

# Annual Report 2011.

# 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.

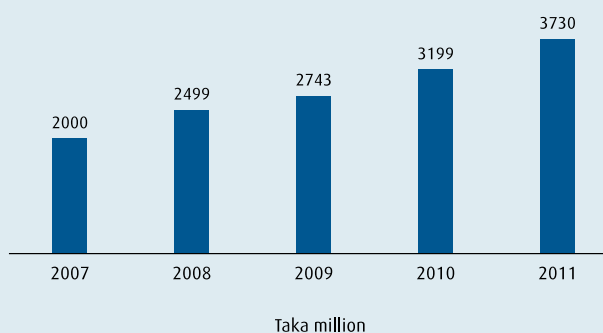


# Financial History.

		2007	2008	2009	2010	2011
Revenue	Taka'000	2,000,172	2,498,583	2,742,817	3,199,375	3,729,754
Profit before tax	"	350,155	457,740	772,611	903,256	940,136
Taxation	"	89,171	116,106	181,972	241,320	230,584
Deferred tax	"	-2,667	-17,708	-19,231	-6,132	28,037
Earnings	"	263,651	359,342	609,870	668,068	681,515
Dividend proposed	"	106,528	117,181	117,181	152,183	152,183
Interim dividend paid	"	-	152,183	152,183	380,457	380,457
General reserve*	"	1,195,914	1,312,546	1,666,177	1,823,141	1,993,048
Share capital	"	152,183	152,183	152,183	152,183	152,183
Revaluation Reserve	"	46,181	46,181	20,174	20,174	20,174
Shareholder's equity*	"	1,394,278	1,510,910	1,838,534	1,995,498	2,165,405
Net fixed assets	"	1,004,121	961,178	922,735	1,043,552	1,238,834
Depreciation	"	134,386	135,466	136,321	132,769	131,915
Earnings per share	Taka	17.32	23.61	40.08	43.90	44.78
Price Earning Ratio	"	19.00	11.00	12.00	16.00	14.00
Dividend per share	"	7.00	17.70	17.70	35.00	35.00
Dividend percentage	%	70	177	177	350	350
Net assets per share *	Taka	91.62	99.28	120.81	131.13	142.29
Operating cashflow per share	"	22.16	25.11	68.41	45.45	34.57

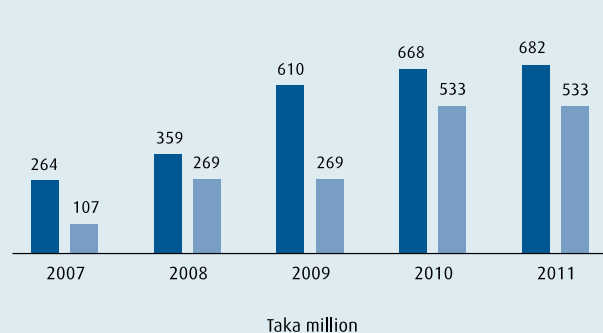
## Revenue

■ Revenue



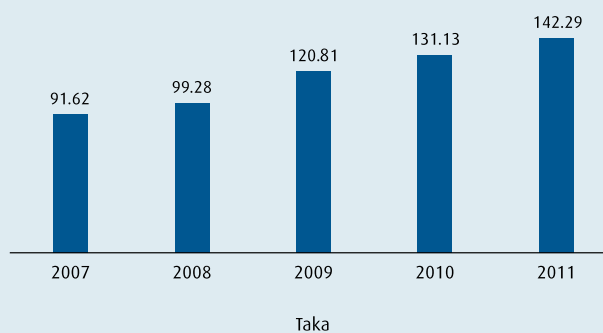
## Earnings & Dividend

■ Earnings ■ Dividend



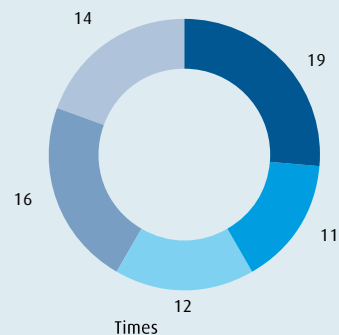
## Net Assets per Share

■ Net Assets per Share



## Price Earning Ratio\*

■ 2007 ■ 2008 ■ 2009 ■ 2010 ■ 2011



\* Adjusted for change in presentation of proposed dividends

# The Year at a Glance.

		2011	2010	Change over 2010
Revenue	'000 Taka	3,729,754	3,199,375	16.58 %
Profit before tax	"	940,136	903,256	4.08 %
Earnings	"	681,515	668,068	2.01 %
Earnings per Share	Taka	44.78	43.90	2.01 %

# Statement of Value Added.

	Year ended 31 December			
	2011		2010	
	'000 Taka	%	'000 Taka	%
<b>Value Added</b>				
Revenue	3,729,754		3,199,375	
Bought in materials and services	(2,143,388)		(1,709,638)	
	1,586,366		1,489,737	
Other income including interest on bank deposits	77,046		82,946	
<b>Available for distribution</b>	<b>1,663,412</b>	<b>100</b>	<b>1,572,683</b>	<b>100</b>
<b>Distributions</b>				
To Employees in remuneration and benefits	438,699	27	421,223	27
To Provider of capital in :				
(a) interest on borrowings	6,321	-	1,393	-
(b) Interim and Final dividend proposed	532,640	32	532,640	34
To Government in taxes, duties and surcharges	404,962	24	349,230	22
Retained for reinvestment and future growth:				
(a) depreciation	131,915	8	132,769	8
(b) reserve and surplus	148,875	9	135,428	9
	<b>1,663,412</b>	<b>100</b>	<b>1,572,683</b>	<b>100</b>

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# Notice of Annual General Meeting.

Notice is hereby given that the 39th Annual General Meeting of Linde Bangladesh Limited will be held at Officers Club, 26 Baily Road, Ramna, Dhaka-1000, on Thursday 10 May 2012 at 10:30 am to transact the following business:

1. To receive and adopt the accounts for the year ended 31 December 2011 and the reports of the Auditors and Directors thereon.
2. To declare a Dividend for the year ended 31 December 2011.
3. To elect Directors.
4. To appoint Auditors and to fix their remuneration.

By order of the Board

**M Nazmul Hossain**  
Company Secretary  
08 March 2012

**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. 20 March 2012 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 07 May 2012 and in default will not be treated as valid.

**Secretary**  
M Nazmul Hossain

**Registered Office**  
Corporate Office  
285 Tejgaon I/A  
Dhaka-1208

**Auditors**  
Rahman Rahman Huq

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

**Legal Advisers**  
Huq & Company  
Syed Ishtiaq  
Ahmed & Associates

# 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 Care Taker 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). 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**

Joined the Board of Directors in March 2012

Mr Bernd Eulitz is The Linde Group's newly appointed Regional Business Unit Head for South & East Asia based in Singapore. He oversees the Linde's fast growing businesses in 11 countries in Asia – Bangladesh, India, Indonesia, 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 significant 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. PanGas with 330 employees is the Swiss market leader in industry gases and healthcare.

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 engineer and logistic roles, and another 4 years in consulting work at A. T. Kearney in Germany, UK and France. At the consulting firm, he worked on projects with key clients in the construction, recycling, telecommunications and chemicals sectors.

Additionally, he also serves as Director on the Board of the following companies: Linde Gas Asia Pte. Ltd., Linde Gas Singapore Pte. Ltd., Linde Malaysia Holdings Bhd., Linde Pakistan Ltd.



### Desiree Bacher

Joined the Board of Directors in March 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 12 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 in 2001 became the General Manager for Finance. In 2003, she moved from the Philippines to Singapore to take on a regional role as Service Quality Manager, Asia, responsible for finance organisation 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 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

Joined the Board of Directors in March 2012

Mr Srikumar Menon is the Country Head and Managing Director of BOC India Ltd, a member of the Linde Group. He is also responsible as Cluster Head for the businesses in India, Bangladesh and Sri Lanka.

He joined BOC India Limited in 2001 as Head – Finance and become the Finance Director of the company in the same year. In 2008 Mr. Menon was appointed as Managing Director of BOC India Limited and took over as Cluster head for India, Bangladesh and Sri Lanka in January 2012. He is on the board of directors of Ceylon Oxygen Company Limited, Colombo, Sri Lanka and also 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 qualified 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 BOC 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.



### 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) and Apex Tannery Ltd.

Mr Md Fayekuzzaman was 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. Mr Zaman has experience of about 34 years of which 26 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.





**Latifur Rahman**  
Director since 2006

Mr Latifur Rahman is the Chairman and CEO of Transcom Group, with annual turnover of around Taka 30 billion, employing over 10 thousand people. The business originated with tea plantations in 1885.

Group companies dealing with beverages, electronics, pharmaceuticals, fast food, distributions, print media and tea include, Transcom Beverages Limited, Transcom Electronics Limited, Eskayef Bangladesh Limited, Transcom Foods Limited, Transcom Distribution Company Limited, Mediastar Limited, Mediaworld Limited and Tea Holdings Limited. Group is a major stakeholder in Reliance Insurance Limited and National Housing Finance and Investments Limited.

He is also the Chairman of Nestlé Bangladesh Limited, Holcim Bangladesh Limited and National Housing Finance & Investments Limited.

Mr Rahman is currently the Vice President of International Chamber of Commerce – Bangladesh.

He was President of Metropolitan Chamber of Commerce & Industry, Dhaka, Bangladesh Employers' Federation and Member, Executive Committee, Federation of Bangladesh Chambers of Commerce & Industry (FBCCI), Bangladesh Jute Mills Association and Bangladesh Tea Association.

Mr Latifur Rahman had been closely involved with the fiscal and trade policy making bodies of the Government as Chairman, Tradebody Reforms Committee, Member – Bangladesh Better Business Forum, Advisory Committee on WTO, National Committee on Export Promotion and Consultative Committee on Jute. He was Member of the Executive Board of Bangladesh Bank (Central Bank).



**Parveen Mahmud**  
Joined the Board of Directors in May 2011

Ms Parveen Mahmud joined the Board of Directors in 2011, and is the Chairman, Audit Committee. She is the first female board of director in BOC Bangladesh Limited.

Educated in the UK and in Bangladesh, in her varied professional career Ms Mahmud worked substantial time with national and international development agencies and was practicing chartered accountant. Ms Mahmud was the Deputy Managing Director of Palli Karma-Sahayak Foundation (PKSF). PKSF is an apex funding institution for poverty alleviation through employment generation, where microcredit plays is a key tool for social, economic and gender empowerment.

Ms Parveen Mahmud was partner, ACNABIN, Chartered Accountants. She is the first woman council member (2007–2009 and 2010–2013 Council) of the Institute of Chartered Accountants of Bangladesh (ICAB). She is also the first woman President of the ICAB for the year 2011. She was the first female Board member in the South Asian Federation of Accountants (SAFA), apex accounting professional body of the SAARC.

She was Working Group Member, Consultative Group on Social Indicators, UNCTAD/ISAR. She 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.

Her area of special interest is creating enabling environment to strengthen sustainable growth oriented, poverty alleviation initiatives, promoting good governance and women's empowerment.

Ms Mahmud serves in various Boards, including, BRAC, Actionaid International Bangladesh, MIDAS, Manusher Jannyo Foundation (MJF). She was the Vice Chairman, Under Privileged Children Educational Program (UCEP) – Bangladesh, and was the Chairperson, Acid Survivors Foundation.



**M Nazmul Hossain**  
Director since 2011

Mr M Nazmul Hossain is a Chartered Accountant with many years of experience in the industry. He has joined the Company 1982 and held several senior positions in the Company prior to being appointed to the Board of Directors. He also holds the office of the Company Secretary. He is a member of the Institute of Chartered Accountants of Bangladesh.

