

Annual Report 2007



BOC Bangladesh Limited

A member of The Linde Group

Contents

Corporate Vision	1
Notice of AGM	2
Board of Directors	3
Financial History	6
The year at a Glance and Statement of Value Added	7
Chairman's Statement	8
Report of the Board of Directors	12
Committees	13
Auditors' Report	18
Balance Sheet	19
Profit & Loss Account	20
Cash Flow Statement	21
Consolidated Balance Sheet	22
Consolidated Profit & Loss Account	23
Consolidated Cash Flow Statement	24
Statement of Changes in Equity	25
Notes to the Accounts	26
Form of Proxy	41
Directory of Locations	43
Range of Products and Services	45

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.

Notice of Annual General Meeting

Notice is hereby given that the 35th Annual General Meeting of BOC Bangladesh Limited will be held at City Grand Hall, Bashundhara City, Basement I & II, 13/KA/1 Panthapath, Dhaka-1215, on Thursday 08 May 2008 at 10:30 AM to transact the following business:

1. To receive and adopt the accounts for the year ended 31 December 2007 and the reports of the Auditors and Directors thereon.
2. To declare a Dividend for the year ended 31 December 2007.
3. To enhance Directors fees for attending Board Meetings.
4. To elect Directors.
5. To extend the term of office of the Managing Director.
6. To consider and approve the following resolution as Special Resolution:

"Resolved that Article 71 of the Articles of Association of the Company be deleted and the following be substituted in its place :

The Board meeting attendance fee of the directors shall from time to time be determined by the Board of Directors in its meetings. The directors will be entitled to the actual traveling and hotel expenses incurred by them for attending the meetings of the Board."

Existing Article 71:

"The remuneration of the directors shall from time to time be determined by the Company in General Meeting. The directors will be entitled to the actual traveling and hotel expenses incurred by them for attending the meetings of the Board."

7. To consider and approve the following resolution as Special Resolution:
"Resolved that Article 76 of the Articles of Association of the Company be deleted and the following be substituted in its place:

The Directors may borrow or raise from time to time for the purposes of the Company or secure the payment of such sums as they think fit, and may secure the repayment or payment of any such sums by mortgage or charge upon all or any of the property or assets of the Company or by the issue of debentures (whether at par or at a discount or premium) or otherwise as they may think fit, provided that the amount borrowed is within the regulatory frame work prevailing at the time of borrowing."

Existing Article 76:

"The Directors may borrow or raise from time to time for the purposes of the Company or secure the payment of such sums as they think fit, and may secure the repayment or payment of any such sums by mortgage or charge upon all or any of the property or assets of the Company or by the issue of debentures (whether at par or at a discount or premium) or otherwise as they may think fit, provided that the amount for the time being remaining undischarged of moneys borrowed, raised or secured by the directors (otherwise than by the issue of share capital) shall not at any time exceed the total of the reserves and the nominal amount of the issued share capital of the Company as at the end of its preceding financial year without the sanction of the Company in General Meeting; but no lender shall be bound to see that this limit is observed."

8. To appoint Auditors and to fix their remuneration.

By order of the Board

Azizur Rashid
Company Secretary
06 March 2008

Corporate Office
285 Tejgaon I/A
Dhaka-1208

NOTES:

1. **03 April 2008** is the RECORD DATE. Shareholders whose name will appear in the share register of the Company or in the depository register on that date will be eligible to attend the AGM 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. Forms of proxy, duly completed, must be deposited at the Company's Registered Office by 10:30 A M on Monday 05 May 2008 and in default will not be treated as valid.

M Syeduzzaman

Chairman since 1992

Mr. M Syeduzzaman received his M.Sc. in Physics from Dhaka University, went to St John's College, Cambridge, UK, and obtained an M. A. in Development Economics from Williams College, Mass., USA. He is a development administrator with long experience in financial management and coordination of external assistance beginning his career in the Civil Service of Pakistan in 1956. He has held various positions including those of permanent secretaries in the ministries of Finance and Planning and of Principal Finance Secretary. Before he resigned from the Government in late 1987 he was Minister for Finance of Bangladesh. Mr. Syeduzzaman worked extensively as an international consultant until recently. From 1995 he is a member of the Board of Trustees of the Centre for Policy Dialogue, the leading Civil Society 'think tank' of the Country. In October 1999 he was elected Chairman of Bank Asia Ltd., a new commercial bank in the private sector and continues to hold the position. In early 2002 Mr. Syeduzzaman was elected Chairman of the Bangladesh Rice Foundation. In 2003 Mr Syeduzzaman was elected Chairman of the newly established Credit Rating Agency of Bangladesh, a public Limited Company for providing credit rating services to financial and non-financial organization. Since 2005 he is a member of the International Advisory Council for the 2020 Vision Initiative of the Washington based International Food Policy Research Institute (IFPRI). From January 01, 2007, Mr Syeduzzaman has been elected a member of the Board of Trustees of the Industrial Rice Research Institute (IRRI) in the Philippines.



Waliur Rahman Bhuiyan, OBE

Managing Director since 1998

Mr. Bhuiyan obtained a Masters in Economics and an MBA from Dhaka University. He started his career with the Company in 1975 and has worked in a variety of senior positions in the Gases and Welding businesses and also in the Personnel and Administration functions. He was appointed to the Board of Directors in 1996.

Mr. Bhuiyan is the current President of Foreign Investors' Chamber of Commerce & Industry (2007-2009). Earlier he held the position for two terms from 1999 to 2003. In the current year he was decorated with Order of British Empire (OBE) by Her Majesty The Queen of Great Britain. He is in the Board of Directors of Chittagong Stock Exchange Limited, ACI Limited and Biman Bangladesh Airlines Limited.



Michael S Huggon

Director since 2001

Mr. Huggon is the Head of UK & Ireland RBU of The Linde Group since January 2007. Immediately before that he was the Managing Director for ISP (Industrial and Special Products) Asia since October 2003. He had previously worked for 6 years in Hong Kong and Southern China as Managing Director for the Hong Kong Oxygen Group. Having graduated as a Chemical Engineer from Brunel University (London) and obtained a Post Graduate Diploma in Marketing, he joined the BOC Group in the UK in 1978 and has held a succession of commercial and operating roles including Medical, Industrial and Special Gases facilities.



Mr Sanjiv Lamba

Director since 2004

Mr. Sanjiv Lamba graduated from St Xavier's College, Kolkata, with a B.Com (Hons) degree in 1987. He qualified as a Chartered Accountant in 1989 from the Institute of Chartered Accountants of India.

Mr. Lamba started his career in 1987 as a Commercial Trainee with Lipton India Limited before joining BOC India Limited in 1989 in the finance department. After a stint of just under 4 years, in 1993 Sanjiv was selected for a secondment to the headquarters of The BOC Group plc at Windlesham, UK. Mr. Lamba was in the UK for nearly 4 years working across various functions within the global finance organization before relocating back to India in 1997 as General Manager, Finance. He was subsequently made the head of Finance before joining the Board of BOC India Limited as Director, Finance, in January 2000.

In October 2001, Mr. Sanjiv Lamba took over as Managing Director of BOC India and spent the next 4 years implementing a successful turnaround strategy for the Indian business. In March 2005, he relocated to Singapore and was appointed to a regional position as head of PGS line of business for South & South East Asia looking after seven countries.

Most recently, following the merger of the Linde and BOC businesses globally, Mr. Lamba was appointed as the Regional Business Unit Head for South & East Asia within the new Linde Group effective 1 January 2007. In his current role he is responsible for the businesses of The Linde Group across 10 countries in Asia stretching from Pakistan in the west to South Korea in the east. The region of South & East Asia within the Linde Group registered a turnover of nearly US\$ 1 billion in 2007.





Andrew P Gardner
Director since 2007

Mr Gardner is currently Regional Head, responsible for Bangladesh, Pakistan and the Philippines. He joined BOC in 1995 initially working in Corporate HQ in the UK before moving to Asia in 1997 where he has subsequently progressed through a wide range of senior functional and general management roles based in Hong Kong and Singapore. His work experience in Asia includes regional roles in strategy, finance, and marketing, as well as the positions of General Manager, Hong Kong and most recently Major Customer Director, South & South East Asia. Before joining BOC Mr Gardner worked for British Coal in the UK progressing through several operational line management positions. He is a Chartered Engineer with an Engineering Degree from the University of Nottingham, and has an MBA from Manchester Business School, UK.



MD Z H Khondker
Director since 2000

Mr. Khondker is the Managing Director of Investment Corporation of Bangladesh (ICB), Member, South Asian Development Fund (a Fund created under the umbrella of SAARC), Member, Advisory Committee and Steering Committee of Securities and Exchange Commission, Bangladesh. Chairman of Aramit Group of Companies and ICB Capital Management Limited. Director, British American Tobacco Bangladesh Company Ltd. (BATBC), GlaxoSmithKline Bangladesh Ltd., Renata Ltd., Advanced Chemical Industries Ltd. (ACI), National Tea Company Ltd. (NTC), Credit Rating Information and Services Ltd. (CRISL), Central Depository Bangladesh Limited (CDBL), Heidelberg Cement Bangladesh Ltd., Credit Rating Agency of Bangladesh Ltd. (CRAB), Dhaka Stock Exchange Limited (DSE), Apex Tannery Ltd., and some other companies/institutions.

Mr. Md. Ziaul Haque Khondker obtained Masters Degree in Economics from the University of Dhaka in 1976. Mr. Khondker has been working in the ICB for more than 30 years in various positions/capacities and has gathered wide range of experience in the field of capital market. He worked in Bangladesh Shilpa Rin Sangstha (BSRS) in the capacity of General Manager. He also worked in the Securities and Exchange Commission on Special Assignment. He was associated with privatization of some Public Enterprises in the initial stage on behalf of ICB, worked with the sub-committee on off-loading of Govt. share holdings in banks and industrial enterprises to the general public. He worked as Member Secretary to the Committee titled "Capital Market Development Committee" constituted by the Ministry of Finance. He has published a number of articles on capital market and stock market in journals and national dailies.



Mohammed Farashuddin
Director since 2003

Mr. Farashuddin stood first in his BA(Hons) and MA in Economics from the University of Dhaka. He obtained a Ph.D. in Economics from Boston University, USA with specialization in Costs: Benefit Analysis. Dr. Farashuddin is an experienced development administrator in the national and international context starting his career in the erstwhile Civil Service of Pakistan. He held various positions including those of Controller of Capital Issues of Bangladesh, Governor of Bangladesh Bank and Resident Representative of UNDP. His practical experience on development management also included assignment in the External Resources Division in the areas of aid mobilization and coordination and in the Planning Commission in the areas of poverty alleviation. He was the founder Vice Chancellor of East West University, a leading private university of the Country where he is a member of the Board of Directors and a full-time Professor teaching managerial economics, development economics and macroeconomics. Dr. Farashuddin held positions of Chairman of the Sonali Bank and BSRS as well as Director of a number of corporate institutions like British American Tobacco Company, Agrani Bank, Investment Corporation of Bangladesh and Sadharan Bima Corporation. Dr. Farashuddin was a Panel Member for Evaluation of the Fifth Five Year Plan of Bangladesh. He was a member of the National Education Committee, 1997. Dr. Farashuddin is a Senior Fellow of the Bangladesh Institute of Development Studies.



Latifur Rahman
Director since 2006

Mr. Latifur Rahman is the Chairman and CEO of Transcom Group, which 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.

