh
Phone +88.02.8870322-7, www.linde.com.bd