# Chairman's Statement.

## Dear Shareholders,

It is my privilege to welcome you to the 39th Annual General Meeting of your Company "Linde Bangladesh Limited". You would recall that the last Annual General Meeting witnessed two major events that had the potential of having an adverse impact on your Company: the departure of Mr. M. Syeduzzaman our Chairman for 20 years and Mr. Waliur Rahman Bhuiyan our Managing Director for many years. Your expectation, dear shareholders, from the new team was simple: you wanted us to continue the good work of our predecessors. It is in this context that I am delighted to share with you my happiness for the satisfactory business performance of your Company during the just concluded accounting year, despite many challenges. I invite you to join me in congratulating the management on the satisfactory business results and for being able to sustain continuous business growth under a very challenging environment.

A significant event during the year was the change in name of your Company. As part of the worldwide programme of the Linde Group, and in pursuance of a resolution adopted at the Extraordinary General Meeting, your Company changed its name from BOC Bangladesh Limited to Linde Bangladesh Limited in November 2011. This has been very well received by all concerned. Please note that your Company has set up a wholly owned subsidiary which adopted the name of BOC Bangladesh Limited a Private Limited Company. This was done primarily to preserve the goodwill associated with its former name and to retain it within the domain of your Company and also to provide the operational flexibilities of a group structure.

The Bangladesh economy registered growth in the last fiscal year (ended June 2011), despite internal and external challenges. Agriculture grew robustly for the second year in a row as good weather prevailed and the Government maintained strong support including timely delivery of inputs and extension of services, access to affordable irrigation and higher procurement prices. Industrial sector growth was boosted by the sharp rise in readymade garment exports. The opening up of new

markets for Bangladesh's knitwear and woven fabrics and the relaxed rules of origin under the European Union's Generalized System of Preference contributed to the rapid export expansion. Industries focused on the domestic market also did well as income rose and bank credit was more readily available. The balance of payments however came under pressure as remittance growth slowed and imports grew strongly with larger import of food grains, fuel, capital machinery and industrial raw material. Revenue growth was strong but the inflow of foreign assistance remained low.

The economy came under pressure in the second half of the calendar year as export growth slowed with the debt crisis in Europe continuing and the slower recovery in the US economy. Although the overall import growth moderated, the import payments rose rapidly for petroleum products, required for operating the rental power plants commissioned to reduce growing power shortages. Remittance growth began picking up as more migrant workers from Bangladesh were employed overseas. The depreciation in the value of Taka also encouraged higher remittances. Inflation maintained upward trends with rise in both food and non food prices.

For expanding manufacturing to diversify the industrial base and create more jobs for the growing labour force, it is critical to remove obstacles posed by the shortages of power, gas, road and port facilities. While the fuel based rental power plants could provide a temporary respite, more lasting and cost-effective solution to the power shortages is needed through substantial addition to generation capacity and expansion in transmission and distribution. The shortages of natural gas emerged as a major concern and need to be addressed through scaling up gas production. Efforts need to be mounted for making available affordable and clean primary fuels as viable alternatives to natural gas. Roads and port facilities also need to be improved. More foreign direct investment needs to be encouraged to enhance technology diffusion, and raising the economy's productivity.



At the EGM held on 20 October 2011



At the 38th AGM held on 12 May 2011

Major challenges to maintaining macroeconomic stability and sustaining growth momentum have emerged. Containing inflation is a priority. While pressures on food prices are likely to soften because of the rise in food production, the prices of non-food items are steadily picking up. The larger subsidy allocation for fuel and power, in addition to the large outlay on fertilizer, is straining Government budget, on the one hand and leading to rapid growth in borrowing from the banking system, on the other. Foreign currency reserves have come under growing pressure with continued strong growth in imports and slower growth in exports. The rapidly growing demand for foreign exchange relative to supply, is also putting pressure on the exchange rate.

### Business Environment and Financial Performance

The year 2011 began with good performance in the economy despite internal and external challenges. Global economic uncertainties did not affect the Bangladesh economy significantly. The economic environment turned out to be better than what was experienced in other countries. There were some increase in power tariff and fuel price, causing upward cost escalation on industrial and consumer products. These factors were aggravated by increase of major raw material import cost due to increase in C&F value and upward exchange rate fluctuations during the second half of 2011. Raw material price was higher compared to the previous year. Because of higher cost impact on raw material and services, the selling price of major products were fixed upward by your Company to recover incremental cost impact.

Under these circumstances the turnover registered a growth of 17% over the previous year followed by 6% increase in profit from operations and 2% increase in post-tax profit. Due to competitive pressure in the market, the inflationary cost impact on cost of sales and operating expenses could not be fully recovered through price adjustment. Change in the tax law has caused higher tax charge in 2011 causing drop in post tax profit further. Higher Income from bank interest, however, added to the earnings positively.

The working capital was managed prudently during the year to maintain healthy liquidity position in spite of a payment of 250% interim dividend for the year and increase of major raw material cost significantly. Rutile, one of the key ingredient of Welding Electrode became scarce in the global market due to its use in pigment. To avoid future shortage, next 6 months requirement of Rutile has been purchased in advance. Further, in anticipation of price increase of MS wire, additional quantity were purchased to get future cost advantage. Your Board closely monitored the growing cash position with the objective to ensure most prudent utilization of the liquid resources, by trade off between dividend pay out to shareholders, raw material purchase to obtain future cost advantage and preservation of resources for future investment in large projects, particularly in ASU and other relevant industries to mitigate growing domestic demand and competition.

The Directors have recommended a final dividend of Taka 10.00 per share for the year ended 31st December 2011. This would require a payout of Taka 15,21,82,800. Therefore the total payout for the year including interim dividend of Taka 25 per share would be Taka 5,32,639,800 and the overall dividend percentage would be 350%. This is the same as last year.

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



Shareholders at the 38th Annual General Meeting held on 12 May 2011



Celebration for Brand Launch Ceremony on 20 November 2011

## Bulk

Industrial liquid gases are reported under this segment. Performance of the segment was slightly better than last year. Liquid Oxygen Business continued to perform below expectations due to continued turmoil in Ship Breaking Industry caused by environmental restrictions. Demand of Liquid Oxygen fell in ship breaking industry further over last year, due to the requirement to obtain no objection certificate (NOC) from Department of Environment for importing ships. Delay in publishing Ship Breaking and Ship Re-cycle Rule-2011 also affected ship breaking business adversely. Sale of Argon gas went up significantly in 2011 due to increased activity in Stainless Steel Manufacturing and Fabrication Industries. Liquid Carbon-Di-Oxide recovered over last year significantly due to winning two new customers. Supply of Liquid Nitrogen was upward during the year for purging of natural gas pipeline.

## PG & P (Packaged Goods and Products)

Industrial Compressed Gases and welding products are reported under this segment. Performance of the segment was 22% better than the previous year. Mild Still Electrode was the main driver of the segment which achieved 26% growth over the previous year. Performance of Compressed Industrial Oxygen was 14% below previous year due to losing market to the competitor and also for shortage of higher capacity cylinder preferred by the customers. Impact of lower activity in ship breaking sector affected Compressed Industrial Oxygen Business. Sale of other Industrial Gases provided good support to maintain higher turnover of the segment.

## Hospital Care

2011 was a bad year for our Hospital Care business. We lost part of Compressed Medical Oxygen and Nitrous Oxide business to Competition. Medical Equipment and Cylinder business were below our expectations. However Medical Pipe Line Business and winning of new customers of Medical Oxygen under private sector helped to reduce impact of losing customers.

## Development

Under a very challenging economic environment your Company performed significantly well over last year. Many of its manufactured products registered growth both in volume and revenue. The capacity utilisation of the various gases plants was close to the previous year. The third line of the Welding Electrode Factory was put to operation from 19 May 2011. Welding Electrode Factory is in operation three shifts a day. We would also like to update you that in order to increase production capacity of Electrode Factory another production line is under installation at Rupgonj. This will increase electrode production capacity by another 7,700 Metric Tonne per year. Your management is committed to provide innovative solution and best technology for the customer.

## Safety Matters

For all our stakeholders, specially for our employees and customers, safety remained the top-most priority for the Company as elsewhere in the Linde Group. In 2011 your Company achieved its Leading Safety Indicators and managed Lagging Indicators except for three major incidents, one of which took place in production and the other two were in transport operations. Transport operation is one area where there is no scope for complacency or to rest on success. The Company has organized week long Road Show at its Major Sites where Managing Director led the program along with Senior Managers from Regional Office and Country Leadership Team. The Company also arranged Transport Safety Training and Communication Program for Public Transport Drivers to raise awareness against transport accident and responsibility of the drivers. This program covers 180 drivers in two occasions. To reduce number of major incidents and improve safety quality, Lead Safe, Site Safe, Act Safe program and Golden Rule of Safety have been put to operations in all major locations covering our employees and customers.

## Human Resources

Excellent work environment as well as industrial peace prevailed throughout the Company all the year round. Efficient systems and procedures are pre requisite for effective employee productivity. Hence the Group initiatives of e-Leave system, Employee Self Service (ESS) and Manager Self Service (MSS) on SAP are rolled out along with continuous focus on employee development through various training activities; organizing number of training programs by local and in-house experts also continued. Under the global guidance of aligned corporate identity program rebranding from BOC Bangladesh Limited to Linde Bangladesh Limited has been completed. For employee motivation and recognition, programs like Excellence Award, Spot Recognition, Key Employee Bonus Scheme and Secondment programs to other Countries have been effectively implemented.

## Information Services

Our Information Service (IS) department continued to support Linde Bangladesh Limited in its aspiration of becoming a High Performance Organization (HPO) and achieving Project ASSERT objectives. In 2011 your Company implemented a major change in our messaging platform in order to harmonize with our global concerns by migrating from MS Exchange to Lotus Notes system. The change implies our focus on effective collaboration and better responsiveness that the business today demands.

2011 also witnessed another major harmonization drive in the application area. Started in August 2011, an eight month long endeavour was undertaken to transform our enterprise applications on SAP R/3 to the common SAP ECC6 based regional platform. The regional system was built to run the businesses in the entire South and East Asia. This system migration will help us adopting global best operating practice in our business. The project is expected to go live on 1 April 2012.

Six of our remote sites have been brought under WAN coverage to speed up business transactions. We have launched the rebranded Linde Bangladesh Limited website at <http://www.linde.com.bd>. Some of the local initiatives are in the process of migration to the regional system. Among those are ICR based production data capturing system, acknowledged as a potential best practice across the Region.

## Internal Control

Group Internal Audit team conducted a number of audits in the areas selected by them. The findings and subsequent remedial status are regularly followed up by them and reported to the Audit Committee. The accounting software which is used for data capturing is fully integrated, which not only captures data for preparations of financial statements on a systematic basis, but also provides data for management accounts and budgetary control, which help management to take appropriate decisions. To bring further control on accounting processes through standardised practices, the core accounting and data processing has been transferred to Accounting Centre for Excellence (ACE) in the Philippines effective from 15 December 2011.

## Corporate Social Responsibilities

Under the guidance of RSE corporate responsibility program "HELP" (Healthcare, Education, Local Community Development & Protecting the Environment), our initiatives of Tree plantation, donation of computers to Urban Schools, arranging safety awareness trainings programs for inter-district highway bus drivers and helpers achieved sustainability. Training of fresh university graduates as internees to acquire managerial and leadership skill was another program of the Company. Company provides scholarship to meritorious children of welding products dealers and of non management staff.





Group photo at Tejgaon Factory Brand change ceremony on 20 November 2011



Linde employees at Brand Launch Ceremony on 20 November 2011

## Board Matters

The composition of the Board remained the same as when we met last, except that we lost Mr. Sanjiv Lamba, Mr. Binod Patwari and Mr. Lee Bon Hian who were Group nominated Directors and worked as Director for 5 Years and 3 Years respectively. Mr. Lamba, Mr. Patwari and Mr. Lee opted for retirement from the Board due to change of their responsibilities. On behalf of all of us here today and on my personal behalf, I express gratitude to Mr. Lamba, Mr. Patwari and Mr. Lee for their valuable contribution to the Company. In their place Mr. Bernd Hugo Eulitz RBU Head, South & East Asia, Ms. Desiree Bacher Head of Finance and Control – South & East Asia and Mr. Srikumar Menon, Cluster Head, India, Bangladesh and Srilanka, joined the Board as Group nominated Directors. Please join me in welcoming them. We look forward to their valuable contribution to the Company.