He is also the Chairman of Nestlé Bangladesh Limited and Holcim Bangladesh Limited

Mr. Rahman is currently the President of Metropolitan Chamber of Commerce & Industry, Dhaka, Vice President of International Chamber of Commerce - Bangladesh, Executive Committee Member of SAARC Chamber of Commerce, Member of the Bangladesh Better Business Forum. He was President of Bangladesh Employers' Federation and Executive Committee Member of the Federation of Bangladesh Chambers of Commerce & Industry, 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 - 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).

Azizur Rashid
Director since 1999

Mr. Rashid is a Chartered Accountant with many years of work experience in industry and public practice in the UK. He joined the Company in 1989, 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.



Erphan S Matin
Joined the Board of Directors in January 2008

Mr. Erphan Shihabul Matin is an Electrical Engineer from Bangladesh University of Engineering & Technology (BUET), Dhaka. Soon after graduation he started his career with BOC in 1980. Over the years Mr. Matin held a number of important positions in the Company, mostly in sales. Prior to joining the Board he was General Manager Sales & Marketing. He is a life member of Bangladesh Institution of Engineers, Dhaka.



Secretary
Azizur Rashid

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

Auditors
Rahman Rahman Huq

Bankers
Agrani Bank
Arab Bangladesh Bank Ltd.
Citibank N.A.
City Bank Ltd.
The Hongkong Shanghai Banking Corporation Limited
IFIC Bank
Islamic Bank Bangladesh Ltd.
Janata Bank
Prime Bank Ltd.
Rupali Bank Ltd.
Sonali Bank
Standard Chartered Bank Ltd.
Pubali Bank Ltd.

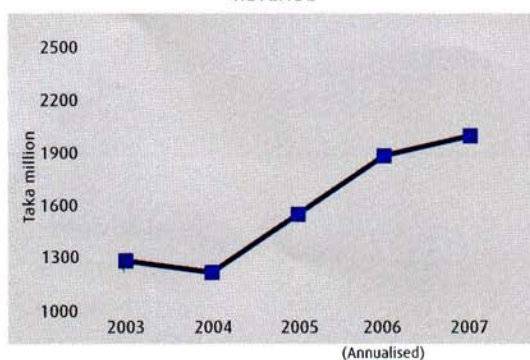
Legal Advisers
Huq & Company
Syed Ishtiaq
Ahmed &
Associates

Financial History

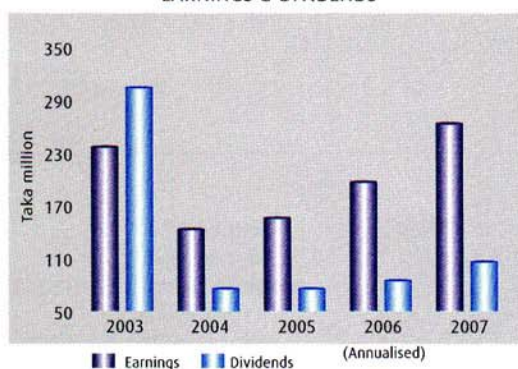
		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2006</u>	<u>2007</u>
		<u>12 months</u>	<u>12 months</u>	<u>12 months</u>	<u>15 months</u>	<u>Annualised</u>	<u>12 months</u>
Revenue	Taka'000	1,289,431	1,224,145	1,553,430	2,358,955	1,887,164	2,000,172
Profit before tax	"	259,192	195,164	220,783	336,425	269,140	350,155
Taxation	"	34,114	47,000	61,500	112,926	90,341	89,171
Deferred tax	"	-12,051	4,963	3,298	-22,753	-	-2,667
Earnings	"	237,129	143,201	155,985	246,252	197,002	263,651
Dividend proposed	"	304,366	76,091	76,091	106,528	85,222	106,528
Dividend distribution tax	"	30,437	7,609	-	-	-	-
General reserve*	"	947,214	850,206	839,605	1,051,366	-	1,195,914
Share capital	"	152,183	152,183	152,183	152,183	152,183	152,183
Shareholder's equity*	"	1,284,020	1,092,418	1,164,703	1,249,730	-	1,394,278
Net fixed assets	"	1,356,102	1,313,425	1,257,046	1,087,131	-	1,004,121
Depreciation	"	104,717	118,218	123,584	168,946	135,157	134,386
Earnings per share	Taka	15.58	9.41	10.25	16.18	12.94	17.32
Dividend per share	"	20.00	5.00	5.00	7.00	5.6	7.00
Dividend percentage (%)		200	50	50	70	56	70
Net assets per share	"	84.37	71.78	76.53	82.12	-	91.62

* Adjusted for change in presentation of proposed dividends

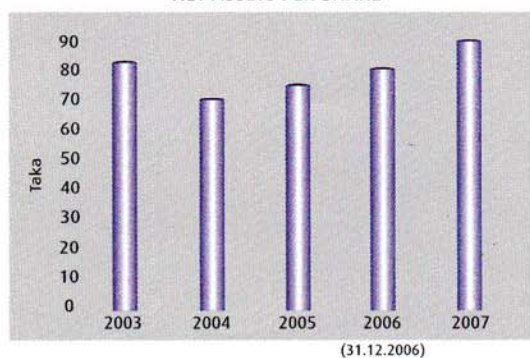
REVENUE



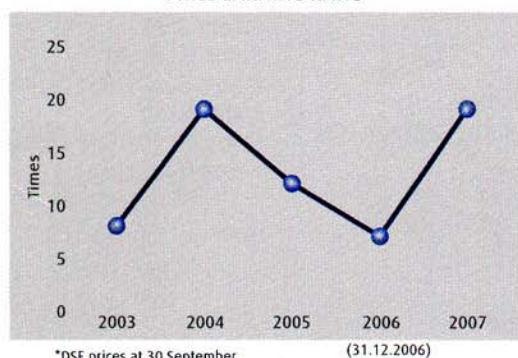
EARNINGS & DIVIDENDS



NET ASSETS PER SHARE



PRICE EARNING RATIO*



*DSE prices at 30 September

(31.12.2006)

The year at a Glance

		<u>2007</u> (12 months)	<u>2006</u> (15 months)	<u>2006</u> (Annualised)	Change over <u>2006</u> (Annualised)
Revenue	Taka '000	2,000,172	2,358,955	1,887,164	5.99%
Profit before tax	"	350,155	336,425	269,140	30.10%
Earnings	"	263,651	246,252	197,002	33.83%
Earnings per Share	Taka	17.32	16.18	12.94	33.83%

Statement of Value Added year ended 31 December 2007

	Year ended 31 December 2007 000 Taka	%	15 months Period ended 31 December 2006 000 Taka	%
Value Added				
Revenue	2,000,172		2,358,955	
Bought in materials and services	<u>(1,120,110)</u>		<u>(1,401,885)</u>	
	880,062		957,070	
Other income including interest on bank deposits	16,925		15,601	
Available for distribution	<u>896,987</u>	<u>100</u>	<u>972,671</u>	<u>100</u>
Distributions				
To Employees in remuneration and benefits	294,871	33	345,286	36
To Provider of capital in :				
(a) interest on borrowings	2,033		4,388	
(b) dividend proposed	106,528	12	106,528	11
To Government in taxes, duties and surcharges	202,046	23	207,799	22
Retained for reinvestment and future growth:				
(a) depreciation	134,386	15	168,946	17
(b) reserve and surplus	157,123	17	139,724	14
	<u>896,987</u>	<u>100</u>	<u>972,671</u>	<u>100</u>

Chairman's Statement

Dear Shareholders,

It is with great pleasure that I welcome you to the 35th Annual General Meeting of your Company. I am also extremely happy to be able to greet you with encouraging results. You will no doubt agree with me that last year was no ordinary year. At the very outset, therefore, I call upon you to join me in congratulating the management for being able to protect the growth momentum of the Company, however modest.

The year started off in the midst of political chaos of unprecedented proportions, which eventually led to what is now widely referred to the "one-eleven" (1/11) turnaround. The caretaker government was able to restore law & order in a swift manner, and noticeable discipline returned to most of the institutions in practically all the sectors. Across the Country there was a sigh of relief. This was also welcomed by the international community and Bangladesh's development partners. You are all aware that the government took some very bold and successful initiatives. These included institutional changes as well as change of functionaries in many public institutions. Special mention has to be made of the steps taken to bring those responsible for plundering of public property and assets to book, prompt measures for separation of the judiciary from the executive arm of the government, preparation of a flawless voter list, improvement in the efficiency of the Chittagong port, establishing rule of law, bringing back the concept of accountability in government/public institutions and agencies. As the Country was placed under Emergency Rule under section 141 of our constitution, normal political activities were suspended with the promise of their revival in measured steps leading to national parliamentary elections at the earliest. These were gradually followed by pronouncements from the highest levels of the government that elections would be held by the end of 2008. The government is actively pursuing that target, and at the same time addressing various administrative and regulatory issues which had been begging for attention for a long time. Two new steps worth mentioning are formation of a Regulatory Reform Committee, and establishment of a Better Business Forum to help the private sector in their operations.

In the economic front any turn around was understandably not easy in such a situation. Many private sector institutions suffered as their leaders ran for cover to escape the arm of law for their misdeeds,

breach of regulatory norms, and numerous corrupt deals in cahoots with political figures of all shades who took illegal decisions to benefit themselves and their cronies. Industrial production (except for the export sector) began to shrink or slowdown in the initial months, and domestic investment took a downturn. The government however, prepared a national budget for 2007-08 in time. But many adverse situations confronted the economy. Two successive floods followed by the devastating tornado of November played havoc. It will take some time to fully recover from these damages. But the government spared no time in mobilizing financial and material resources for those who suffered most from the devastating cyclone Sidr. All attention has been concentrated on helping a robust recovery of the agriculture sector through the Boro crop – which would benefit the largest number of our rural population, as well as those in urban area.

Development in the international environment was also not at all friendly, to say the least. Petroleum prices soared to a record level, industrial raw materials, minerals, fertiliser and iron and steel prices continue to experience run away price escalation. But for the average citizen, a large section of whom live below the poverty line, continued rise in the International price of rice, wheat and edible oil, turned out to be the biggest challenge and source of suffering. At the same time, rapid and continued rise in the prices of locally produced consumable commodities added to the burden of the common man and pushed the rise in consumer price index to double digit level.

Needless to mention, all these had posed significant challenges for your Company's business. Exchange rate of the Taka had held up against the US dollar, but due to depreciation of the dollar against all the other major currencies, and pegging of the Taka to the US dollar, any import through LC (Letter of Credit) from countries of other major currencies had become very expensive. Increased import bill triggered by rising food grain and petroleum prices outstripped export earnings, which continued at more or less the same level with only a modest growth. Setback suffered in the RMG sector appears to have been slightly overcome in the recent months. All these had put a great deal of pressure on the Country's balance of payments, but growth in remittances from Bangladeshi's working abroad ensured a healthy foreign exchange reserve. As mentioned earlier, in the period there was a significant drop in

investments, both domestic and foreign. There seems to be an attitude of "wait and see". Trade and commerce were initially in a state of disarray, as business norms changed with the government's emphasis on transparency and rule of law. Gradual revival is in sight, but full recovery still has a long way to go. In the process normal pace and volume of business activities naturally slowed down.

Expectations are that according to the "roadmap" put before the nation, a political government elected through a free and fair election would be in place by the end of the year, to take forward the agenda of national development. Areas in which the present government has given special attention, such as improved tax collection, infrastructural development, improvement in sea and land port facilities, power availability, comprehensive plan for gas utilization, extraction of coal, privatisation of state owned enterprises, financial sector reform, and improvement in the narrow export base, are expected to benefit most, if the pace of activities and decision making in these fields continues in the next few months. It is also expected that a new government would operate from a much elevated ground as far as ethics, moral values, accountability and governance are concerned.