## Prospects

Recovery from the recent global economic crisis looks encouraging for all countries in Asia. Bangladesh economy is growing despite a very challenging environment, raising the expectation of becoming a middle income economy by the next decade. The huge human resource, which is being gradually converted from unskilled work force to skilled and educated work force, is the biggest strength of our economy which could help to achieve the desired target of economic prosperity. Various governmental initiatives for regional cooperation and connectivity could open new business opportunities for Bangladesh. At the same time activities of large projects like Expressways and various new private sector initiatives, specially in power sector, has opened business opportunities for your Company. Group initiative "Project ASSERT" already has started adding value to your organisation.

In spite of slow recovery from global economic crisis and its possible affect on Bangladesh economy, particularly on food and fuel prices, wage earners remittance and Foreign Direct Investment (FDI), I am hopeful about improvement in the business environment of the Country. The Government is trying to improve the business environment for economic development. Your management is adequately prepared to take advantage of the private and public initiatives.

## 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 our success to our Customers, Suppliers, Bankers, Government authorities and agencies. We acknowledge this with deep gratitude.

Thank you,

Ayub Quadri  
08 March 2012

# Report of the Board of Directors.

The Directors are pleased to present the audited accounts of the Company for the year ended 31st December 2011.

The Company continued to be the principal supplier in the Country of industrial and medical gases, welding equipment and products, and certain medical products and consumables.

## Operations

The operations of the Company did not face major challenge during the year since the demands of major industrial gases were met within the production capacity of the Plants. All the plants performed smoothly. However some routine maintenance work of the ASU plant and Electrode Plants were carried out during the year. The third line of Electrode Plant went on stream from 19 May 2011. Since then it is in operation three shifts a day. Production in Nitrous Oxide Plant has been discontinued on safety ground as per Group recommendation effective from 19 November 2011. Nitrous Oxide is being imported from the fourth quarter of the year.

To cope with increased demand for MS Electrodes, installation of another production line with 7,700 MT annual capacity is under progress at Rupgonj. The plant is expected to be on stream from fourth quarter of 2012. The Company made investment in an abrasive cloth plant with a production capacity of 25,000 reams per year. Abrasive cloth plant started operation from first quarter of 2012.

## Financial Results

The Company recorded a growth in turnover of 17 % over the last year i.e. to Taka 3,729,754,357 from Taka 3,199,374,647. This was driven mainly by sales growth of MS Electrodes.

Profit from Operations grew by 6 % in 2011. Shortfall in the profitability was due to increase in import cost of raw materials. Operating expenses also increased due to high inflation in the economy. One off payment to Senior Management Staffs on retirement, doubtful debts provision and re-branding expenses were also major contributors to operating expense escalation for the year.

Pre tax profit reached an all time high of Taka 940,135,795 compared to last year's level of Taka 903,256,446. Electrode was the major contributor to pre tax profit. Interest income on Fixed Deposit also contributed substantially to Pre tax Profit.

## Working Capital Management

Overall Working Capital was managed satisfactorily during the year. Stock level went up by 82 % due to higher level of welding raw-material in hand and in transit at year end over previous year. The purpose of keeping higher stock level was to cope with increased demand for electrodes in the market. Another reason of high stock level was the Company's decision to acquire higher volume of Rutile, which became scarce in the Global Market, causing rapid price escalation. It may be mentioned that debtor's level went down over last year due to recovery of over due debts from Government Hospitals. The surplus cash and cash equivalent were placed in fixed deposit with scheduled bank throughout the year. The interest income from fixed deposit was 10% above last year in spite of significant drop in Cash and cash equivalent caused due to payment of higher dividend, increase in capital expenditure and cost escalation of inventory.

## Dividends

An interim dividend of Taka 25.00 (250%) per share amounting to Taka 380,457,000 was paid out in the year. The payment of interim dividend was same as last year.

With the Directors' recommendation for a final dividend of Taka 10.00 (100%) per share for the year, involving a payout of Taka 152,182,800 (2010 Taka 152,182,800) subject to approval at the Annual General Meeting, over all dividend percentage for the year would be 350 % and total dividend payout for the year would amount to Taka 532,639,800 (2010 Taka 532,639,800)

## Reserves

The Directors propose to transfer Taka 681,515,609 to General Reserve from the retained profit for the year. An amount of Taka 210,32,887 being surplus in actuarial gain and loss account was released to General Reserve after pension obligations were settled.

## Directors

The present directors are named on pages 7 to 9 of this report.

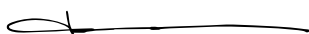
Mr. Ayub Quadri, Ms. Desiree Bacher and Mr. Latifur Rahman retire under Article 81 of the Articles of Association of the Company. Mr. Ayub Quadri, Ms. Desiree Bacher and Mr. Latifur Rahman being eligible, offer themselves for re-election.

## Corporate Governance

In compliance with Securities & Exchange Commission's Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated 20th February, 2006 the Directors report that:

- The Financial Statements prepared by the Company present a true and fair view of the Company's state of affairs, result of its operations, cash flows and changes in equity.
- Proper books of accounts as required by law have been maintained.
- Appropriate accounting policies have been followed in formulating the Financial Statements and Accounting estimates were reasonable and prudent.
- The Financial Statements were prepared in accordance with International Accounting Standard (IAS) as applicable in Bangladesh.
- The Internal Control system is sound in design and effectively implemented and monitored.
- There are no significant doubts about the Company's ability to continue as a going concern.
- Significant deviations from the operating results of the previous year are reported in details in the accounts and in the Directors' Report.

On behalf of the Board of Directors,  
08 March 2012




Erphan Shehabul Matin  
Managing Director

Key operating and financial data of three years preceding the year ended 31st December 2011, particulars of Board meetings, Audit Committee meetings, pattern of shareholdings and the compliance report are provided in Annexure 1 to 4.

## Auditors

The statutory auditors of the Company, Rahman Rahman Huq, Chartered Accountants, a member of KPMG, shall retire in the Annual General Meeting. As per SEC Order No. SEC/CMRRCD/2009-193/104/Admin dated 27 July, 2011, an audit firm cannot be engaged for more than three consecutive years as statutory auditors of the same Company. Rahman Rahman Huq has been the statutory auditors of the Company since 1976. In compliance with SEC order, we are required to appoint new statutory auditors for the Company. Hoda Vasi Chowdhury & Co., Chartered Accountants, has offered their willingness to be appointed as statutory auditors of Linde Bangladesh Limited. The Board recommends their appointment for the year 2012 subject to approval of the shareholders in the 39th Annual General Meeting and to continue till the next Annual General Meeting at a fee of taka 475,000.



Ayub Quadri  
Director & Chairman



# Committees.

## Audit Committee

Chairman	Ms Parveen Mahmud	Director
Member	Ms Desiree Bacher	Director
Member	Mr Srikumar Menon	Director
Member	Mr Latifur Rahman	Director
Secretary	Mr M Nazmul Hossain	Director
	Mr Indrajit Mitra	Country Head of Internal Audit India and Bangladesh, Internal Audit Asia/Pacific

## Country Leadership Team

Chairman	Mr Erphan S Matin	Managing Director
Member	Mr M Nazmul Hossain	Finance Director & Company Secretary
Member	Mr Firoz A Siddiquey	Head of Human Resources
Member	Mr Abu Shair	Manager, IS
Member	Mr Iftekhar Karim	Head of Supply
Member	Mr Md Abdul Matin	Manager, SHEQ

# Annexure 1.

Key operating and financial data of three years preceding the year ended 31 December 2011.

## Financial History

		2008	2009	2010	2011
Revenue	Taka'000	2,498,583	2,742,817	3,199,375	3,729,754
Profit before tax	"	457,740	772,611	903,256	940,136
Taxation	"	116,106	181,972	241,320	230,584
Deferred tax	"	(17,708)	(19,231)	(6,132)	28,037
Earnings	"	359,342	609,870	668,068	681,515
Dividend	"	117,181	117,181	152,183	152,183
Interim Dividend	"	152,183	152,183	380,457	380,457
General reserve	"	1,312,546	1,666,177	1,823,141	1,993,048
Share capital	"	152,183	152,183	152,183	152,183
Revaluation Reserve	"	46,181	20,174	20,174	20,174
Shareholder's equity	"	1,510,910	1,838,534	1,995,498	2,165,405
Net fixed assets	"	961,178	922,735	1,043,552	1,238,834
Depreciation	"	135,466	136,321	132,769	131,915
Earnings per share	Taka	23.61	40.08	43.90	44.78
Dividend per share	"	17.70	17.70	35.00	35.00
Dividend percentage	%	177	177	350	350
Net assets per share	Taka	99.28	120.81	131.13	142.29
Operating cashflow per share	"	25.11	68.41	45.45	34.57

# Annexure 2.

## Shareholding Pattern

Director's Name	Holdings		
	2009	2010	2011
Mr. Ayub Quadri, Chairman (Joined May 2011 in place of Mr M Syeduzzaman)	10	10	10
Mr. Erphan Shehabul Matin, CEO (Joined May 2011 in place of Mr Waliur Rahman Bhuiyan OBE)	12	12	12
and spouse (Folio # N0018)	12	12	12
Mr. Latifur Rahman (Independent Director)	10	10	10
Mr. Mohammed Nazmul Hossain (CFO & Company Secretary)	3	3	3
Ms Parveen Mahmud ((independent Director-Joined May 2011)	-	-	50
<b>Executive Name</b>			
Mr. Mohammad Abu Shair	37	37	37
and spouse (folio # F0335)	100	100	100
<b>10 % or above shareholding:</b>			
The BOC Group Limited	9,130,968	9,130,968	9,130,968

# Annexure 3.

## Board Meetings

### During the period the Board met 5 times

	Name of the Directors	No. of Attendance
1	Mr M. Syeduzzaman-Chairman (Resigned May 2011)	2
2	Mr Waliur R. Bhuiyan, OBE-CEO (Retired May 2011)	3
3	Mr Ayub Quadri-Chairman	5
4	Mr Erphan Shehabul Matin-CEO	5
5	Mr Lee Bon Hian	5
6	Mr Sanjiv Lamba	Nil
7	Mr Binod Patwari	2
8	Mr Md. Fayekuzzaman	3
9	Mr Latifur Rahman	3
10	Ms Parveen Mahmud	3
11	Mr Azizur Rashid (Retired February 2011)	1
12	Mr Mohammed Nazmul Hossain	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	Mr Ayub Quadri, Chairman – Resigned May 2011 (Independent Director)	1
2	Ms Parveen Mahmud, Chairman – Joined May 2011 in place of Mr. Ayub Quadri (Independent Director)	2
3	Mr Lee Bon Hian, Director – Corporate Investor nominated	3
4	Mr Binod Patwari, Director – Corporate Investor nominated	Nil
5	Mr Latifur Rahman (Independent Director)	1

# Annexure 4.

Status of Compliance with Securities & Exchange Commission's Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated 20th February, 2006.

Condition No.	Title	Compliance Status
1.1	<b>Board's Size:</b> Board members should not be less than 5 (five) and more than 20 (twenty)	Complied
1.2 (i)	<b>Independent Directors:</b> At least 1/10th	Complied
1.2 (ii)	<b>Appointment of Independent Director by Elected Directors</b>	Complied
1.3	<b>Individual Chairman of the Board and Chief Executive and clearly defined roles and responsibilities</b>	Complied
1.4	<b>The Directors' Report to Shareholders on:</b>	Complied
a)	Fairness of Financial statement	Complied
b)	Maintenance of proper books of account	Complied
c)	Adoption of appropriate Accounting policies and estimates	Complied
d)	Compliance with International Accounting Standards (IAS)	Complied
e)	Soundness of Internal control system	Complied
f)	Ability to continue as Going Concern	Complied
g)	Significant deviations from last year	Complied
h)	Presentation of last three years data	Complied
i)	Declaration of dividend	Not applicable
j)	Details of Board meetings	Complied
k)	Shareholding Pattern	Complied
2.1	Appointment of CFO, Head of Internal Audit & Company Secretary and defining of their respective roles, responsibilities and duties.	Complied: same person appoint CFO & Co. Secretary
2.2	Attendance of CFO and the Company Secretary at Board of Directors' meeting	Complied
3.0	<b>Audit Committee</b>	Complied
3.1 (i)	Constitution of Committee	Complied
(ii)	Constitution of Committee with Board members including one Independent Director	Complied
(iii)	Filling of Casual vacancy in Committee	Complied
3.2 (i)	Chairman of the Committee	Complied
(ii)	Professional qualification and experience of the Chairman of the Committee	Complied
3.3.1 (i)	Reporting to the Board of Directors	Complied
(ii) a)	Reporting of Conflicts of interest to the Board of Director	Not applicable
(ii) b)	Reporting of any fraud or irregularity to the Board of Directors	Not applicable
(ii) c)	Reporting of violation of laws to the Board of Directors	Not applicable
(ii) d)	Reporting any other matter to the Board of Directors	Complied
3.3.2	Reporting of qualified point of Commission	Not applicable
3.4	Reporting of activities to the Shareholders and General Investors	Not applicable
4.0	<b>External/Statutory Auditors</b>	
(i)	Non-engagement in appraisal or valuation	Complied
(ii)	Non-engagement in designing of Financial Information System	Complied
(iii)	Non-engagement in Book keeping	Complied
(iv)	Non-engagement in Broker-dealer services	Complied
(v)	Non-engagement in Actuarial services	Complied
(vi)	Non-engagement in Internal Audit	Complied
(vii)	Non-engagement in any other services	Complied

# Auditors' Report to the Shareholders.

## Introduction

We have audited the accompanying financial statements of Linde Bangladesh Limited, which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes and all related consolidated financial statements of Linde Bangladesh Limited and its subsidiary.

## Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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, the financial statements including consolidated financial statements, prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of affairs of the company and its subsidiary as at 31 December 2011 and of the result of its operation and cash flows for the year then ended 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 purposes 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 subsidiary so far as it appeared from our examination of these books;
3. the statement of financial position (balance sheet) and statement of comprehensive income (profit and loss account) dealt with by the report are in agreement with the books of account and returns; and
4. the expenditure incurred was for the purposes of business of the company and its subsidiary.

Dhaka, 08 March 2012



Rahman Rahman Huq  
Chartered Accountants

# Statement of Financial Position.

		As at 31 December	
		2011	2010
	Notes	'000 Taka	'000 Taka
<b>Assets</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	5	1,238,834	1,043,552
Intangible assets	6	3,676	4,766
Investment in subsidiary	7	20	20
<b>Total non-current assets</b>		<b>1,242,530</b>	<b>1,048,338</b>
<b>Current assets:</b>			
Inventories	8	657,315	361,478
Trade debtors	9	186,593	200,103
Advances, deposits and prepayments	10	134,486	117,641
Cash and cash equivalents	11	779,306	1,074,414
<b>Total current assets</b>		<b>1,757,700</b>	<b>1,753,636</b>
<b>Total assets</b>		<b>3,000,230</b>	<b>2,801,974</b>
<b>Equity and Liabilities</b>			
<b>Shareholders' equity:</b>			
Share capital	12	152,183	152,183
Revaluation reserve		20,174	20,174
General reserve	13	1,993,048	1,823,141
<b>Total equity</b>		<b>2,165,405</b>	<b>1,995,498</b>
<b>Non-current liabilities:</b>			
Employee benefits	14	85,538	114,392
Deferred tax liabilities	15	92,976	64,939
Other non-current liabilities	16	173,364	165,646
<b>Total non-current liabilities</b>		<b>351,878</b>	<b>344,977</b>
<b>Current liabilities:</b>			
Trade creditors	17	68,790	59,360
Expense creditors and accruals	18	210,157	206,801
Sundry creditors	19	115,111	55,237
Provision for taxation (net of advance tax payment)	20	88,889	140,101
<b>Total current liabilities</b>		<b>482,947</b>	<b>461,499</b>
<b>Total liabilities</b>		<b>834,825</b>	<b>806,476</b>
<b>Total equity and liabilities</b>		<b>3,000,230</b>	<b>2,801,974</b>

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

Dhaka, 08 March 2012

As per our report of same date



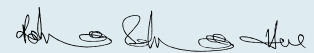
Ayub Quadri  
Chairman



Erphan S Matin  
Managing Director



M Nazmul Hossain  
Company Secretary



Rahman Rahman Huq  
Chartered Accountants

# Statement of Comprehensive Income.

	Notes	For the year ended 31 December	
		2011	2010
		'000 Taka	'000 Taka
Revenue	21	3,729,754	3,199,375
Cost of sales	22	(2,279,806)	(1,857,531)
Gross profit		1,449,948	1,341,844
Operating expenses	23	(582,415)	(520,141)
Profit from operations		867,533	821,703
Other income	24	2,027	17,602
Interest income, net	25	70,576	63,951
Profit before taxation		940,136	903,256
Taxation	26	(258,621)	(235,188)
Net profit for the year		681,515	668,068
Other comprehensive income:			
Actuarial gain/(loss) on defined benefit plan	14.1.4	21,032	(13,466)
Other comprehensive income/(loss) for the year		21,032	(13,466)
Total comprehensive income for the year		702,547	654,602
Earnings per share:			
Basic earnings per share (par value Tk 10) in Taka	27.1	44.78	43.90

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

Dhaka, 08 March 2012



Ayub Quadri  
Chairman



Erphan S Matin  
Managing Director



M Nazmul Hossain  
Company Secretary

As per our report of same date



Rahman Rahman Huq  
Chartered Accountants



# Statement of Changes in Equity.

	For the year ended 31 December 2011			
	Share capital	Revaluation reserve	General reserve	Total
	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Balance as at 1 January 2010	152,183	20,174	1,666,177	1,838,534
Dividend for the year	-	-	(497,638)	(497,638)
<b>Total comprehensive income for the year:</b>				
Profit earned during the year	-	-	668,068	668,068
Other comprehensive income/(loss)	-	-	(13,466)	(13,466)
<b>Balance as at 31 December 2010</b>	<b>152,183</b>	<b>20,174</b>	<b>1,823,141</b>	<b>1,995,498</b>
Dividend for the year	-	-	(532,640)	(532,640)
<b>Total comprehensive income for the year:</b>				
Profit earned during the year	-	-	681,515	681,515
Other comprehensive income/(loss)	-	-	21,032	21,032
<b>Balance as at 31 December 2011</b>	<b>152,183</b>	<b>20,174</b>	<b>1,993,048</b>	<b>2,165,405</b>

# Statement of Cash Flow.

	Notes	As at 31 December	
		2011 '000 Taka	2010 '000 Taka
<b>Cash flow from operating activities</b>			
Receipts from sales		3,743,264	3,153,681
Other receipts/(payments)		17,999	(3,216)
Payments for supply of goods and services		(3,020,526)	(2,299,698)
Net interest received		67,151	71,729
Income tax paid	20	(281,796)	(230,822)
		<b>526,092</b>	<b>691,674</b>
<b>Cash flow from investing activities</b>			
Payment for acquisition of property, plant and equipment*		(319,895)	(260,408)
Payment for acquisition of intangible assets	6	(521)	(498)
Proceeds from sale of property, plant and equipment	32	4,456	24,424
		<b>(315,960)</b>	<b>(236,482)</b>
<b>Cash flow from financing activities</b>			
Paid to subsidiary		(43)	(15)
Payment of dividend		(505,197)	(497,638)
		<b>(505,240)</b>	<b>(497,653)</b>
Net increase in cash during the year		(295,108)	(42,461)
Opening cash and cash equivalents		1,074,414	1,116,875
Closing cash and cash equivalents	11	<b>779,306</b>	<b>1,074,414</b>
<b>*Payment for acquisition of property, plant and equipment</b>			
Addition during the year	5	793,793	352,451
Transfer from capital work in progress	5.1	(464,168)	(92,043)
Payable to vendors for capital items	19	(9,730)	-
		<b>319,895</b>	<b>260,408</b>

# Consolidated Statement of Financial Position.

		As at 31 December	
		2011	2010
	Notes	'000 Taka	'000 Taka
<b>Assets</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	5	1,238,834	1,043,552
Intangible assets	6	3,676	4,766
<b>Total non-current assets</b>		<b>1,242,510</b>	<b>1,048,318</b>
<b>Current assets:</b>			
Inventories	8	657,315	361,478
Trade debtors	9	186,593	200,103
Advances, deposits and prepayments	10	134,486	117,641
Cash and cash equivalents	11(a)	779,304	1,074,412
<b>Total current assets</b>		<b>1,757,698</b>	<b>1,753,634</b>
<b>Total assets</b>		<b>3,000,208</b>	<b>2,801,952</b>
<b>Equity and liabilities</b>			
<b>Shareholders' equity:</b>			
Share capital	12	152,183	152,183
Revaluation reserve		20,174	20,174
General reserve	13(a)	1,993,524	1,823,654
<b>Total equity</b>		<b>2,165,881</b>	<b>1,996,011</b>
<b>Non-current liabilities:</b>			
Employee benefits	14	85,538	114,392
Deferred tax liabilities	15	92,976	64,939
Other non-current liabilities	16	173,364	165,646
<b>Total non-current liabilities</b>		<b>351,878</b>	<b>344,977</b>
<b>Current liabilities:</b>			
Trade creditors	17	68,790	59,360
Expense creditors and accruals	18(a)	209,654	206,261
Sundry creditors	19	115,111	55,237
Provision for taxation (net of advance tax payment)	20(a)	88,894	140,106
<b>Total current liabilities</b>		<b>482,449</b>	<b>460,964</b>
<b>Total liabilities</b>		<b>834,327</b>	<b>805,941</b>
<b>Total equity and liabilities</b>		<b>3,000,208</b>	<b>2,801,952</b>

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

Dhaka, 08 March 2012

As per our report of same date



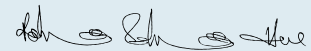
Ayub Quadri  
Chairman



Erphan S Matin  
Managing Director



M Nazmul Hossain  
Company Secretary



Rahman Rahman Huq  
Chartered Accountants

# Consolidated Statement of Comprehensive Income.

		For the year ended 31 December	
		2011	2010
	Notes	'000 Taka	'000 Taka
Revenue	21	3,729,754	3,199,375
Cost of sales	22	(2,279,806)	(1,857,531)
Gross profit		1,449,948	1,341,844
Operating expenses	23(a)	(582,452)	(520,185)
Profit from operations		867,496	821,659
Other income	24	2,027	17,602
Interest income, net	25	70,576	63,951
Profit before taxation		940,099	903,212
Taxation	26	(258,621)	(235,193)
Net profit for the year		681,478	668,019
Other comprehensive income:			
Actuarial gain/(loss) on defined benefit plan	14.1.4	21,032	(13,466)
Other comprehensive income/(loss) for the year		21,032	(13,466)
Total comprehensive income for the year		702,510	654,553
Earnings per share:			
Basic earnings per share (par value Tk 10) in Taka	27(a)	44.78	43.90