Business and Financial Performance

All the above mentioned factors had negatively impacted the business of your Company. Disruption in the work flow resulting from electricity outages and displacement of road side workshops, unabated rise in raw material prices and petroleum products, and general slowdown in investment both in the private and public sectors did not provide much scope for business expansion. In view of these trying circumstances I feel that the Company's turnover growth of 6% over last reported period (annualised) has to be highly appreciated. The growth in operating profit over the period, adjusting for movement in debtors' provision, was 8%. It was possible to maintain profitability through a product mix. As growth in industrial products was negative, a significant improvement in Hospital Care business and a very strong control over overhead expenditure were of great help. Extensive efforts to promote merchandise products and substantial recovery of medical debts from the Government helped to boost current earnings. Interest earned had also gone up compared to the previous period. All these had helped

your Company's earnings in 2007 to go up by 33.8% compared to the results (annualised) reported in the last Annual General Meeting.

Your Company has been able to present a very strong Balance-Sheet with a much improved liquidity position. The Company is now well placed to finance from its own resources future expansion possibilities.

As in the past years, I will go slightly into the details of two business lines: Industrial Products and Special Products. Following the Linde Group, reporting for the lines of business in 2007 were slightly changed, and again in 2008 it will be marginally different. But for the sake of consistency I will discuss them in the same form as before.

INDUSTRIAL PRODUCTS (Gases and Welding Products)

The business did not fare very well in 2007. It barely managed to perform above last year, mainly because of price increases of certain products in order to recover some of the cost escalation suffered and improved contribution from merchandise products. In terms of volume, almost all the manufactured products performed below last year. Erosion in revenue was particularly serious from the 4th quarter of the financial year.

SPECIAL PRODUCTS (Packaged Chemicals & Hospital Care)

Hospital Care business did improve significantly over the previous year with new private hospitals opening up and expanding their activities. There was growth in both consumables like medical gases, and support areas like cylinders, equipment etc. With the release of provision for doubtful debt resulting from collection of old debts from the government, its contribution to Company's profit was much higher compared to the previous year.

Dividend

Keeping in view the existing dividend policy of the Company, need for possible capital expenditure, and also keeping in view the somewhat unpredictable period of business buoyancy or stagnancy in the coming months, you will definitely agree with me that there is a need for retaining cushion. Considering all these factors, Directors recommend a dividend of Taka 7.00 per share (70%) for the year ended 31st December 2007. This would be at the same level as the last time, though the previous period was 15 months, and the pay out would be Taka 106,527,960.

Development

This was the first completed business year after the acquisition by Linde Group. No particularly major event marked the year except that the management had demonstrated that it can move quickly to promote non-core products and services to protect erosions in revenue earnings. A new product launched last year-Fire Suppression, did extremely well, earnings from various merchandise products improved considerably, and results from the expansion of the Welding Training Centre began to show commendable results. All these helped to mitigate the shortfall in revenue from the traditional industrial products. In 2007 two encouraging events took place that may help our future revenue stream. Those were winning of the account of an international brand of soft drinks for supply of Beverage Carbon Dioxide, and use of Liquid Nitrogen, though in limited volume, for fish freezing.

Unfortunately the sale of Jalalabad land could not be completed yet. Various complications reported earlier had been impeding the process. Hopefully, the sale would be sealed within the current year.

Safety Matters

Safety matters continue to remain the number one issue on the management agenda. The Linde Group stands out with Safety as its top priority. The new SHEQ policy has been launched by the Group which reemphasizes the priority on Safety, Health, Environment and Quality. All countries within the Group including Bangladesh have adopted the same with the mission & vision of the policy.

Sadly, last year was a particularly tragic year for your Company from the point of view of safety. In spite of the immense efforts and substantial resource deployed to improve the quality of safety, and to avert any mishap, on 26 June 2007 an employee died while at work. He was a filling helper and the cause of his death was explosion at the filling deck. Investigation was carried with prompt assistance of the Region soon after the incident at the scene, and the ruptured parts of the cylinders were sent to Munich for examination. The investigation revealed that the cause of explosion was grease that got into the valve of the oxygen cylinder causing explosion. This obviously happened at the

customer's premises through tampering of the valve. Safety related tragedy did not end there. On 15 September 2007, a contractor's vehicle helper died as the vehicle carrying cylinders overturned. It skidded when the brake was applied while travelling at a speed exceeding the permissible limit. It transpired from an investigation by the Region that the helper could have survived if he was wearing seat belt. This violation of Company rules on safety was extremely disappointing in view of the vigorous trainings and coaching carried out by the Company involving the contractors' drivers and helpers as well. These two events deeply shocked the Group and the management.

During the year usual safety activities were in place with the Safety Council, Site Safety Committee meetings and addressing SHEQ related issues. Another forum was added recently i.e. Transport Safety Council. SiteSafe programme had been launched at Rupganj this year with the help of a Regional team.

Human Resources

The policies and practices of human resource management were reviewed and continues to be under review, and changes were made where necessary, in order to align these with those of the Linde Group to the extent local conditions permit. The operating model underwent a change which entailed in some cases redeployment of people. Industrial peace and harmony prevailed throughout the year and this has become the norm of your Company as you are all aware. This year a number of employees were trained in Marketing, Finance and Information Services related issues as a part of skill development process. Senior managers were introduced to Linde culture through a series of workshops held abroad reinforcing the values under which your Company operates.

Internal Control

During the year your Company had undergone a number of audits carried out by the central audit team of the Linde Group as well as the Company's internal audit team, which is now based at Singapore. These re-confirmed that the business of your Company continues to operate in an environment of control and financial discipline.

Information Service

2007 was an extremely busy year in the field, and a lot had been achieved. Broadband communication network has been established among three major production sites, one major sales location and the corporate office. SAP, a world famous integrated business application, has also been extended to those sites to manage sales, inventory and accounts. From 2007, consistent with the practice of The Linde Group, the fiscal year has been aligned with the calendar year. To standardize and integrate Company financial and non-financial reporting globally, a major project called LiFT (Linde Finance Transformation) has been launched.

Corporate Social Responsibility

Your Company made modest contribution in this area during the year. It continued with its traditional input through the Welding Training Centre. The unskilled entrants that come out as skilled ones become target for recruitment for jobs abroad and as well as inside the Country. In the year 2007, scholarship to the meritorious off-springs of welding product dealers were awarded. The Company also continued its scheme of scholarships for meritorious wards of non management staff. Internees nominated by various universities were trained in different disciplines. The Company reacted positively to the national disasters that hit the Country last year. It contributed a total of Taka 3 million to the government relief fund. Over half of this amount came from the employees of the Company and from very generous participation by the staff of the Regional Office at Singapore. I must mention that I am deeply touched by the concern and kindness demonstrated by the employees, specially that of the Singapore Office, at a very critical moment of our national life.

Board Matters

Throughout the year the composition of your Board of Directors remained unchanged. In January 2008 Mr. Erphan Shehabul Matin replaced Mr. N E A Shibly who had resigned from the services of the Company to pursue his own business. Mr. Matin has a long and successful history of working with the Company in various capacities. I thank Mr. Shibly for his support to the Company over the years and wish him well in his new enterprise. I also welcome Mr. Matin on behalf of all of you and the Board, and I am sure that with his long experience he will add to the business insight of the Board.

Prospects

I am hopeful that the current atmosphere of lull in the Country will be over soon. The business opportunities will bounce back helped by the practice of values like accountability, transparency and good governance that the Government is painstakingly trying to put in place. These values would create the right environment for the investors both foreign and domestic, in larger numbers. I remain conscious that even with the expected stimulation of business activities the current level of price of raw material and petroleum products will continue to present a serious challenge to the profitability of the Company. It remains to be seen whether the Company would be able to fully recover increased costs from customers in the short term, as the overall business environment is likely to be delicate during the recovery process. The main driver for Industrial Oxygen is availability of scrap ships which remains uncertain due to the volatility of international price of steel. Future growth of other major industrial products is tied up with the level of actual implementation of public investment projects by the Government, and general improvement in the confidence of the private sector. I am confident that management would be able to "sit out" the period leading to greater business activities, and consequently to higher prosperity, protecting the growth momentum of the Company on the whole. I am also cautiously optimistic about improvement in the pace of the revenue growth.

I conclude by thanking you all for your continued support that I enjoy, thanking the Board members for their valuable advice, and the employees for their hard work and perseverance, for successfully seeing through a difficult period. All these are essential in our endeavours to meet our future expectations. I must also thank our shareholders, customers, suppliers, bankers and last and not the least, the Government authorities and agencies for their contributions and support in the process of our growth.



M Syeduzzaman
6 March 2008

Report of the Board of Directors

The Directors are pleased to present the audited accounts of the Company for the year ended 31st December 2007.

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 any major challenge in the year as the level of demand for the manufactured products was subdued. All the plants functioned smoothly. However, a short shutdown of the ASPEN Plant at Shitalpur had been encountered. This was due to electrical problem in the Plant Control System and non-availability of spares. These were imported and the plant restarted operation within 12 days. There was no shortage of the product during this time and no customer suffered.

Some maintenance work on ASU plants had been carried to improve reliability and efficiency. At the Rugganj site generator maintenance had been undertaken for both the Waukesha Generators, which resulted in improved reliability and cost savings from reduction in consumption of lubricants. Turbo expander maintenance was carried out resulting in improvement of throughput and especially Argon production. Some automation of the process was introduced in the Electrode Factory, Rugganj, to reduce manual handling. This was much desired from the point of view of improved safety as well as efficiency.

Medical Oxygen filling was consolidated at the Tejgaon site in line with the requirements of EP (European Pharmacopoeia) 2002 for quality control. In response to rationalisation needs compressing station sites at Sagorika and Rangpur were shut down during the year, but the supply of products to the customers continued to be maintained from the Shitalpur and Tejgaon sites.

In the Industrial Oxygen sector conversion to liquid from compressed was achieved for some customers. Flow of supply of bottled LPG and Dissolved Acetylene faced some difficulties due to cylinder related issues. The problem had recently been resolved with Dissolved Acetylene and hopefully the one related to LPG would be resolved soon.

This year the major challenge came from unprecedented surge in raw material prices and in certain cases threat of supply shortage. Unfortunately this situation prevails even now.

During the year the work of installing a second tunnel oven for the Electrode Factory had been taken in hand to be completed by the third quarter end of 2008. This would add to the drying capacity and help to support the full production potential of the current plants plus an additional production line when installed. An increase in Carbon Dioxide capacity is being contemplated within the next year or so.

Financial Results

The Company's revenue improved by 6% to Taka 2,000,172,007 during the year, when compared on an annualised basis with the results of 15 months reported last year (Taka 2,358,955,609). The improvement came mainly from Fire Suppression, merchandise products like Gases Equipment & Consumables, Arc Equipment & Consumables, income from Welding Training Centre, and overall improvement in Hospital Care business. The performance of industrial products was subdued being affected by a downturn in business and investment activities.

The growth of pre-tax profit of the Company in the year in comparison with the growth in revenue was exceptionally high. It was primarily because of write back of a provision for doubtful debt, mainly related to Hospital Care debts with the Government amounting to Taka 24,522,745. The provision was no longer necessary as this debt had been actually collected in the year 2007. The other reason was substantial increase in interest earned from bank deposits. Pre-tax profits for the year reached Taka 350,154,878 compared to Tk 336,424,624 for the 15 month period to 31st December 2006. Annualised increase was 30%.

Working Capital Management

There was a commendable improvement in the trade debtor's position with substantial collection of Hospital Care debts. However, Inventory level was under pressure from issues related to raw materials which had to be stocked to avoid disruption in production process due to risk of non availability, a possibility which still looms, and to protect against sudden price increase in case of some. Increased price of raw materials compared to last year was also instrumental in pushing up the value of inventory. Loss of credit arrangement with a major overseas supplier also adversely affected the overall position.

Dividends

The dividend policy of the Company is to improve the payout after every two years by a modest sum permitted by the Company's results, as the level of dividend payout had already reached a respectable level sometimes ago. This year the Directors recommend a dividend of Taka 7.00 per share (70%), same as for the last period of 15 months to 31st December 2006, which would mean that for the last period the annualised effective rate was 56%. Viewed from that context there is an increase of 25% since this time it is 12 month period. Reduction of Hospital Care debtors and improved income from bank interest largely contributed to marked improvement in the Company's cash position. This would provide the necessary leverage to cope with any unforeseen downturn or lack of growth in the coming months, and any investment opportunity in addition to normal capital expenditure needs of the Company. The payout would amount to of Taka 106,527,960 which is identical to that of the 15 months period ended 31st December 2006.

Reserves

The Directors propose to transfer Taka 263,651,041 to General Reserve being profit earned during the year. An amount of Taka.12,575,000 was transferred from General Reserve and shown under Deferred Liabilities. This represents the deficit in pension fund as per actuarial valuation and which had been accounted for in accordance with BAS 19.

Directors

The present directors are named on pages 3 to 5 of this report.

There had been no change in the composition of the Board since last year except that Mr. N E A Shibly resigned at the end of December. In his place Mr. Erphan Shehabul Matin was appointed in January 2008.

Mr. Z H Khondker and Mr. Azizur Rashid retire under Article 81 of the Articles of Association of the Company and, being eligible, offer themselves for re-election.

Mr. M Syeduzzaman also retires under Article 81 of the Articles of Association of the Company. Since he is over 70 years of age, the Board of Directors recommend his re-appointment under Article 69 (2) of the Articles of Association of the Company. Mr. M Syeduzzaman, being eligible, has agreed to offer himself for re-election.

Under Article 70 of Articles of Association of the Company the Board approved the nomination of Mr. Siew Yap Wong, Managing Director of Malaysian Oxygen Berhad (member of Linde Group of Companies) as an Alternate Director to Mr. Sanjiv Lamba.

On behalf of the Board of Directors,

6 March 2008


Waliur Rahman Bhuiyan
Managing Director


M Syeduzzaman
Director & Chairman

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.

Key operating and financial data of three years preceding the year ended 31st December 2007, particulars of Board meetings, Audit Committee meetings, pattern of shareholdings and the compliance report are provided in Annexe 1 to 4.

Auditors

The Auditors, Rahman Rahman Huq, being eligible offer themselves for reappointment.

COMMITTEES

Audit Committee

Chairman	Dr. Mohammed Farashuddin	Director
Member	Mr. Sanjiv Lamba	Director
Member	Mr. Andrew P Gardner	Director
Member	Mr. Latifur Rahman	Director
Secretary	Mr. Ganesh Gopal Rao	Internal Control Head

Executive Management Committee

Chairman	Mr. Waliur Rahman Bhuiyan, OBE	Managing Director
Member	Mr. Azizur Rashid	Finance Director & Company Secretary
Member	Mr. Erphan S Matin	Director, Sales & Marketing
Member	Mr. M Abdullah	General Manager, Operations
Member	Mr. Jamil Ahmed	General Manager, Human Resources

Annexure I

(a) Key operating and financial data of three years preceding the year ended to 31st December 2007

Financial History

		2004 12 months	2005 12 months	2006 15 months	2007 12 months
Revenue	Taka'000	1,224,145	1,553,430	2,358,955	2,000,172
Profit before tax	"	195,164	220,783	336,425	350,155
Taxation	"	47,000	61,500	112,926	89,171
Deferred tax	"	4,963	3,298	-22,753	-2,667
Earnings	"	143,201	155,985	246,252	263,651
Dividend proposed	"	76,091	76,091	106,528	106,528
Dividend distribution tax	"	7,609	-	-	-
General reserve*	"	850,206	839,605	1,051,366	1,195,914
Share capital	"	152,183	152,183	152,183	152,183
Shareholder's equity*	"	1,092,418	1,164,703	1,249,730	1,394,278
Net fixed assets	"	1,313,425	1,257,046	1,087,131	1,004,121
Depreciation	"	118,218	123,584	168,946	134,386
Earnings per share	Taka	9.41	10.25	16.18	17.32
Dividend per share	"	5.00	5.00	7.00	7.00
Dividend percentage (%)	"	50	50	70	70
Net assets per share	"	71.78	76.53	82.12	91.62
* Adjusted for change in presentation of proposed dividends					

Annexure 2

Shareholding Pattern

Director : Name	<u>Holdings</u>		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
Mr. M Syeduzzaman (Chairman)	30	30	30
Mr. Waliur Rahman Bhuiyan, OBE (CEO) & spouse (folio # S0606)	44	44	44
Mr. Azizur Rashid (CFO & Company Secretary)	44	44	44
Mr. Noor Elahi Ali Shibly (Executive Director) (Resigned December 2007)	10	10	10
Dr. Mohammed Farashuddin (independent Director)	10	10	10
Mr. Latifur Rahman (independent Director)	0	10	10

Executive : Name	<u>Holdings</u>		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
Mr. Erphan Shehabul Matin & spouse (folio #N0018)	12	12	12
Mr. Muhammad Abdullah	25	25	25
Mr. Mohammed Nazmul Hossain	3	3	3
Mr. Kazi Hasan Sharif	37	37	37
Mr. Moinul Islam Khan	37	37	37
Mr. Faridul Hoque Sikder	22	22	22

10% or above shareholding	<u>Holdings</u>		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
The BOC Group plc	9,130,968	9,130,968	9,130,968
ICB-Unit fund	1,728,155	1,750,105	(below 10%)

Annexure 3

Board Meetings

During the period the Board met 5 times. Managing Director, Finance Director who is also the Company Secretary and Human Resources Director were present in all the meetings.

<u>Name of the Directors</u>	<u>No. of Attendance</u>
1 Mr. M Syeduzzaman-Chairman	4
2 Mr. Waliur R. Bhuiyan, OBE	5
3 Mr. Michael S Huggon	Nil
4 Mr. Sanjiv Lamba	3
5 Mr. Andrew P Gardner	4
6 Mr. Z H Khondker	4
7 Dr. M Farashuddin	4
8 Mr. Latifur Rahman	1
9 Mr. Azizur Rashid	5
10 Mr. N E A Shibly	5

Audit Committee Meetings

There were three meetings during the period Managing Director and Finance Director attended all the meetings. Head of Global Business Controls of the Linde Group and the Regional head attended one meeting.

<u>Name of the Members</u>	<u>No. of Attendance</u>
1 Dr. M Farashuddin Chairman (Independent Director)	3
2 Mr. Sanjiv Lamba Director-Corporate Investor nominated	2
3 Mr. Andrew P Gardner Director-Corporate Investor nominated (Joined May 2007) in place of Mr. Michael S Huggon	2
4 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	Board's Size: Board members should not be less than 5(five) and more than 20(twenty)	Complied
1.2(i)	Independent Directors: At least 1/10th	Complied
1.2(ii)	Appointment of Independent Director by Elected Directors	Complied
1.3	Individual Chairman of the Board and Chief Executive and clearly defined roles and responsibilities	Complied
1.4	The Directors' Report to Shareholders on:-	
1.4(a)	Fairness of Financial statement	Complied
1.4(b)	Maintenance of proper books of account	Complied
1.4(c)	Adoption of appropriate Accounting policies and estimates	Complied
1.4(d)	Compliance with International Accounting Standards (IAS)	Complied
1.4(e)	Soundness of Internal control system	Complied
1.4(f)	Ability to continue as Going Concern	Complied
1.4(g)	Significant deviations from last year	Complied
1.4(h)	Presentation of last three years data	Complied
1.4(i)	Declaration of dividend	Not Applicable
1.4(j)	Details of Board meetings	Complied
1.4(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
3.00	Audit Committee	Complied
3.1(i)	Constitution of Committee	Complied
3.1(ii)	Constitution of Committee with Board members including one Independent Director	Complied
3.1(iii)	Filling of Casual vacancy in Committee	Not Applicable
3.2(i)	Chairman of the Committee	Complied
3.2(ii)	Professional qualification and experience of the Chairman of the Committee	Complied
3.3.1(i)	Reporting to the Board of Directors	Complied
3.3.1(ii)(a)	Reporting of Conflicts of interest to the Board of Directors	Not Applicable
3.3.1(ii)(b)	Reporting of any fraud or irregularity to the Board of Directors	Not Applicable
3.3.1(ii)(c)	Reporting of violation of laws to the Board of Directors	Not Applicable
3.3.1(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
4.00	External /Statutory Auditors	
4.00(i)	Non-engagement in appraisal or valuation	Complied
4.00(ii)	Non-engagement in designing of Financial Information System	Complied
4.00(iii)	Non-engagement in Book keeping	Complied
4.00(iv)	Non-engagement in Broker-dealer services	Complied
4.00(v)	Non-engagement in Actuarial services	Complied
4.00(vi)	Non-engagement in Internal Audit	Complied
4.00(vii)	Non-engagement in any other services	Complied

Auditors' Report to the Shareholders of BOC Bangladesh Limited

We have audited the accompanying balance sheet of the BOC Bangladesh Limited as at 31 December 2007 and the related profit and loss account, statement of changes in equity and statement of cash flows for the year then ended and all related consolidated financial statements. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

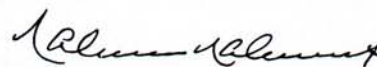
We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the Company's affairs and its subsidiary as at 31 December 2007 and of the results of their operations 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:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company and its subsidiary so far as it appeared from our examination of these books;
- c) the balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

Dhaka, 6 March 2008



RAHMAN RAHMAN HUQ
Chartered Accountants

Balance Sheet as at 31 December 2007

	Notes	2007 '000 Taka	2006 '000 Taka
Assets			
Property, plant and equipment	4	1,004,121	1,087,131
Intangible assets	5	3,408	1,022
Investment in subsidiary	6	20	20
Total non-current assets		1,007,549	1,088,173
Inventories	7	386,602	321,087
Trade debtors	8	115,620	142,759
Advances, deposits and prepayments	9	90,502	71,798
Cash and cash equivalents	10	405,946	229,298
Total current assets		998,670	764,942
Total assets		2,006,219	1,853,115
Equity			
Share capital	11	152,183	152,183
Revaluation reserve	12	46,181	46,181
General reserve	13	1,195,914	1,051,366
Total equity		1,394,278	1,249,730
Liabilities			
Finance lease	14	2,233	2,892
Deferred liabilities	15	222,885	201,389
Deferred tax liabilities	16	108,010	110,677
Total non-current liabilities		333,128	314,958
Current portion of finance lease		654	1,220
Trade creditors	17	24,298	41,651
Expense creditors and accruals	18	134,488	100,099
Sundry creditors	19	54,842	49,748
Provision for taxation (net of advance tax payment)		64,531	95,709
Total current liabilities		278,813	288,427
Total liabilities		611,941	603,385
Total equity and liabilities		2,006,219	1,853,115

Previous period's figures have been rearranged to conform to current year's presentation.

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


M Syeduzzaman
Chairman


Waliur Rahman Bhuiyan
Managing Director


Azizur Rashid
Company Secretary

As per our annexed report of same date.