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

Dhaka, 08 March 2012



Ayub Quadri  
Chairman



Erphan S Matin  
Managing Director



M Nazmul Hossain  
Company Secretary

As per our report of same date



Rahman Rahman Huq  
Chartered Accountants

# Consolidated Statement of Changes in Equity.

	For the year ended 31 December 2011			
	Share capital	Revaluation reserve	General reserve	Total
	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Balance as at 1 January 2010	152,183	20,174	1,666,739	1,839,096
Dividend for the year	-	-	(497,638)	(497,638)
<b>Total comprehensive income for the year</b>				
Profit earned during the year	-	-	668,019	668,019
Other comprehensive income/(loss)	-	-	(13,466)	(13,466)
<b>Balance as at 31 December 2010</b>	<b>152,183</b>	<b>20,174</b>	<b>1,823,654</b>	<b>1,996,011</b>
Dividend for the year	-	-	(532,640)	(532,640)
<b>Total comprehensive income for the year</b>				
Profit earned during the year	-	-	681,478	681,478
Other comprehensive income/(loss)	-	-	21,032	21,032
<b>Balance as at 31 December 2011</b>	<b>152,183</b>	<b>20,174</b>	<b>1,993,524</b>	<b>2,165,881</b>

# Consolidated Statement of Cash Flow.

	Notes	For the year ended 31 December	
		2011 '000 Taka	2010 '000 Taka
<b>Cash flow from operating activities</b>			
Receipts from sales		3,743,264	3,153,681
Other receipts/(payments)		17,999	(3,216)
Payments for supply of goods, services and operating expenses		(3,020,569)	(2,299,708)
Net interest received		67,151	71,729
Income tax paid	20(a)	(281,796)	(230,827)
		<b>526,049</b>	<b>691,659</b>
<b>Cash flow from investing activities</b>			
Payment for acquisition of property, plant and equipment*		(319,895)	(260,408)
Payment for acquisition of intangible assets	6	(521)	(498)
Proceeds from sale of property, plant and equipment	32	4,456	24,424
		<b>(315,960)</b>	<b>(236,482)</b>
<b>Cash flow from financing activities</b>			
Payment of dividend		(505,197)	(497,638)
		<b>(505,197)</b>	<b>(497,638)</b>
Net increase in cash during the year		(295,108)	(42,461)
Opening cash and cash equivalents		1,074,412	1,116,873
Closing cash and cash equivalents	11(a)	<b>779,304</b>	<b>1,074,412</b>
<b>*Payment for acquisition of property, plant and equipment</b>			
Addition during the year	5	793,793	352,451
Transfer from capital work in progress	5.1	(464,168)	(92,043)
Payable to vendors for capital items	19	(9,730)	-
		<b>319,895</b>	<b>260,408</b>

# Notes to the Financial Statements.

As at and for the year ended 31 December 2011.

## 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 1976. The Company is listed both in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). The address of the registered office is 285 Tejgaon I/A, Dhaka-1208, Bangladesh. It is a direct subsidiary of The BOC Group Limited of United Kingdom. The entire share capital of The BOC Group Limited is fully owned by Linde AG of Germany.

The company changed its name from "BOC Bangladesh Limited" to "Linde Bangladesh Limited" with effect from November 20, 2011 as part of global program to unite the Linde companies under Linde brand. The changed name was duly registered with the Registrar of Joint Stock Companies and Firms.

### 1.2 Nature of business

The Company's principal activities are the manufacture and supply of industrial and medical gases, anesthesia, 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 authorisation

The board of directors has authorised these financial statements on 08 March 2012 for public issue.

### 2.3 Basis of measurement

These financial statements have been prepared on going concern basis under the historical cost convention as modified to include the revaluation of certain property, plant and equipment and the pension plan which was measured based on actuarial valuation.

### 2.4 Functional and presentational currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is both functional currency and presentation currency of the Company. The figures of financial statements have been rounded 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 9.1	Provision for doubtful debts
Note 14.2	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 exchange rate at the date of transaction. Differences arising on conversion are charged or credited to the statement of 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 revalued amount. Freehold buildings and leasehold buildings are measured at revalued amounts less accumulated depreciation. 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 bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner.

#### 3.2.2 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 comprehensive income as incurred.

### 3.2.3 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 the current and comparative year are as follows:

	Year 2011	Year 2010
Freehold buildings	40	40
Plant, machinery and cylinders (including storage tank and vacuum insulated evaporator)	10-20	10-20
Motor vehicles	5	5
Furniture, fixtures and equipment	5-10	5-10
Computer hardware	5	5

Leasehold buildings below 40 years are depreciated over the duration of the leases.

### 3.2.4 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 comprehensive income when incurred.

### 3.3.3 Amortisation

Amortisation is recognised in the statement of comprehensive income on a straight line basis over the estimated useful lives of the intangible assets, from the date 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 any 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 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. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

Inventories consist of raw materials, finished goods, goods in transit and maintenance spares.

### 3.7 Impairment

The carrying value 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 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 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 2011.

As per the Finance Act 2011, 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 subsidiary 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 Act, 2006.

### 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 Pension scheme

The Company operates a pension scheme for its management staff. The management staff who have completed 10 years of services are entitled for pension benefit scheme.

Pension scheme is a defined retirement benefit plan under which amounts to be paid as retirement benefits are determined by reference to employees' earnings and years of service. The pension fund is considered as defined benefit plan as it meets the recognition criteria. The Company's obligation is to provide the agreed benefits to current and former employees as per condition of the fund.

Present value of defined benefit obligation and the fair value of the plan assets were determined by professional actuary. Projected Unit Credit method is used to measure the present value of defined benefit obligations and related current and past service cost and mutually compatible actuarial assumptions about demographic and financial variables were used. The difference between fair value of the plan assets and present value of obligation is recognised as a liability or an asset in the statement of financial position.

The rate used to discount post employment benefit obligations is determined by reference to market yields at the date of statement of financial position on treasury bills. The expected return on plan assets is based on market expectation. Total expenses recognised in the statement of comprehensive income comprise of current service cost, interest cost and expected return on plan assets. The Company's policy is to recognise actuarial gain/loss in full immediately in other comprehensive income.

### 3.12.3 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 comprehensive income in proportion to the stage of completion of the transaction at the reporting date. Cylinder rent is largely recognised on cash 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 interest income on funds invested. Interest income is recognised on accrual basis.

Finance expenses comprise interest expense on overdraft, finance lease and bank charges. All finance expenses are recognised in the statement of comprehensive income.

### 3.15 Consolidation of financial statements

Bangladesh Oxygen Limited is a wholly owned subsidiary of Linde Bangladesh Limited. The subsidiary is an entity controlled by the Company.

The subsidiary's financial statements have been consolidated with those of the Company in accordance with BAS 27: Consolidated and separate 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 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 40.

## 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 open amount of credit sale without requiring approval from the Committee; these limits are reviewed at least once a year. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a cash/deposit 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.

The Company held cash and cash equivalents of Taka 779,306 thousand at 31 December 2011 (2010: Taka 1,099,819 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) is 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 (Note 11.1) 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 power, calcium carbide and other raw materials, it is exposed to risks arising from the purchase of these materials for use in production. Commodity price risk is managed by supply contracts with suppliers.

#### 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

## Cost Year 2011

Particulars	Cost				Depreciation				Written down value as at 31 December 2011
	As at 1 January 2011	Addition during the year	Disposal/ transfer during the year	As at 31 December 2011	As at 1 January 2011	Charge during the year	Disposal/ transfer during the year	As at 31 December 2011	
	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka
Freehold land	30,511	7,390	-	37,901	-	-	-	-	37,901
Freehold buildings	161,842	101,678	-	263,520	41,259	5,840	-	47,099	216,421
Leasehold buildings	112,538	6,812	-	119,350	28,969	3,240	-	32,209	87,141
Plant, machinery and cylinders (including storage tank and vacuum insulated evaporator)	1,841,531	322,426	(77,782)	2,086,175	1,292,120	107,960	(76,666)	1,323,414	762,761
Motor vehicles	57,354	9,353	(7,241)	59,466	45,464	4,862	(6,069)	44,257	15,209
Furniture, fixtures and equipment	65,757	5,225	(2,067)	68,915	48,965	4,650	(1,951)	51,664	17,251
Computer hardware	38,702	11,284	(4,443)	45,543	24,854	4,816	(4,418)	25,252	20,291
	2,308,235	464,168	(91,533)	2,680,870	1,481,631	131,368	(89,104)	1,523,895	1,156,975
Capital work in progress (Note 5.1)	215,199	329,625	(464,168)	80,656	-	-	-	-	80,656
Sub-total (A)	2,523,434	793,793	(555,701)	2,761,526	1,481,631	131,368	(89,104)	1,523,895	1,237,631

## Cost Year 2010

Particulars	Cost				Depreciation				Written down value as at 31 December 2010
	As at 1 January 2010	Addition during the year	Disposal/ transfer during the year	As at 31 December 2010	As at 1 January 2010	Charge during the year	Disposal/ transfer during the year	As at 31 December 2010	
	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka
Freehold land	29,967	544	-	30,511	-	-	-	-	30,511
Freehold buildings	157,913	3,929	-	161,842	37,016	4,243	-	41,259	120,583
Leasehold buildings	107,303	5,235	-	112,538	26,122	2,847	-	28,969	83,569
Plant, machinery and cylinders (including storage tank and vacuum insulated evaporator)	1,810,670	65,157	(34,296)	1,841,531	1,206,744	112,850	(27,474)	1,292,120	549,411
Motor vehicles	52,203	7,298	(2,147)	57,354	43,246	4,365	(2,147)	45,464	11,890
Furniture, fixtures and equipment	64,373	3,606	(2,222)	65,757	46,850	4,337	(2,222)	48,965	16,792
Computer hardware	47,933	6,274	(15,505)	38,702	36,829	3,530	(15,505)	24,854	13,848
	2,270,362	92,043	(54,170)	2,308,235	1,396,807	132,172	(47,348)	1,481,631	826,604
Capital work in progress (Note 5.1)	46,834	260,408	(92,043)	215,199	-	-	-	-	215,199
Sub-total (B)	2,317,196	352,451	(146,213)	2,523,434	1,396,807	132,172	(47,348)	1,481,631	1,041,803

## b) Revaluation

## Revaluation 2011

Particulars	Revaluation				Depreciation				Written down value as at 31 December 2011
	As at 1 January 2011	Addition during the year	Disposal/ transfer during the year	As at 31 December 2011	As at 1 January 2011	Charge during the year	Disposal/ transfer during the year	As at 31 December 2011	
	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka
Freehold land	147	-	-	147	-	-	-	-	147
Freehold buildings	176	-	-	176	100	11	-	111	65
Leasehold buildings	19,851	-	-	19,851	18,325	536	-	18,861	990
Sub-total (C)	20,174	-	-	20,174	18,425	547	-	18,972	1,202

## Revaluation 2010

Particulars	Revaluation				Depreciation				Written down value as at 31 December 2010
	As at 1 January 2010	Addition during the year	Disposal/ transfer during the year	As at 31 December 2010	As at 1 January 2010	Charge during the year	Disposal/ transfer during the year	As at 31 December 2010	
	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka
Freehold land	147	-	-	147	-	-	-	-	147
Freehold buildings	176	-	-	176	89	11	-	100	76
Leasehold buildings	19,851	-	-	19,851	17,739	586	-	18,325	1,526
Sub-total (D)	20,174	-	-	20,174	17,828	597	-	18,425	1,749

## Property, plant and equipment at cost and revaluation

	000 Taka								
As at 31 December 2011 (A + C)	2,543,608	793,793	(555,701)	2,781,700	1,500,056	131,915	(89,104)	1,542,867	1,238,834
As at 31 December 2010 (B + D)	2,337,370	352,451	(146,213)	2,543,608	1,414,636	132,769	(47,348)	1,500,056	1,043,552