RAHMAN RAHMAN HUQ
Chartered Accountants

Dhaka, 6 March 2008

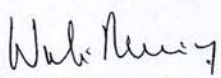
Profit and Loss Account for the year ended 31 December 2007

	Notes	Year ended 31 December 2007 <u>'000 Taka</u>	15 months period ended 31 December 2006 <u>'000 Taka</u>
Revenue	20	2,000,172	2,358,955
Cost of sales	21	(1,311,832)	(1,558,198)
Gross profit		688,340	800,757
Operating expenses	22	(353,077)	(475,545)
Profit from operations		335,263	325,212
Gain on disposal of property, plant and equipment	23	1,308	5,197
Interest income (net)	24	13,584	6,016
Profit before taxation	25	350,155	336,425
Taxation	26	(86,504)	(90,173)
Balance carried to balance sheet		263,651	246,252
Earnings per share (per value Tk 10) - annualised	27	17.32 17.32	16.18 12.94

Previous period's figures have been rearranged to conform to current year's presentation.

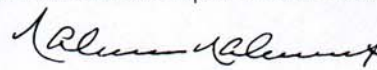
The annexed notes 1 to 40 form an integral part of these financial statements.


M Syeduzzaman
Chairman


Waliur Rahman Bhuiyan
Managing Director


Azizur Rashid
Company Secretary

As per our annexed report of same date.


RAHMAN RAHMAN HUQ
Chartered Accountants

Dhaka, 6 March 2008

Statement of Cash Flow

for the year ended 31 December 2007

	Notes	Year ended 31 December 2007 <u>'000 Taka</u>	15 months period ended 31 December 2006 <u>'000 Taka</u>
Cash flow from operating activities			
Receipts from sales		2,027,311	2,318,326
Other receipts		14,020	3,882
Payments for supply of goods and services		(1,597,159)	(1,907,135)
Net interest received		13,345	4,729
Income tax paid		(120,350)	(91,084)
		<u>337,167</u>	<u>328,718</u>
Cash flow from investing activities			
*Purchase of property, plant and equipment		(51,683)	(81,401)
Intangible assets	5	(2,917)	(831)
Disposal of property, plant and equipment	32	1,868	7,484
		<u>(52,732)</u>	<u>(74,748)</u>
Cash flow from financing activities			
Paid to subsidiary		(34)	(58)
Bank overdraft		-	(31,271)
Payment of finance lease		(1,225)	(2,722)
Dividend paid		(106,528)	(76,091)
		<u>(107,787)</u>	<u>(110,142)</u>
Net increase in cash during the year/period		176,648	143,828
Opening cash position		229,298	85,470
Closing cash position	10	<u>405,946</u>	<u>229,298</u>
*Purchase of property, plant and equipment			
Addition during the year/period	4	107,968	176,811
Transfer from Capital Work in Progress	4	(56,032)	(88,957)
Payable to vendors	19	(253)	(6,453)
		<u>51,683</u>	<u>81,401</u>

Previous period's figures have been rearranged to conform to current year's presentation.

Consolidated Balance Sheet

as at 31 December 2007

	Notes	2007 '000 Taka	2006 '000 Taka
Assets			
Property, plant and equipment	4	1,004,121	1,087,131
Intangible assets	5	3,408	1,022
Total non-current assets		1,007,529	1,088,153
Inventories	7	386,602	321,087
Trade debtors	8	115,620	142,759
Advances, deposits and prepayments	9	90,502	71,798
Cash and cash equivalents	10(a)	405,944	229,296
Total current assets		998,668	764,940
Total assets		2,006,197	1,853,093
Equity			
Share capital	11	152,183	152,183
Revaluation reserve	12	46,181	46,181
General reserve	13(a)	1,196,561	1,052,066
Total equity		1,394,925	1,250,430
Liabilities			
Finance lease	14	2,233	2,892
Deferred liabilities	15	222,885	201,389
Deferred tax liabilities	16	108,010	110,677
Total non-current liabilities		333,128	314,958
Current portion of finance lease		654	1,220
Trade creditors	17	24,298	41,651
Expense creditors and accruals	18(a)	133,819	99,377
Sundry creditors	19	54,842	49,748
Provision for Taxation (net of advance tax payment)		64,531	95,709
Total current liabilities		278,144	287,705
Total liabilities		611,272	602,663
Total equity and liabilities		2,006,197	1,853,093

Previous period's figures have been rearranged to conform to current year's presentation.

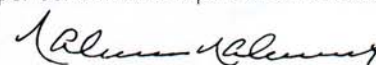
The annexed notes 1 to 40 form an integral part of these financial statements.


M Syeduzzaman
Chairman


Waliur Rahman Bhuiyan
Managing Director


Azizur Rashid
Company Secretary

As per our annexed report of same date.


RAHMAN RAHMAN HUQ
Chartered Accountants

Dhaka, 6 March 2008

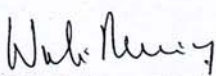
Consolidated Profit and Loss Account for the year ended 31 December 2007

	Notes	Year ended 31 December 2007 <u>'000 Taka</u>	15 months period ended 31 December 2006 <u>'000 Taka</u>
Revenue	20	2,000,172	2,358,955
Cost of sales	21	(1,311,832)	(1,558,198)
Gross profit		688,340	800,757
Operating expenses	22(a)	(353,130)	(475,564)
Profit from operations		335,210	325,193
Gain on disposal of property, plant and equipment	23	1,308	5,197
Interest income (net)	24	13,584	6,016
Profit before taxation	25(a)	350,102	336,406
Taxation	25	(86,504)	(90,173)
Balance carried to balance sheet		263,598	246,233
 Earnings per share (per value Tk 10) – annualised	26	 17.32 17.32	 16.18 12.94

Previous period's figures have been rearranged to conform to current year's presentation.

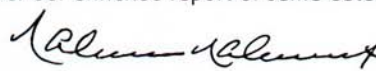
The annexed notes 1 to 40 form an integral part of these financial statements.


M Syeduzzaman
Chairman


Waliur Rahman Bhuiyan
Managing Director


Azizur Rashid
Company Secretary

As per our annexed report of same date.


RAHMAN RAHMAN HUQ
Chartered Accountants

Dhaka, 6 March 2008

Consolidated Statement of Cash Flow for the year ended 31 December 2007

	Notes	Year ended 31 December 2007 <u>'000 Taka</u>	15 months period ended 31 December 2006 <u>'000 Taka</u>
Cash flow from operating activities			
Receipts from sales		2,027,311	2,318,326
Other receipts		14,020	3,882
Payments for supply of goods and services		(1,597,193)	(1,907,193)
Net interest received		13,345	4,729
Income tax paid		(120,350)	(91,084)
		<u>337,133</u>	<u>328,660</u>
Cash flow from investing activities			
*Purchase of property, plant and equipment		(51,683)	(81,401)
Purchase of intangible assets	5	(2,917)	(831)
Disposal of property, plant and equipment	32	1,868	7,484
		<u>(52,732)</u>	<u>(74,748)</u>
Cash flow from financing activities			
Bank overdraft		-	(31,271)
Payment of finance lease		(1,225)	(2,722)
Dividend paid		(106,528)	(76,091)
		<u>(107,753)</u>	<u>(110,084)</u>
Net increase in cash during the year/period		176,648	143,828
Opening cash position		229,296	85,468
Closing cash position	10(a)	<u>405,944</u>	<u>229,296</u>
*Purchase of property, plant and equipment			
Addition during the year/period	4	107,968	176,811
Transfer from Capital Work in Progress	4	(56,032)	(88,957)
Payable to vendors	19	(253)	(6,453)
		<u>51,683</u>	<u>81,401</u>

Previous period's figures have been rearranged to conform to current year's presentation.

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

Statement of Changes in Equity for the year ended 31 December 2007

	Share capital '000 Taka	Revaluation reserve '000 Taka	Tax holiday reserve '000 Taka	General reserve '000 Taka	Proposed dividend '000 Taka	Total '000 Taka
For 2006						
At 1 October 2005	152,183	171,071	1,844	763,514	76,091	1,164,703
Profit earned during the period	-	-	-	246,252	-	246,252
Unrealised revaluation surplus on leased land	-	(83,200)	-	-	-	(83,200)
Prior year's adjustment for leased land	-	(2,293)	-	-	-	(2,293)
Transfer of realised revaluation surplus on leased land and cylinder to general reserve	-	(39,397)	-	39,397	-	-
Prior year's adjustment for adoption of applicable accounting standards (net)	-	-	-	359	-	359
Transferred from tax holiday reserve	-	-	(1,844)	1,844	-	-
Payment of dividend for 2005	-	-	-	-	(76,091)	(76,091)
At 31 December 2006	<u>152,183</u>	<u>46,181</u>	<u>-</u>	<u>1,051,366</u>	<u>-</u>	<u>1,249,730</u>
For 2007						
At 1 January 2007	152,183	46,181	-	1,051,366	-	1,249,730
Adjustment for deficit as per actuarial valuation of pension fund (BAS-19)	-	-	-	(12,575)	-	(12,575)
Profit earned during the year	-	-	-	263,651	-	263,651
Payment of dividend for 2006	-	-	-	(106,528)	-	(106,528)
At 31 December 2007	<u>152,183</u>	<u>46,181</u>	<u>-</u>	<u>1,195,914</u>	<u>-</u>	<u>1,394,278</u>

Previous period's figures have been rearranged to conform to current year's presentation.

Notes to the Accounts

as at and for the year ended 31 December 2007

1. Reporting entity

BOC Bangladesh Limited (the "Company") is a listed Company limited by shares and was incorporated in Bangladesh in 1973 under the Companies Act 1913. The Company became a listed entity in the year 1976. The address of the registered office is 285 Tejgaon I/A, Dhaka-1208, Bangladesh. It is a direct subsidiary of The BOC Group plc of United Kingdom since inception. The entire shares of The BOC Group plc have been fully taken over by Linde AG, a German company during 2006 through an acquisition process.

The Company's principal activities are the manufacturing and supplying of industrial and medical gases, welding equipment and products, anesthesia and ancillary equipments. The Company also earns rentals 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 have been prepared in accordance with the applicable International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh and where relevant with presentational requirements of the law of the Country.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of certain property, plant and equipment.

2.3 Functional and presentational currency

These financial statements are prepared in Bangladesh Taka (Taka/Tk), which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest thousand.

2.4 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.

Estimates and underlying assumptions are reviewed on an ongoing basis.

2.5 Going concern

The Company has adequate resources to continue in operation for the foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and resources of the Company provide sufficient fund to meet the present requirements of its existing business.

3. Significant accounting policies

The accounting policies set out below have been applied consistently (otherwise as stated) 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 balance sheet 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 profit and loss account.

3.2 Financial instruments

Non-derivative financial instruments comprise accounts and other receivables, cash and cash equivalents, loans and borrowings, and other payables and are shown at transaction cost.

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

3.3.2 Subsequent costs

The cost of replacing 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 profit and loss account as incurred.

3.3.3 Depreciation

No depreciation is charged on freehold land and on 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, as follows:

Buildings	2.5%
Plant and machinery (including storage tank and vacuum insulated evaporator)	6.7 -10%
Cylinder	5%
Motor vehicles	20%
Furniture, fixtures and equipment	10%-20%
Computer hardwares	20%

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

Depreciation on all items of property, plant and equipment are depreciated from the date put to use irrespective of the value of the property, plant and equipment.

3.4 Intangible assets

3.4.1 Recognition and measurement

Intangible assets viz computer softwares those are acquired by the Company and which have finite useful lives, are measured at cost less accumulated amortisation and impairment loss.

3.4.2 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates.

3.4.3 Amortisation

Computer software (SAP) and other softwares are amortised at the rate of 12.50% and 25% respectively on straight line method.

3.5 Inventories

Raw materials and maintenance spares are valued at the lower of average cost and net realisable value. Finished goods are valued at the lower of cost and net realisable value and include allocation of production overheads where applicable. Goods in transit are valued at cost.

3.6 Impairment

The carrying value of the Company's assets other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the Profit and Loss account.

3.7 Taxation

The Company qualifies as a "Publicly Traded Company". The effective rate of taxation is 27% considering 10% tax rebate for declaring dividend more than 20% of the paid up capital.

3.8 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. Provision is made as per gratuity rules of the Company.

3.9 Revenue recognition

Revenue comprises of sale of the goods and services provided by the Company and excludes VAT. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, and net of returns and allowances and trade discounts. Revenue is recognised when :

Significant risk and reward of ownership is transferred to the buyer. Transfers of risks and rewards vary depending on the individual terms of the contract of sale and service. Sale of products and trading items of the company usually occurs at the time of delivery of goods along with invoice. The Company has no managerial involvement of the ownership for the goods. The amount of the revenue and the cost of the transaction can be measured reliably. It is probable that the economic benefit associated with the transactions will flow to the Company.

Services are recognised on completion of contractual obligation. Cylinder rent is recognised largely on cash basis and where possibility of inflow of economic benefit is certain, on accrual basis.

3.10 Lease 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.

3.11 Consolidation of financial statements

Bangladesh Oxygen Limited is a wholly owned subsidiary of BOC 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 Bangladesh Accounting Standard No. 27. Intra group balances and unrealised income and expenses arising from intra-group transactions, are eliminated in full while preparing the consolidated financial statements.

3.12 Deferred tax

Deferred tax is provided using the liability method for all temporary timing differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Tax rate prevailing at the balance sheet date is used to determine deferred tax.

3.13 Provisions

A provision is recognised in the balance sheet 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.

3.14 General

During 2006, the company changed its financial year end from 30th September to 31 December and the financial statements were prepared for a period of 15 months ended 31 December 2006 in order to align with the financial year followed by Linde AG (Parent Company). Accordingly comparatives for the year 2007 represent 15 months figures as at and for the period ended 31 December 2006.

3.15 Events after the balance sheet date

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

4. Property, plant and equipment

'000 Taka

Particulars	At cost				Depreciation on cost					Written down value at 31 Dec. 2007
	At 1 January 2007	Addition during the year	Disposal/ transfer during the year	At 31 Dec. 2007	At 1 Jan. 2007	Charge during the year	Impairment during the year	Disposal/ transfer during the year	At 31 Dec. 2007	
Freehold land	27,526	-	-	27,526	-	-	-	-	-	27,526
Freehold building	129,797	4,689	(517)	133,969	26,540	3,319	-	(31)	29,828	104,141
Leasehold building	118,262	2,589	-	120,851	28,945	2,924	-	-	31,869	88,982
Plant, machinery and cylinders	1,698,190	37,741	(11,958)	1,723,973	902,550	113,809	-	(11,927)	1,004,432	719,541
Motor vehicles	52,350	7,706	(4,907)	55,149	33,987	6,835	-	(4,907)	35,915	19,234
Furniture, fixtures and equipment	56,526	1,505	(522)	57,509	38,424	2,959	-	(514)	40,869	16,640
Computer hardware	36,516	1,802	(47)	38,271	29,096	3,636	-	(12)	32,720	5,551
Capital work in-progress	2,119,167	56,032	(17,951)	2,157,248	1,059,542	133,482	-	(17,391)	1,175,633	981,615
	20,293	51,936	(56,032)	16,197	-	-	-	-	-	16,197
Sub-total (A)	2,139,460	107,968	(73,983)	2,173,445	1,059,542	133,482	-	(17,391)	1,175,633	997,812

'000 Taka

Particulars	Revaluation				Depreciation on revaluation					Written down value at 31 Dec. 2007
	At 1 January 2007	Addition during the year	Disposal/ transfer during the year	At 31 Dec. 2007	At 1 Jan. 2007	Charge during the year	Impairment during the year	Disposal/ transfer during the year	At 31 Dec. 2007	
Freehold land	147	-	-	147	-	-	-	-	-	147
Freehold building	176	-	-	176	77	4	-	-	81	95
Leasehold building	45,858	-	-	45,858	38,891	900	-	-	39,791	6,067
Sub-total (B)	46,181	-	-	46,181	38,968	904	-	-	39,872	6,309
Property, plant and equipment at cost and revaluation At 31 December 2007 (A+B)	2,185,641	107,968	(73,983)	2,219,626	1,098,510	134,386	-	(17,391)	1,215,505	1,004,121
At 31 December 2006	2,261,131	176,811	(252,301)	2,185,641	1,004,085	168,946	2,852	(77,373)	1,098,510	1,087,131

Property, plant and equipment at cost includes Tk 6,502 thousands (2006: Tk 10,574 thousands) acquired under finance lease, the written down value of which was Tk 1,534 thousands as at 31 December 2007 (2006: Tk 3,223 thousands).

Depreciation charged during the year has been allocated to cost of sales (note 21.1) and operating expenses (note 22) on actual basis.

	<u>2007</u>	<u>2006</u>
	<u>'000 Taka</u>	<u>'000 Taka</u>
5. Intangible assets		
Opening balance	1,022	485
Acquired during the year/period	2,917	831
Amortization during the year/period	(531)	(294)
	<u>3,408</u>	<u>1,022</u>

Intangible assets represent application softwares related to information services. Computer softwares have been recognised as intangible assets as per provisions of Bangladesh Accounting Standard 38.

6. Investment in subsidiary

This represents the Company's holding of 199 ordinary shares of Tk 100 each valuing Tk 20 thousands (previous period Tk 20 thousands) in Bangladesh Oxygen Limited. This company's net loss for the year ended 31 December 2007 amounted to Tk 53 thousands (previous period Tk 19 thousands).

7. Inventories

Raw materials	193,710	155,032
Finished goods	105,030	85,814
Goods in transit	34,075	32,259
Maintenance spares	53,787	47,982
	<u>386,602</u>	<u>321,087</u>

8. Trade debtors

Unsecured		
Debts exceeding six months	13,348	72,974
Debts below six months	120,806	112,842
	<u>134,154</u>	<u>185,816</u>
Provision for debts considered doubtful (Note 8.1)	(18,534)	(43,057)
	<u>115,620</u>	<u>142,759</u>

- 8.1 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. Taka 24,523 thousands was released during the year 2007 out of previous doubtful debt provision on realisation of debts from the customers.

9. Advances, deposits and prepayments

Loans and advances to employees	39,523	34,905
Advances to suppliers	9,051	7,776
Deposits and prepayments	26,527	20,751
VAT current account	15,401	8,366
	<u>90,502</u>	<u>71,798</u>

Above amounts are unsecured and considered good. Of the total advances, deposits and prepayments Tk 46,500 thousands (Previous period Tk. 38,304 thousands) is receivable within 12 months from the date of the balance sheet.

	<u>2007</u>	<u>2006</u>
	<u>'000 Taka</u>	<u>'000 Taka</u>
10. Cash and cash equivalents		
Cash in hand	1,065	1,660
Cash at bank	154,881	127,638
Fixed deposits with bank	250,000	100,000
	<u>405,946</u>	<u>229,298</u>
10(a) Consolidated cash and cash equivalents		
BOC Bangladesh Ltd	405,946	229,298
Bangladesh Oxygen Ltd	(2)	(2)
	<u>405,944</u>	<u>229,296</u>
11. Share capital		
Authorised:		
20,000,000 Ordinary shares of Tk 10 each	<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid up:		
3,616,902 Ordinary shares of Tk 10 each issued for cash	36,169	36,169
999,498 Ordinary shares of Tk 10 each issued for consideration other than cash	9,995	9,995
10,601,880 bonus shares of Tk 10 each	106,019	106,019
	<u>152,183</u>	<u>152,183</u>

Percentage of shareholdings:

	<u>Percentage of shareholdings</u>		<u>Value ('000 Taka)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
The BOC Group plc	60.0	60.0	91,310	91,310
Investment Corporation of Bangladesh (ICB)	14.9	20.3	22,642	30,878
Bangladesh Shilpa Rin Sangstha (BSRS)	1.2	1.2	1,761	1,874
Sadharan Bima Corporation	1.3	1.3	2,062	2,039
Other shareholders	22.6	17.2	34,408	26,082
	<u>100.0</u>	<u>100.0</u>	<u>152,183</u>	<u>152,183</u>

Classification of shareholders by holding:

	<u>Number of holders</u>		<u>Total holding (%)</u>	
<u>Holdings</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Less than 500 shares	10,028	8,637	7.07	5.57
500 to 5,000 shares	998	690	8.13	5.29
5,001 to 10,000 shares	37	16	1.61	0.75
10,001 to 20,000 shares	24	25	2.02	2.36
20,001 to 30,000 shares	4	4	0.69	0.66
30,001 to 40,000 shares	3	5	0.67	1.11
40,001 to 50,000 shares	2	3	0.57	0.88
50,001 to 100,000 shares	6	3	2.90	1.51
100,001 to 1,000,000 shares	3	3	7.17	3.29
Over 1,000,000 shares	2	3	69.17	78.58
	<u>11,107</u>	<u>9,389</u>	<u>100.00</u>	<u>100.00</u>

During the previous period the entire shares of BOC Group plc have been taken over by Linde AG, a German company with effect from September 2006.

	<u>2007</u>	<u>2006</u>
	<u>'000 Taka</u>	<u>'000 Taka</u>
12. Revaluation reserve		
Opening balance	46,181	171,071
Adjustment for unrealised revaluation surplus on leased land	-	(83,200)
Prior year adjustments related to last year depreciation on leased land	-	(2,293)
Transferred to general reserve	-	(39,397)
	<u>46,181</u>	<u>46,181</u>

Previous period's figures have been rearranged to conform to current year's presentation.

13. General reserve		
Opening balance	1,051,366	763,514
Adjustment for deficit in actuarial valuation of pension fund (BAS-19)	(12,575)	-
Transferred from revaluation reserve	-	39,397
Profit earned during the year/period	263,651	246,252
Prior year's adjustment for adoption of applicable accounting standards	-	359
Transferred from tax holiday reserve	-	1,844
Payment of dividends for the period 2006	(106,528)	-
	<u>1,195,914</u>	<u>1,051,366</u>

13(a). Consolidated general reserve

Opening balance	1,052,066	764,233
Adjustment for deficit in actuarial valuation of pension fund (BAS-19)	(12,575)	-
Transferred from revaluation reserve	-	39,397
Profit earned during the year/period	263,598	246,233
Prior year's adjustment for adoption of accounting standards	-	359
Transferred from tax holiday reserve	-	1,844
Payment of dividends for the period 2006	(106,528)	-
	<u>1,196,561</u>	<u>1,052,066</u>

Previous period's figures have been rearranged to conform to current year's presentation.

14. Finance lease

Present value of minimum lease payments

Current portion (due within one year)	654	1,220
Due more than one year but not later than five years	2,233	2,892
	<u>2,887</u>	<u>4,112</u>

15. Deferred liabilities

Gratuity fund:		
Opening balance	58,558	45,775
Provision during the year/period	12,647	18,544
Payment during the year/period	(9,332)	(5,761)
	<u>61,873</u>	<u>58,558</u>
Pension fund:		
Adjustment for deficit as per actuarial valuation	12,575	-
Cylinder security deposit	148,437	142,831
	<u>222,885</u>	<u>201,389</u>

Gratuity payable represents total liabilities on account of employee gratuity scheme of the Company. Actuarial valuation was made during the year and adequate provision has been kept in the books.

Cylinder security deposit from customers is a liability of a continuing nature.