## 5.1 Capital work in progress

	Balance as at 1 January 2011	Addition during the year	Transferred to property, plant and equipment	Balance as at 31 December 2011	Balance as at 1 January 2010	Addition during the year	Transferred to property, plant and equipment	Balance as at 31 December 2010
	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka
Freehold land, freehold buildings and leasehold buildings	56,515	60,834	(115,880)	1,469	913	63,877	(8,275)	56,515
Plant, machinery, cylinders and motor vehicles	158,684	246,318	(331,779)	73,223	45,921	186,651	(73,888)	158,684
Furniture, fixtures and equipment	-	9,074	(5,225)	3,849	-	3,606	(3,606)	-
Computer hardware	-	13,399	(11,284)	2,115	-	6,274	(6,274)	-
	215,199	329,625	(464,168)	80,656	46,834	260,408	(92,043)	215,199

## 5.2 Allocation of depreciation charged during the year

	2011	2010
	'000 Taka	'000 Taka
Cost of sales (Note 21.1)	90,435	93,184
Operating expenses (Note 22)	41,480	39,585
	131,915	132,769

## 6. Intangible assets

## Year 2011

Particulars	Cost				Amortisation				Written down value as at 31 December 2011
	As at 1 January 2011	Addition during the year	Disposal/ transfer during the year	As at 31 December 2011	As at 1 January 2011	Charge during the year	Disposal/ transfer during the year	As at 31 December 2011	
	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka
ERP software	6,919	-	-	6,919	5,157	365	-	5,522	1,397
Other softwares*	8,892	521	-	9,413	5,888	1,246	-	7,134	2,279
Total	15,811	521	-	16,332	11,045	1,611	-	12,656	3,676

## Year 2010

Particulars	Cost				Amortisation				Written down value as at 31 December 2010
	As at 1 January 2010	Addition during the year	Disposal/ transfer during the year	As at 31 December 2010	As at 1 January 2010	Charge during the year	Disposal/ transfer during the year	As at 31 December 2010	
	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka	'000 Taka
ERP software	6,919	-	-	6,919	4,792	365	-	5,157	1,762
Other softwares*	8,394	498	-	8,892	4,645	1,243	-	5,888	3,004
Total	15,313	498	-	15,811	9,437	1,608	-	11,045	4,766

\*Other softwares include server software and other application softwares.

**7. Investment in subsidiary**

This represents the Company's holding of 199 ordinary shares (out of 200 issued ordinary shares) of Tk 100 each in Bangladesh Oxygen Limited. This subsidiary's net loss for the year ended 31 December 2011 amounted to Tk 36,575 (2010: Tk 49,000).

	2011	2010
	'000 Taka	'000 Taka
<b>8. Inventories</b>		
Raw materials	433,200	157,262
Finished goods	116,284	77,590
Goods in transit	35,532	55,486
Maintenance spares	72,299	71,140
	<b>657,315</b>	<b>361,478</b>

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	81,972	81,701
Debts below six months	122,757	130,639
	<b>204,729</b>	<b>212,340</b>
Provision for debts considered doubtful (Note 9.1)	(18,136)	(12,237)
	<b>186,593</b>	<b>200,103</b>

9.1 As per policy of the Company where a debt is overdue by 90 days or 180 days, provision for doubtful debts is made at the rates of 50% and 100% respectively. Tk 5,899 thousand was charged during the year 2011.

**10. Advances, deposits and prepayments**

Loans and advances to employees	39,052	41,448
Advances to suppliers	7,492	7,992
Loan to Rajbari Enterprise Limited	5,231	5,226
Accrued interest on fixed deposit	18,950	13,645
Deposits and prepayments	29,130	22,724
VAT current account	34,631	26,606
	<b>134,486</b>	<b>117,641</b>

Above amounts are unsecured, but considered good. Of the total advances, deposits and prepayments Tk 97,675 thousand (2010: Tk 79,467 thousand) is receivable within 12 months from the reporting date.

**11. Cash and cash equivalents**

Cash in hand	1,044	826
Cash at bank	228,262	273,588
Fixed deposits with bank	550,000	800,000
	<b>779,306</b>	<b>1,074,414</b>

Fixed deposits are of maturity of three months or less or can be encashed at any time by management.

**11.1 Credit facilities available**

The Company has following credit facilities		
Standard Chartered Bank	580,000	580,000
Citibank, N.A.	-	120,000
HSBC	350,000	150,000
	<b>930,000</b>	<b>850,000</b>

**11 a) Consolidated cash and cash equivalents**

Linde Bangladesh Limited	779,306	1,074,414
Bangladesh Oxygen Limited	(2)	(2)
	<b>779,304</b>	<b>1,074,412</b>

	2011	2010
	'000 Taka	'000 Taka
<b>12. Share capital</b>		
<b>Authorised:</b>		
20,000,000 ordinary shares of Tk 10 each	200,000	200,000
<b>Issued, subscribed and paid up:</b>		
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)	
	2011	2010	2011	2010
The BOC Group Limited	60.0	60.0	91,310	91,310
Investment Corporation of Bangladesh (ICB)	16.4	16.1	25,005	24,575
Bangladesh Development Bank Limited (BDBL)	1.1	1.1	1,715	1,715
Sadharan Bima Corporation (SBC)	1.4	1.4	2,046	2,054
Other shareholders	21.1	21.4	32,107	32,529
	100.0	100.0	152,183	152,183

Classification of shareholders by holding:	Number of holders		Total holding (%)	
Holdings	2011	2010	2011	2010
Less than 500 shares	8,135	8,948	4.53	5.27
500 to 5,000 shares	525	810	4.11	6.41
5,001 to 10,000 shares	41	40	1.80	1.83
10,001 to 20,000 shares	27	28	2.61	2.67
20,001 to 30,000 shares	12	11	1.89	1.78
30,001 to 40,000 shares	6	7	1.36	1.58
40,001 to 50,000 shares	6	2	1.83	0.62
50,001 to 100,000 shares	5	6	2.19	2.74
100,001 to 1,000,000 shares	5	4	10.86	8.30
Over 1,000,000 shares	2	2	68.82	68.80
	8,764	9,858	100.00	100.00

<b>13. General reserve</b>		
Opening balance	1,823,141	1,666,177
Profit earned during the year	681,515	668,068
Other comprehensive income/(loss)	21,032	(13,466)
Payment of final dividends	(152,183)	(117,181)
Payment of interim dividends	(380,457)	(380,457)
	1,993,048	1,823,141

<b>13 a) Consolidated general reserve</b>		
Opening balance	1,823,654	1,666,739
Profit earned during the year	681,478	668,019
Other comprehensive income/(loss)	21,032	(13,466)
Payment of final dividends	(152,183)	(117,181)
Payment of interim dividends	(380,457)	(380,457)
	1,993,524	1,823,654

<b>14. Employee benefits</b>		
Pension fund (Note 14.1)	-	27,538
Gratuity scheme (Note 14.2)	85,538	86,854
	85,538	114,392



#### 14.1 Pension fund

Company has introduced a new employee benefit arrangement in lieu of existing pension scheme. The new arrangement is an additional bonus for the employees. The purposes of new scheme was to increase annual disposable income of management staff. All existing member of pension scheme opted for the new bonus arrangement and applied for commutation of pension entitlement as per pension scheme. Pension scheme trustee had arranged pension settlement for the members as per actuarial valuations. It may be noted that Company also maintains Gratuity fund under retirement benefit plan and Contributory provident fund under retirement contribution plan.

	2011	2010
	'000 Taka	'000 Taka
Present value of defined benefit obligation	-	161,220
Fair value of plan assets*	-	(133,682)
<b>Deficit in the plan</b>	<b>-</b>	<b>27,538</b>

\*Plan assets comprise investments in Treasury bills, Pratiraksha Sanchaya Patra (PSP) and savings bank account.

##### 14.1.1 Movement in the present value of defined benefit obligation

Defined benefit obligation as at 1 January	161,219	143,480
Benefits paid out	(144,134)	(16,603)
Current service cost	3,016	8,215
Interest cost	3,217	13,067
Actuarial (gain) /loss in other comprehensive income	(23,319)	13,060
Defined benefit obligation as at 31 December	-	161,219

##### 14.1.2 Movement in the fair value of plan assets

Fair value of plan assets as at 1 January	133,682	134,024
Contribution made the company to the plan	11,400	7,939
Benefits paid out	(144,134)	(16,603)
Expected return on plan assets	1,337	8,322
Actuarial gain/(loss) in other comprehensive income	(2,285)	-
Fair value of plan assets as at 31 December	-	133,682

##### 14.1.3 Expense recognised in profit or loss

Current service cost	3,015	8,215
Interest cost	3,217	13,067
Expected return on plan assets	(1,337)	(8,322)
	4,895	12,960

##### 14.1.4 Actuarial gain/(loss) recognised in other comprehensive income

Actuarial (gain)/loss from defined benefit obligation	23,319	(13,466)
Actuarial loss from fair value of plan assets	(2,285)	-
	21,032	(13,466)

##### 14.1.5 Actuarial assumptions

Discount rate as at 31 December	31.42%	6.00%
Expected return on plan assets	5.00%	5.00%
Future salary increase	8.00%	8.00%
Future pension increase	2.60%	2.50%

Assumption regarding future mortality are based on mortality table A (49-52) and PA (90) Ultimate. Normal retirement age is assumed to be 60 years.

#### 14.2 Gratuity Scheme

Balance as at 1 January	86,854	72,050
Provision made during the year	24,061	23,027
	110,915	95,077
Payment made during the year	(25,377)	(8,223)
<b>Balance as at 31 December</b>	<b>85,538</b>	<b>86,854</b>

**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
<b>As at 31 December 2011</b>			
<b>Assets</b>			
Property, plant and equipment	1,238,834	699,706	539,128
Inventories	657,315	718,998	(61,683)
Trade debtors	186,593	204,729	(18,136)
	<b>2,082,742</b>	<b>1,623,433</b>	<b>459,309</b>
<b>Liabilities</b>			
Employee benefits: Pension fund	–	1,889	(1,889)
Employee benefits: Gratuity scheme	85,538	–	85,538
	<b>85,538</b>	<b>1,889</b>	<b>83,649</b>
<b>Net taxable temporary differences</b>			<b>375,660</b>
Effective tax rate			24.75%
Deferred tax liabilities			92,976
<b>As at 31 December 2010</b>			
<b>Assets</b>			
Property, plant and equipment	1,043,552	605,032	438,520
Inventories	361,478	433,912	(72,434)
Trade debtors	200,103	212,340	(12,237)
	<b>1,605,133</b>	<b>1,251,284</b>	<b>353,849</b>
<b>Liabilities</b>			
Employee benefits: Pension fund	27,538	22,923	4,615
Employee benefits: Gratuity scheme	86,854	–	86,854
	<b>114,392</b>	<b>22,923</b>	<b>91,469</b>
<b>Net taxable temporary differences</b>			<b>262,380</b>
Effective tax rate			24.75%
Deferred tax liabilities			64,939
		<b>2011</b>	<b>2010</b>
		<b>'000 Taka</b>	<b>'000 Taka</b>
Opening balance		64,939	71,071
Provision/(reversal) during the year		28,037	(6,132)
		<b>92,976</b>	<b>64,939</b>
<b>16. Other non-current liabilities</b>			
Cylinder security deposit		173,364	165,646
Cylinder security deposit from customers is a liability of a continuing nature.			
<b>17. Trade creditors</b>			
Payable to vendors		68,790	59,360
Trade creditors are unsecured and payable within a month.			