	<u>2007</u>	<u>2006</u>
	<u>'000 Taka</u>	<u>'000 Taka</u>
16. Deferred tax liabilities		
Opening balance	110,677	133,298
Provision during the year/period	(2,667)	(22,753)
Deferred tax impact on prior year adjustments	-	132
	<u>108,010</u>	<u>110,677</u>

Deferred tax has been calculated on all temporary timing differences using effective current tax rate for the Company.

17. Trade creditors		
Payable to vendors	<u>24,298</u>	<u>41,651</u>

Trade creditors are unsecured and payable within a month.

18. Expense creditors and accruals		
Salaries, wages and retirement benefits	26,007	14,059
Workers profit participation fund	18,429	2,407
Technical assistance fee	16,766	19,873
Accrued expenses	20,017	13,490
Other creditors	53,269	50,270
	<u>134,488</u>	<u>100,099</u>

18(a). Consolidated expenses creditors and accruals

Salaries, wages and retirement benefits	26,007	14,059
Workers profit participation fund	18,429	2,407
Technical assistance fee	16,766	19,873
Accrued expenses	20,054	13,509
Other creditors	52,563	49,529
	<u>133,819</u>	<u>99,377</u>

19. Sundry creditors		
Capital items	253	6,453
Deposit and advance from customers	40,337	31,923
Unpaid dividends	8,071	5,236
Others	6,181	6,136
	<u>54,842</u>	<u>49,748</u>

Previous period's figures have been rearranged to conform to current year's presentation.

20. **Revenue**

			<u>year ended</u>		<u>15 months period ended</u>
			<u>31 December 2007</u>		<u>31 December 2006</u>
<u>Products (Note 20.1)</u>	<u>Unit</u>	<u>Quantity</u>	<u>Amount</u>	<u>Quantity</u>	<u>Amount</u>
			<u>'000 Taka</u>		<u>'000 Taka</u>
ASU gases	'000 M3	11,990	349,114	14,479	401,727
Dissolved acetylene	'000 M3	410	127,141	567	156,282
Electrodes	MT	12,403	1,000,156	16,111	1,232,839
Others			523,761		568,107
			<u>2,000,172</u>		<u>2,358,955</u>

Previous period's figures have been rearranged to conform to current year's presentation.

20.1 Entire business of the Company is analysed and reported on that of Industrial and Special Products.

	Year ended 31 December 2007 '000 Taka	15 months period ended 31 December 2006 '000 Taka
21. Cost of sales		
Opening stock for the year/period	44,955	45,957
Cost of goods manufactured (Note 21.1)	1,132,217	1,371,934
	<u>1,177,172</u>	<u>1,417,891</u>
Closing stock of manufactured products	(54,038)	(44,955)
Cost of sales of manufactured products	1,123,134	1,372,936
Cost of Trading products	188,698	185,262
	<u>1,311,832</u>	<u>1,558,198</u>
21.1 Cost of goods manufactured		
Materials, goods and labour:		
Raw and packing materials (Note 38)	775,666	954,097
Fuel and power	59,840	70,662
Direct wages	70,090	85,090
	<u>905,596</u>	<u>1,109,849</u>
Manufacturing overhead:		
Salaries, wages and staff welfare	29,950	29,550
Depreciation	108,612	141,500
Impairment of property, plant and equipment	-	2,852
Repairs to machinery (Note 21.2)	52,102	49,644
Repairs to building	2,803	3,238
Maintenance others	17,112	14,579
Insurance	1,546	1,988
Rent, rates and taxes	579	831
Traveling and conveyance	720	1,026
Training expenses	348	115
Vehicle running expenses	6,921	10,117
Telephone, telex and fax	773	1,073
Printing, postage, stationery and office supplies	2,188	2,401
Legal and professional charges	105	-
Sundry office expenses	2,862	3,171
	<u>226,621</u>	<u>262,085</u>
	<u>1,132,217</u>	<u>1,371,934</u>

21.2 Repairs to machinery

Repairs to machinery amounting to Tk 52,102 thousands include Tk. 33,527 thousands (previous period Tk 26,558 thousands) being cost of spare parts consumed for plant maintenance.

	Year ended 31 December 2007	15 months period ended 31 December 2006
	'000 Taka	'000 Taka
22. Operating expenses		
Salaries, wages and staff welfare	176,402	212,939
Depreciation	25,774	27,446
Fuel and power	3,092	4,163
Repairs to building	1,279	2,786
Maintenance - others	4,527	5,714
Insurance	1,072	897
Delivery expenses	68,729	74,655
Rent, rates and taxes	4,122	4,885
Travelling and conveyance	6,290	8,755
Training expenses	1,780	3,077
Vehicle running expenses	11,329	12,959
Telephone, telex and fax	7,776	8,302
Printing, postage, stationery and office supplies	7,444	7,783
Trade journal and subscription	1,037	879
Advertising and promotion	5,360	13,685
Provision for doubtful debts (Note 8.1)	(24,523)	34,833
Bad debts written off	3,099	958
Other assets written off	266	527
Legal and professional charge	1,031	582
Technical assistance fee	16,766	19,873
Auditors' remuneration:		
Audit fees and expenses	425	516
Other fees (tax advice, PF, WPPF audit, etc.)	1,214	480
Bank charges	3,769	4,810
Entertainment	1,437	878
Management meeting and conference	354	674
Sundry office expenses	4,266	2,554
Amortization of intangible assets (Note 5)	531	294
Impairment of goodwill	-	1,934
Contribution to workers profit participation fund	18,429	17,707
	<u>353,077</u>	<u>475,545</u>

	Year ended 31 December 2007	15 months period ended 31 December 2006
	'000 Taka	'000 Taka
22(a). Consolidated operating expenses		
Salaries, wages and staff welfare	176,402	212,939
Depreciation	25,774	27,446
Fuel and power	3,091	4,163
Repairs to building	1,279	2,786
Maintenance - others	4,527	5,714
Insurance	1,072	897
Delivery expenses	68,729	74,655
Rent, rates and taxes	4,122	4,885
Traveling and conveyance	6,290	8,755
Training expenses	1,780	3,077
Vehicle running expenses	11,329	12,959
Telephone, telex and fax	7,776	8,302
Printing, postage, stationery and office supplies	7,444	7,783
Trade journal and subscription	1,037	879
Advertising and promotion	5,360	13,685
Provision for doubtful debts	(24,523)	34,833
Bad debts written off	3,099	958
Other assets written off	266	527
Legal and professional charge	1,031	582
Technical assistance fee	16,767	19,873
Auditors' remuneration:		
Audit fees and expenses	433	524
Other fees (tax advice, PF, WPPF audit etc)	1,259	491
Bank charges	3,769	4,810
Entertainment	1,437	878
Management meeting and conference	354	674
Sundry office expenses	4,266	2,554
Amortization of intangible assets (Note 5)	531	294
Impairment of goodwill	-	1,934
Contribution to workers profit participation fund	18,429	17,707
	<u>353,130</u>	<u>475,564</u>

Previous period's figures have been rearranged to conform to current year's presentation.

23. Gain on disposal of property, plant and equipment

Sales proceeds	1,868	7,484
Cost of the property, plant and equipment	17,951	41,459
Less: accumulated depreciation	17,391	39,172
Less: written down value	560	2,287
Gain on disposal	<u>1,308</u>	<u>5,197</u>

24. Interest income (net)

Payment of interest	(2,033)	(4,388)
Interest income	15,617	10,404
	<u>13,584</u>	<u>6,016</u>

	Year ended 31 December 2007 <u>'000 Taka</u>	15 months period ended 31 December 2006 <u>'000 Taka</u>
25. Profit before taxation		
Imported merchandise products (As per 82C of the Income Tax Ordinance 1984)	49,252	30,885
Own manufactured, local merchandise products and bank interest earned	300,903	305,540
	<u>350,155</u>	<u>336,425</u>
25(a). Consolidated profit before taxation		
Imported merchandise products (As per 82C of the Income Tax Ordinance 1984)	49,252	30,885
Own manufactured, local merchandise products and bank interest earned	300,903	305,540
Loss of subsidiary	(53)	(19)
	<u>350,102</u>	<u>336,406</u>
26. Taxation		
Current tax expenses	89,171	112,926
Deferred tax income (note 16)	(2,667)	(22,753)
	<u>86,504</u>	<u>90,173</u>
27. Earnings per share		
Basic earnings per share		
The computation of Earnings Per Share is given below:		
Earnings attributable to the ordinary shareholders (net profit after tax)	263,651	246,252
Weighted average number of ordinary shares outstanding during the year/period	15,218	15,218
Basic Earnings Per Share (EPS)	17.32	16.18
-annualised	17.32	12.94
Diluted earnings per share		
No diluted earnings per share is required to be calculated for the year/period as there was no scope for dilution during the year/period under review.		
28. Directors' remuneration		
Fees	54	89
Salaries and benefits	11,785	18,490
Housing	1,656	2,037
Provident fund contribution	413	461
Retirement benefits	1,476	1,460
	<u>15,384</u>	<u>22,537</u>
Directors' remuneration is included in salaries, wages and staff welfare.		
29. Retirement benefit scheme		
Defined benefit scheme	18,865	24,849
Defined contribution scheme	5,521	6,047
	<u>24,386</u>	<u>30,896</u>

Under defined benefit scheme the Company operates gratuity scheme for all permanent employees and pension scheme for management staffs. Under defined contribution scheme the Company operates provident fund scheme for all permanent employees. Company's contribution to both the schemes are charged to profit and loss account in the year in which they relate. Actuarial valuations carried out during the year.

30. Capacity

Major products	Unit of measure	Capacity for the year	Production for the year	Remarks
ASU Gases	000 M3	16,908	12,334	Additional capacity to meet future demand
Dissolved Acetylene	000 M3	1,150	418	-do-
Welding Electrodes	MT	15,200	12,356	-do-

31. Capital expenditure commitment

	Year ended 31 December 2007 '000 Taka	15 months period ended 31 December 2006 '000 Taka
Contracted but not provided for in these accounts	<u>4,300</u>	<u>16,418</u>

32. Disposal of property, plant and equipment

Particulars	Accumulated Cost '000 Taka	Written down depreciation '000 Taka	Sales value '000 Taka	Mode of proceeds '000 Taka	disposal	Purchaser
Building	517	31	486	-	Demolition	Not applicable
Plant and machinery:						
Sold	10,334	10,334	-	1,505	Tender	Various parties
Scrapped	51	51	-	-		
	10,385	10,385	-	1,505		
Motor vehicles:						
Motor cycles	*835	835	-	209	* As per policy	* Various parties
Leased vehicles	**4,072	4,072	-	-	**Leased period expired	**BOC Bangladesh Limited
	4,907	4,907	-	209		
Furniture, fixtures and equipments	522	514	8	5	Insurance claim, quotation and employees as per policy	Various parties
Computers	47	12	35	37	Tender	Various parties
Cylinders:						
Sold	*31	29	2	112	*Recovery from customers as per policy	* Various customers
Scrapped	1,542	1,513	29	-		
	1,573	1,542	31	112		
2007	<u>17,951</u>	<u>17,391</u>	<u>560</u>	<u>1,868</u>		
2006	<u>41,459</u>	<u>39,172</u>	<u>2,287</u>	<u>7,484</u>		

33. Number of employees engaged

The number of employees engaged for the whole year who received a total remuneration of Tk 36 thousands and above were 406 (2006:391)

	Year ended 31 December '2007		15 months period ended 31 December '2006	
34. Remittance in foreign currency	'000 GBP	'000 Taka	'000 GBP	'000 Taka
Technical assistance fee to BOC Group plc, UK	123	17,886	98	13,360
Dividend paid to BOC Group plc, UK	416	57,525	326	41,089

The BOC Group plc is a non-resident shareholder who holds 9,130,968 shares.