	2011	2010
	'000 Taka	'000 Taka
<b>18. Expense creditors and accruals</b>		
Salaries, wages and retirement benefits	39,968	41,172
Technical assistance fee	48,188	45,901
Accrued expenses	43,769	48,293
Other creditors	28,740	23,719
Workers' profit participation fund	49,492	47,716
	<b>210,157</b>	<b>206,801</b>

**18. a) Consolidated expense creditors and accruals**

Salaries, wages and retirement benefits	39,968	41,172
Technical assistance fee	48,188	45,901
Accrued expenses	43,769	48,293
Other creditors	28,237	23,179
Workers' profit participation fund	49,492	47,716
	<b>209,654</b>	<b>206,261</b>

**19. Sundry creditors**

Capital items	9,730	-
Deposit and advance from customers	55,476	45,195
Unpaid dividends	46,101	8,247
Others	3,804	1,795
	<b>115,111</b>	<b>55,237</b>

**20. Provision for taxation**

Opening balance	140,101	129,603
Provision made during the year	230,584	241,320
	<b>370,685</b>	<b>370,923</b>
Payment during the year	(281,796)	(230,822)
<b>Closing balance</b>	<b>88,889</b>	<b>140,101</b>

**20. a) Consolidated provision for taxation**

Opening balance	140,106	129,608
Provision made during the year:		
for Linde Bangladesh Limited	230,584	241,320
for Bangladesh Oxygen Limited	-	5
	<b>230,584</b>	<b>241,325</b>
	<b>370,690</b>	<b>370,933</b>
Payment during the year	(281,796)	(230,827)
<b>Closing balance</b>	<b>88,894</b>	<b>140,106</b>

**21. Revenue**

		2011		2010
	Unit	Quantity	Amount	Quantity
			'000 Taka	'000 Taka
ASU gases	'000 M <sup>3</sup>	12,358	506,338	13,170
Dissolved acetylene	'000 M <sup>3</sup>	360	178,519	369
Electrodes	MT	20,403	2,494,384	18,411
Others			550,513	
			<b>3,729,754</b>	<b>3,199,375</b>

	2011	2010
	'000 Taka	'000 Taka
<b>21.1 Entire business of the Company is analysed and reported as below:</b>		
Bulk gases	338,745	322,562
Package gases and products (PG&P)	3,045,048	2,500,913
Hospital Care	345,961	375,900
	<b>3,729,754</b>	<b>3,199,375</b>
Product	3,564,533	3,025,750
Rent	37,947	40,251
Services	127,274	133,374
	<b>3,729,754</b>	<b>3,199,375</b>
<b>22. Cost of sales</b>		
Opening inventories for the year	70,707	46,200
Cost of goods manufactured (Note 22.1)	2,235,068	1,747,715
	<b>2,305,775</b>	<b>1,793,915</b>
Closing inventories of manufactured products	(142,108)	(70,707)
Cost of sales of manufactured products	2,163,667	1,723,208
Cost of trading products	116,139	134,323
	<b>2,279,806</b>	<b>1,857,531</b>
<b>22.1 Cost of goods manufactured</b>		
<b>Materials, goods and labour:</b>		
Raw and packing materials consumed (Note 38)	1,815,017	1,340,928
Fuel and power	77,673	77,201
Direct wages	98,630	85,208
	<b>1,991,320</b>	<b>1,503,337</b>
<b>Manufacturing overhead:</b>		
Salaries, wages and staff welfare	42,888	47,323
Depreciation	90,435	93,184
Repairs to machinery (Note 22.1.1)	68,472	65,438
Repairs to building	2,803	2,503
Maintenance	18,691	19,947
Insurance	1,669	1,410
Rent, rates and taxes	486	541
Travelling and conveyance	1,442	1,377
Training expenses	525	742
Vehicle running expenses	8,248	5,040
Telephone, telex and fax	998	1,084
Printing, postage, stationery and office supplies	2,712	2,352
Consultancy fees	155	148
Sundry factory expenses	4,224	3,289
	<b>243,748</b>	<b>244,378</b>
	<b>2,235,068</b>	<b>1,747,715</b>

**22.1.1 Repairs to machinery**

Repairs to machinery amounting to Tk 68,472 thousand include Tk 40,874 thousand (2010: Tk 45,483 thousand) being cost of spare parts consumed for plant maintenance.

	2011	2010
	'000 Taka	'000 Taka
<b>23. Operating expenses</b>		
Salaries, wages and staff welfare	247,701	241,153
Depreciation	41,480	39,585
Fuel and power	2,804	4,571
Repairs to building	2,186	1,861
Maintenance, others	5,599	5,972
Insurance	1,317	742
Delivery expenses	80,914	71,357
Rent, rates and taxes	8,375	6,115
Travelling and conveyance	9,634	8,596
Training expenses	1,478	2,288
Vehicle running expenses	37,749	33,960
Telephone, telex and fax	7,815	6,553
Global information service	10,653	3,439
Printing, postage, stationery and office supplies	7,168	7,438
Trade journal and subscription	1,777	1,397
Advertising and promotion	19,580	9,018
Provision for doubtful debts	5,899	(13,909)
Bad debts written off	451	409
Legal and professional charge	1,632	1,407
Technical assistance fee	28,336	30,433
Auditors' remuneration:		
Audit fees	525	525
Other fees (tax advice, PF and WPPF audit, etc.)	768	788
Bank charges	4,601	5,057
Entertainment	860	592
Management meeting and conference	565	395
Sundry office expenses	1,456	1,252
Amortisation of intangible assets (Note-6)	1,611	1,608
Contribution to WPPF	49,481	47,539
	<b>582,415</b>	<b>520,141</b>

	2011	2010
	'000 Taka	'000 Taka
<b>23. a) Consolidated operating expenses</b>		
Salaries, wages and staff welfare	247,701	241,153
Depreciation	41,480	39,585
Fuel and power	2,804	4,571
Repairs to building	2,186	1,861
Maintenance, others	5,599	5,972
Insurance	1,317	742
Delivery expenses	80,914	71,357
Rent, rates and taxes	8,375	6,115
Travelling and conveyance	9,634	8,596
Training expenses	1,478	2,288
Vehicle running expenses	37,749	33,960
Telephone, telex and fax	7,815	6,553
Global information service	10,653	3,439
Printing, postage, stationery and office supplies	7,168	7,438
Trade journal and subscription	1,777	1,397
Advertising and promotion	19,580	9,019
Provision for doubtful debts	5,899	(13,909)
Bad debts written off	451	409
Legal and professional charge	1,632	1,407
Technical assistance fee	28,336	30,433
Auditors' remuneration:		
Audit fees	535	535
Other fees (tax advice, PF and WPPF audit, etc.)	795	822
Bank charges	4,601	5,057
Entertainment	860	592
Management meeting and conference	565	395
Sundry office expenses	1,456	1,252
Amortisation of intangible assets (Note 6)	1,611	1,607
Contribution to WPPF	49,481	47,539
	<b>582,452</b>	<b>520,185</b>
<b>24. Other income</b>		
Proceeds from sale of items of property, plant and equipment (Note 32)	4,456	24,424
Less: Written down value:		
Cost of the property, plant and equipment	91,534	54,170
Less: Accumulated depreciation	89,105	47,348
	<b>2,429</b>	<b>6,822</b>
<b>Gain/(Loss) on disposal</b>	<b>2,027</b>	<b>17,602</b>
<b>25. Interest income, net</b>		
Interest income	76,897	65,344
Interest expense	(6,321)	(1,393)
	<b>70,576</b>	<b>63,951</b>

Interest income for 2011 includes Tk 18,950 thousand accrued at the year end (2010: Tk 13,645 thousand).

	2011	2010
	'000 Taka	'000 Taka
<b>26. Taxation</b>		
Current tax expense (Note 20)	230,584	241,320
Deferred tax income/(expense) (Note 15)	28,037	(6,132)
	<b>258,621</b>	<b>235,188</b>

<b>26. a) Consolidated taxation</b>		
Current tax expense (Note 20(a))	230,584	241,325
Deferred tax income/(expense) (Note 15)	28,037	(6,132)
	<b>258,621</b>	<b>235,193</b>

## 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)	681,515	668,068
Number of ordinary shares outstanding during the year (,000 Taka)	15,218	15,218
Basic earnings per share (EPS) (Taka)	44.78	43.90

### 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)	681,478	668,019
Number of ordinary shares outstanding during the year ('000 Taka)	15,218	15,218
Basic earnings per share (EPS) (Taka)	44.78	43.90

## 28. Directors' remuneration

Fees	85	95
Salaries and benefits	24,965	26,565
Accommodation	1,890	2,325
Provident fund contribution	413	519
Retirement benefits	15,197	2,051
	<b>42,550</b>	<b>31,555</b>

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	16,908	12,700	Additional capacity to meet future demand
Dissolved Acetylene	000 M3	1,150	362	-do-
Electrodes	MT	23,100	20,308	See below*

\*Added third line of electrode production with additional capacity of 7,700 tonnes per annum in 2011.

	2011 ‘000 Taka	2010 ‘000 Taka
<b>30. Financial instrument</b>		
<b>30.1 Credit risk</b>		
<b>a) Exposure to credit risk</b>		
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was		
Trade debtors	204,729	212,340
Less: Provision for doubtful debts	(18,136)	(12,237)
	<b>186,593</b>	<b>200,103</b>
Cash at bank	778,262	1,073,588
	<b>964,855</b>	<b>1,273,691</b>
The maximum exposure to credit risk for trade debtors at the reporting date by product category was:		
Gases	53,630	34,613
Welding	10,240	6,964
Hospital Care	140,859	170,763
	<b>204,729</b>	<b>212,340</b>
<b>b) Ageing of trade debtors</b>		
The ageing of gross trade debtors at the reporting date was:		
Invoiced 0–30 days	53,626	46,102
Invoiced 31–60 days	16,546	21,533
Invoiced 61–90 days	21,443	32,521
Invoiced 91–120 days	18,677	10,704
Invoiced 121–180 days	12,465	19,877
Invoiced 181–365 days	48,400	61,755
Invoiced and above 365 days	33,572	19,848
	<b>204,729</b>	<b>212,340</b>
Movement in the provision for doubtful debts during the year was as follows:		
Opening balance	12,237	26,146
Charged/(released) during the year	5,899	(13,909)
Closing balance	<b>18,136</b>	<b>12,237</b>

**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
<b>As at 31 December 2011</b>							
<b>Non-derivative financial liabilities</b>							
Trade creditors	68,790	68,790	68,790	–	–	–	–
Expense creditors and accruals	210,157	210,157	163,433	16,298	30,426	–	–
Sundry creditors	115,111	115,111	115,111	–	–	–	–
Derivative financial liabilities	–	–	–	–	–	–	–
	<b>394,058</b>	<b>394,058</b>	<b>347,334</b>	<b>16,298</b>	<b>30,426</b>	<b>–</b>	<b>–</b>
<b>As at 31 December 2010</b>							
<b>Non-derivative financial liabilities</b>							
Trade creditors	59,360	59,360	59,360	–	–	–	–
Expense creditors and accruals	206,801	206,801	183,253	23,548	–	–	–
Sundry creditors	55,237	55,237	55,237	–	–	–	–
Derivative financial liabilities	–	–	–	–	–	–	–
	<b>321,398</b>	<b>321,398</b>	<b>297,850</b>	<b>23,548</b>	<b>–</b>	<b>–</b>	<b>–</b>



## 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 2011				As at 31 December 2010			
	'000 BDT	'000 USD	'000 GBP	'000 EUR	'000 BDT	'000 USD	'000 GBP	'000 EUR
<b>Foreign currency denominated assets</b>								
Trade debtors	3,735	55	-	-	4,581	64	-	-
	3,735	55	-	-	4,581	64	-	-
<b>Foreign currency denominated liabilities</b>								
Trade creditors	(22,740)	(276)	-	-	(13,057)	(132)	(12)	(25)
Expense creditors and accruals	(65,497)	-	(375)	(161)	(6,046)	-	-	(62)
	(88,237)	(276)	(375)	(161)	(19,104)	(132)	(12)	(87)
<b>Net exposure</b>	<b>(84,502)</b>	<b>(221)</b>	<b>(375)</b>	<b>(161)</b>	<b>(14,522)</b>	<b>(68)</b>	<b>(12)</b>	<b>(87)</b>