Previous period's figures have been rearranged to conform to current year's presentation.

35. Receipt in foreign currency

<u>Name of customer/vendor</u>	<u>Nature of receipt</u>	<u>2007</u> '000 US\$	<u>2007</u> '000 Taka	<u>2006</u> '000 US\$	<u>2006</u> '000 Taka
Uniglory cycle component Ltd.	Deemed export	44	2,977	133	9,011
Meghna (BD) Ltd.	Deemed export	33	2,234	70	4,830
Ananda Shipyard Ltd	Deemed export	43	2,935	26	1,793
C I Products	Deemed export	36	2,436	-	-
Steris Corporation	Sales commission	9	581	-	-
GE Healthcare	-do-	15	1,033	-	-
The Lincoln Electric Co.	-do-	-	-	3	195
Unicef	Sale of medical equipment	16	1,090	-	-

	<u>2007</u> '000 Taka	<u>2006</u> '000 Taka
36. Value of imports calculated on CIF basis		
Raw materials	666,202	825,082
Components and spare parts	163,489	141,424
Capital goods	16,421	31,509
	<u>846,112</u>	<u>998,015</u>

37. Contingent liabilities

Bank guarantees to third parties, outstanding letter of credit, shipping guarantees, bank acceptance and disputed VAT

<u>119,497</u>	<u>282,228</u>
----------------	----------------

38. Raw and packing materials consumed

Description	Opening stock		Purchase		Closing stock		Consumption		% to total consumption
	Quantity MT	Cost '000 Taka	Quantity MT	Cost '000 Taka	Quantity MT	Cost '000 Taka	Quantity MT	Cost '000 Taka	
Calcium carbide	244	9,823	1,650	80,585	310	16,970	1,584	73,438	9.47
Wire	1,579	66,148	10,616	485,685	2,042	109,070	10,153	442,763	57.08
Blended powder	953	54,703	2,311	155,465	559	40,127	2,705	170,041	21.92
Others	-	24,358	-	92,609	-	27,543	-	89,424	11.53
	-	155,032	-	814,344	-	193,710	-	775,666	100.00
Previous period	-	61,681	-	1,047,448	-	155,032	-	954,097	-

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 and on arms length basis.

	Transaction during the year/period		Closing balance	
	2007	2006	2007	2006
	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Special gas, spares and cylinders	37,144	35,391	320	-
Technical services	16,766	19,873	(16,766)	(19,873)
	<u>53,910</u>	<u>55,264</u>	<u>(16,446)</u>	<u>(19,873)</u>

- ii) During the year/period following transactions were made directly at competitive price with the organisations in which Mr. Latifur Rahman, Director of the Company is interested as director.

Sales to Transcom Group of Companies	<u>8,362</u>	<u>9,286</u>	<u>618</u>	<u>429</u>
--------------------------------------	--------------	--------------	------------	------------

- iii) Dividend paid to BOC Group Plc
- | | | | | |
|--|---------------|---------------|----------|----------|
| | <u>63,916</u> | <u>45,654</u> | <u>-</u> | <u>-</u> |
|--|---------------|---------------|----------|----------|

40. Events after the balance sheet

For the year 2007 the Board of Directors recommended a dividend of Tk 7 per share amounting to Tk 106,528 thousand at the board meeting held on 6 March 2008.

BOC Bangladesh Limited FORM OF PROXY

I / We (name)
of (address)
being a shareholder of BOC Bangladesh Limited hereby appoint, another member of the Company.

* the Chairman of the Meeting *(Delete if not appropriate)

* Mr/Mrs/Miss (name)
of (address)
as my proxy, to attend on my /our behalf at the 35th Annual General Meeting of the Company to be held on 08th May 2008 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 2008

.....
Signed (Shareholder/s)

.....
Folio/BO ID #

.....
Signed (Proxy)

Affix revenue stamp Tk.8.00

(Also see notes on reverse)

BOC Bangladesh Limited SHAREHOLDER'S ATTENDANCE SLIP

I hereby record my presence at the 35th Annual General Meeting of BOC Bangladesh Limited on 08th May 2008.

.....
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 05 May 2008.
-

Locations

Registered Office : Corporate Office, 285 Tejgaon I/A
Dhaka – 1208
Tel : 02-8821240-45
Fax : 02-8823771/02-8821247

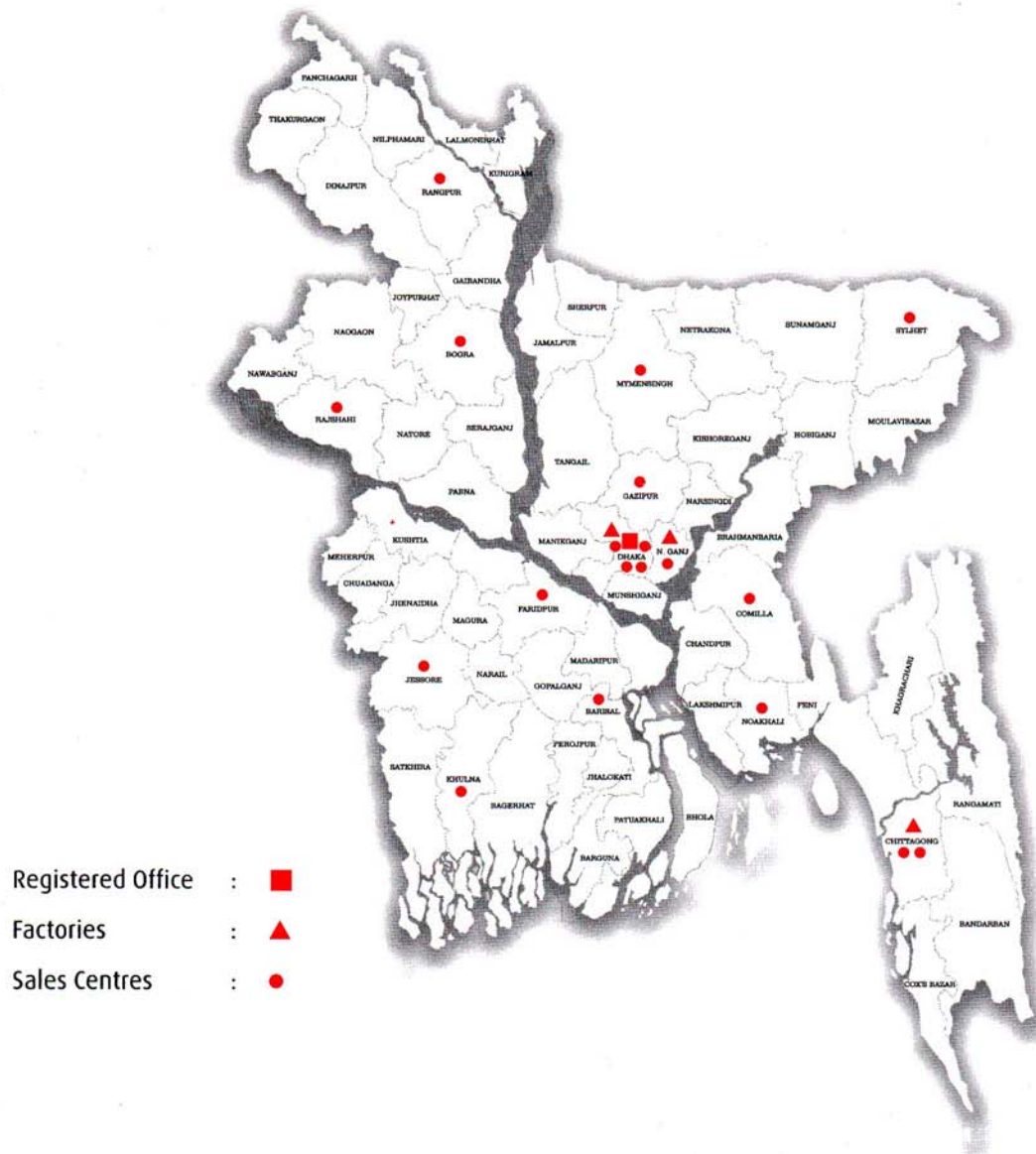
Factories

Dhaka	Tejgaon	: 285 Tejgaon Industrial Area, Dhaka – 1208	Tel : 02-8824471-74 Fax : 02-9883412 /02-8821672
Narayanganj	Rupganj	: P.O. Dhuptara, P.S. Rupganj, Narayanganj	Tel : 01199-851725 01711-563317
Chittagong	Shitalpur	: Shitalpur, Sitakund, Chittagong	Tel : 031-751485

Sales Centres

Dhaka	Tejgaon	: 285 Tejgaon Industrial Area, Dhaka – 1208	Tel : 02-8824471-74 Fax : 02-9883412/02-8821672
Dhaka	Postagola	: P.O. Faridabad, Postagola, Dhaka –1204	Tel & Fax : 02-7411320
Dhaka	Tipu Sultan Road	: 57-58 Tipu Sultan Road, P.S : Sutrapur, Dhaka	Tel : 02-7163768
Dhaka	Mirpur	: 21/E 1st Colony, Mazar Road Mirpur, Dhaka- 1216	Tel & Fax : 02-9010157
	Tongi	: 241 Tongi Industrial Area Gazipur	Tel : 02-9812402
	Narayanganj	: 72 Sirajuddowla Road Narayanganj	Tel & Fax : 02-9712264
	Mymensingh	: 28, Ka K C Roy Road Mymensingh	Tel & Fax : 091-52558
	Noakhali	: Contractor Masjid (Maijdee Road), Alipur Begumganj, Noakhali	Tel & Fax : 0321-52023
	Khulna	: Off Rupsha Strand Road Labonchora, Khulna	Tel : 041-721206/723076 Fax : 041-720850
	Barisal	: Holding No. 7641, Alekanda. Kotwali, Barisal	Tel & Fax : 0431-2173190
	Rajshahi	: Islampur (Debisingh para) Natore Road Bhadra, Rajshahi	Tel & Fax : 0721-750242
Chittagong	Shitalpur	: Shitalpur, Sitakund Chittagong	Tel : 031-751485
Chittagong	Sagorika	: 68/V Sagorika Road, Pahartali P.O. Customs House Chittagong	Tel : 031-752122
	Comilla	: Poduarbazar, Chaurasta Comilla	Tel : 081-68027 Fax : 081-64240
	Sylhet	: Nishat Plaza Shopping Complex Mominkhola, Sylhet	Tel & Fax : 0821-721681

Jessore	: Central Road, Ghope Jessore	Tel : 0421-73496 Fax : 0421-66426
Bogra	: Charmatha, Rangpur Road Bogra.	Tel & Fax : 051-64327
Rangpur	: Central Bus Terminal R.K. Road, Rangpur	Tel & Fax : 0521-63608
Faridpur	: Kashem Super Market West Goalchamot Jessore Road, Faridpur	Tel : 0631-65345



Range of Products and Services

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
Gas Welding Rod & Flux
Gas Welding and Cutting Equipment
Any other Gas on request

Medical Oxygen
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
Medical Disposables
Humidifier
Oxygen Concentrator
Nebulizer
Resuscitators
Central Sterilizing and Supply
Department(CSSD)
Other Medical Equipment on request

Mild Steel & Cast Iron Electrodes
Low Hydrogen/Low Alloy Electrodes
Stainless Steel & Bronze Electrodes
Arc Welding Equipment & Accessories
Spot Welding Machines
MIG Welding Equipment & Accessories
TIG Welding Equipment & Accessories
Plasma Cutting Equipment & Accessories
Welding Services & Training
Welding Equipment Repairs