The following significant exchange rates are applied during the year

Exchange rates as at	31 December 2011	31 December 2010
	Taka	Taka
US Dollar	82.50	70.79
Great Britain Pound (GBP)	128.34	108.32
EURO (EUR)	107.53	96.67

## 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
<b>Year 2011</b>	<b>'000 Taka</b>	<b>'000 Taka</b>	<b>'000 Taka</b>	<b>'000 Taka</b>
Expenditures denominated in USD	(114)	114	(114)	114
Expenditures denominated in GBP	(241)	241	(241)	241
Expenditures denominated in EURO	(87)	87	(87)	87
<b>Exchange rate sensitivity</b>	<b>(442)</b>	<b>442</b>	<b>(442)</b>	<b>442</b>
	Profit or loss		Equity	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
<b>Year 2010</b>	<b>'000 Taka</b>	<b>'000 Taka</b>	<b>'000 Taka</b>	<b>'000 Taka</b>
Expenditures denominated in USD	(23)	23	(23)	23
Expenditures denominated in GBP	(25)	25	(25)	25
Expenditures denominated in EURO	(30)	30	(30)	30
<b>Exchange rate sensitivity</b>	<b>(78)</b>	<b>78</b>	<b>(78)</b>	<b>78</b>

**b) Interest rate risk**

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

	Carrying amount	
	2011	2010
	'000 Taka	'000 Taka
<b>Fixed rate instruments</b>		
Financial assets		
Cash at bank	778,262	1,073,588
Financial liabilities	-	-
<b>Floating rate instruments</b>		
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:

	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	'000 Taka	'000 Taka	'000 Taka	'000 Taka
<b>Assets carried at fair value through profit or loss</b>	-	-	-	-
<b>Held to maturity assets</b>				
Fixed deposits	550,000	550,000	800,000	800,000
<b>Loans and receivables</b>				
Trade debtors, net	186,593	186,593	200,103	200,103
Cash at bank excluding fixed deposits	228,262	228,262	273,588	273,588
<b>Available for sale financial assets</b>	-	-	-	-
<b>Liabilities carried at fair value through profit or loss</b>	-	-	-	-
<b>Liabilities carried at amortised costs</b>				
Trade creditors	68,790	N/A*	59,360	N/A*
Expense creditors and accruals	210,157	N/A*	206,801	N/A*
Sundry creditors	115,111	N/A*	55,237	N/A*
Other non-current liabilities	173,364	N/A*	165,646	N/A*

\* Determination of fair value is not required as per the requirements of BFRS 7 : Financial Instruments: Disclosure. However, fair value of such instruments is not likely to be significantly different from the carrying amounts of such instruments.

**31. Capital expenditure commitment**

Contracted but not provided for in these accounts	97,872	127,262
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## 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		
Plant and machinery	74,339	74,339	–	1,802	Tender	Various
Motor vehicles:						
Motor cycle	581	555	26	171	As per policy	Various
Cars	6,660	5,514	1,146	1,146	As per policy	Various
	7,241	6,069	1,172	1,317		
Furniture, fixtures and equipments:						
Sold	2,413	2,283	130	209	Tender	Various parties
Scrapped	4,097	4,086	11	–	Derecognition	Not applicable
	6,510	6,369	141	209		
Cylinders:						
Sold	493	306	187	1,128	Recovery from customers as per policy	Various customers
Condemned	2,951	2,022	929	–	Recovery from customers as per policy	Various customers
	3,444	2,328	1,116	1,128		
2011	91,534	89,105	2,429	4,456		
2010	54,170	47,348	6,822	24,424		

## 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 394 (2010: 386).

## 34. Remittance made in foreign currency

	2011		2010	
	'000 GBP	'000 Taka	'000 GBP	'000 Taka
Technical assistance fee to The BOC Group Ltd., UK	170	20,118	–	–
Dividend paid to The BOC Group Ltd., UK	2,325	258,863	2,514	268,725

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 2011 includes interim dividend of GBP 1,662 thousand for the year 2011.

## 35. Receipt in foreign currency

Name of customer/vendor	Nature of receipt	2011		2010	
		'000 US\$	'000 Taka	'000 US\$	'000 Taka
Uniglory Cycle Component Ltd.	Deemed export	215.00	16,372	250	17,222
Meghna Alloytech Ltd.	Deemed export	160.00	12,135	156	10,751
Ananda Shipyard Ltd.	Deemed export	–	–	92	6,316
ESAB India Ltd.	Sales commission	8.50	643	–	–
Witemann Company	Sales commission	1.28	92	–	–
GE Health Care India	Sales commission	0.38	27	–	–
Jwchoongwae Medical Crop	Sales commission	1.38	104	–	–
Lincon Electric Co. Ltd.	Sales commission	–	–	5	375
Steris Corporation	Sales commission	–	–	16	1,125
Total		386.54	29,373	519	35,789

	2011	2010
	'000 Taka	'000 Taka
<b>36. Value of imports calculated on CIF basis</b>		
Raw materials	1,955,492	1,165,791
Components and spare parts	44,466	135,507
Capital goods	263,655	73,046
	<b>2,263,613</b>	<b>1,374,344</b>

### 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	48,081	33,426
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#### 37.2 Outstanding letters of credit

	383,216	475,600
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### 38. Raw and packing materials consumed

Description	Opening stock		Purchase		Closing stock		Consumption		% to total consumption
	Quantity	Cost	Quantity	Cost	Quantity	Cost	Quantity	Cost	
	MT	'000 Taka	MT	'000 Taka	MT	'000 Taka	MT	'000 Taka	
Calcium carbide	280	18,272	1,297	92,815	253	18,865	1,324	92,222	5.08
Wire	806	49,628	17,610	1,276,442	2,050	153,538	16,366	1,172,532	64.60
Blended powder	591	58,419	5,878	604,011	1,853	218,226	4,616	444,204	24.47
Others*	-	30,943	-	117,687	-	42,571	-	106,059	5.84
<b>2011</b>	-	<b>157,262</b>	-	<b>2,090,955</b>	-	<b>433,200</b>	-	<b>1,815,017</b>	<b>100.00</b>
<b>2010</b>	-	<b>117,739</b>	-	<b>1,380,451</b>	-	<b>157,262</b>	-	<b>1,340,928</b>	<b>100.00</b>

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

### 39. 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	
	2011	2010	2011	2010
	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Special gases, spares and cylinders	67,841	52,675	(13,970)	(10,656)
Technical services	35,903	26,079	(65,497)	(45,901)
	<b>103,744</b>	<b>78,754</b>	<b>(79,467)</b>	<b>(56,557)</b>

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	10,494	8,079	874	(903)
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iii) Dividend paid to The BOC Group Ltd.

	287,625	298,583	-	-
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iv) Key management personnel

Directors' remuneration	42,550	31,555	-	-
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Dividend paid to The BOC Group Ltd. in 2011 includes Tk 205,447 thousand paid as interim dividend for the year.

### 40. Events after the reporting date

For the year 2011 the board has recommended a final dividend of Tk 10.00 per share amounting to Tk 152,183 thousand at the board meeting held on 8 March 2012.



# 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 +880.01199851725/01711563317

**Shitalpur**  
Shitalpur, Sitakund, Chittagong  
Phone +88.031.2780205  
Mobile +880.01199703140

**Bogra LPG Plant**  
Dhankundi, Sherpur, Bogra  
Mobile +880.01713145458

## Sales Centres

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Fax +88.02.8870357  
Mobile +880.01713099652

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**Tipu Sultan Road**  
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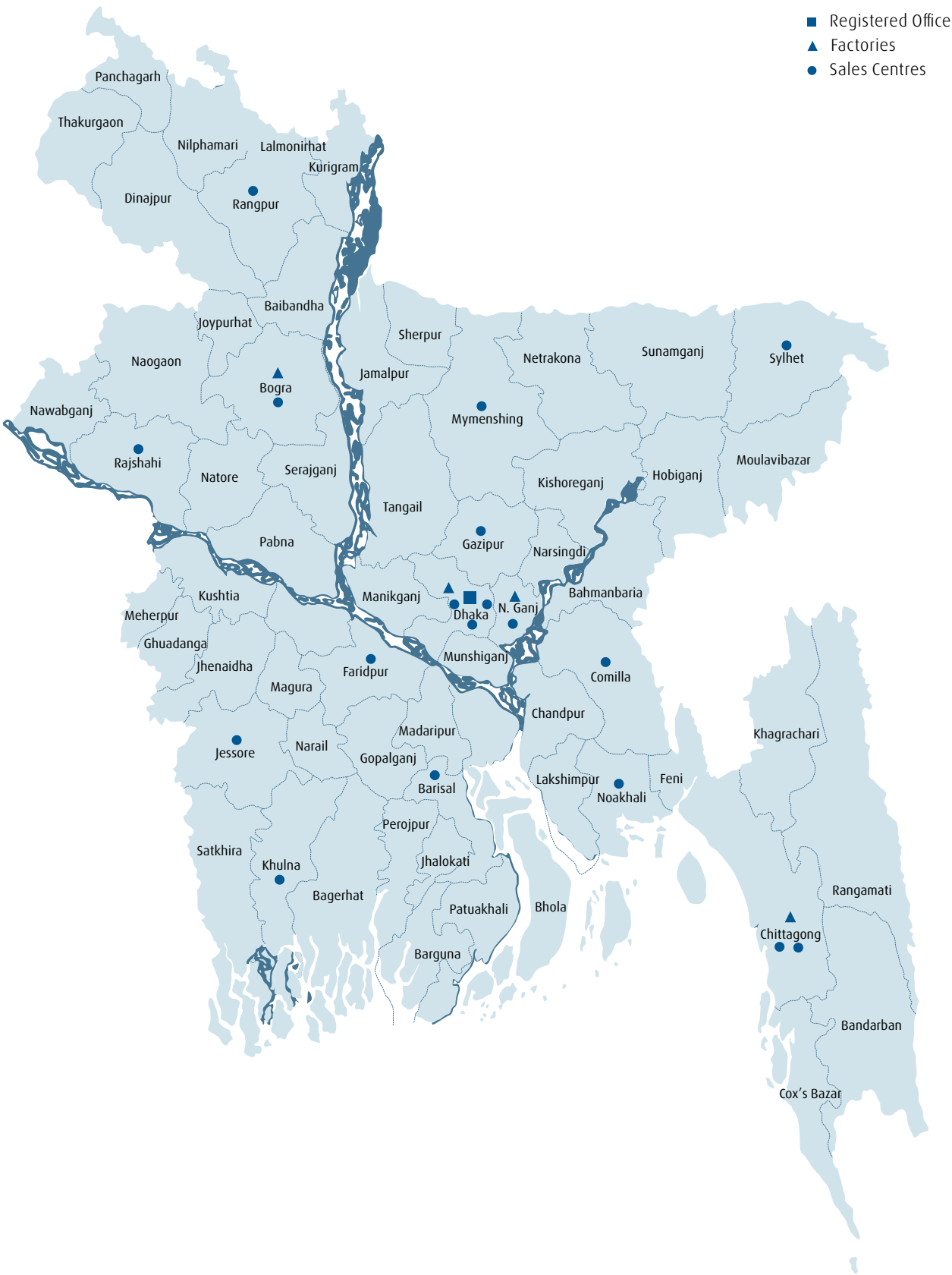
**Jessore**  
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**Bogra**  
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**Rangpur**  
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Mobile +880.01713099667

**Faridpur**  
Kashem Super Market, West Goalchamot  
Jessore Road, Faridpur  
Phone +88.0631.65345  
Mobile +880.01713099664

# 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
- Liquid 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

- 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 39th Annual General Meeting of the Company to be held on 10 May 2012 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 ..... 2012

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

Affix revenue stamp Tk.8.00

## Linde Bangladesh Limited

### Shareholder's Attendance Slip

I hereby record my presence at the 39th Annual General Meeting of Linde Bangladesh Limited on 10 May 2012.

.....	.....	.....
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 07 May 2012.







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