

Annual Report 2008



BOC Bangladesh Limited

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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 36th Annual General Meeting of BOC Bangladesh Limited will be held at Officers Club, 26 Baily Road, Ramna, Dhaka-1000, on Tuesday 12 May 2009 at 10:30 AM to transact the following business:

1. To receive and adopt the accounts for the year ended 31 December 2008 and the reports of the Auditors and Directors thereon.
2. To declare a Dividend for the year ended 31 December 2008.
3. To re-appoint Managing Director.
4. To elect Directors.
5. To appoint Auditors and to fix their remuneration.

By order of the Board

Azizur Rashid
Company Secretary
12 March 2009

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

NOTES:

1. **07 April 2009** 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 Saturday 09 May 2009 and in default will not be treated as valid.



Shareholders at the 35th Annual General Meeting held on 8 May 2008

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 from which position he stepped down on June 1, 2008. In early 2002 Mr. Syeduzzaman was elected Chairman of the Bangladesh Rice Foundation and continued in that position until February 2008. 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 year 2007 he was decorated with Order of British Empire (OBE) by Her Majesty The Queen of Great Britain. In July 2008 he was appointed Honorary Consul General of Finland in Bangladesh. He is in the Board of Directors of ACI Limited. He was Director of Chittagong Stock Exchange Limited and Biman Bangladesh Airlines Limited.



Mr Sanjiv Lamba
Director since 2004

Mr Sanjiv Lamba is The Linde Group's Regional Business Unit Head for South & East Asia based in Singapore.

Mr Lamba joined The Linde Group's India unit, which operates under the entity, BOC India Limited, in 1989 after qualifying as a Chartered Accountant. He worked in BOC India's Finance & Treasury operations before moving, in 1993, to The BOC Group plc's headquarters in the UK and was attached to the Audit and Corporate Finance departments. Mr Lamba returned to India in 1997 as Head of Finance before joining the board of BOC India as Director, Finance in 2000.

In 2001, Mr Lamba was appointed Managing Director of BOC India Limited and during the next 4 years was responsible for successfully leading the company as it executed its turnaround strategy. Mr Lamba moved to Singapore in 2005 as the Business Head for the Process Gas Solutions business spanning seven countries across South & South East Asia. In 2006, following the acquisition of the BOC businesses by Linde AG, Mr Lamba was appointed as the Regional Business Unit Head for the fast growing billion-dollar business in the South & East Asia region covering 10 countries between Pakistan in the west to South Korea in the east.

An active member of business and professional bodies, Mr Sanjiv serves as General Secretary of the Asia Industrial Gases Association (AIGA) based in Singapore. He is also a member of various chambers of commerce and industry.



Binod Patwari
Joined the Board of Directors in April 2008

Mr. Patwari, is the Head of Finance & Control for South & East Asia, Linde Gas Asia Pte Limited, a member of The Linde Group. He oversees the finance & control function of the business that covers 10 countries in the region spanning Pakistan in the west to South Korea in the East. He is based in the regional headquarters in Singapore.

Mr. Patwari has been with Linde for over 10 years. He joined Linde's India unit, BOC India Ltd, in June 1997 in the finance function, first as accountant and then as treasurer. In 2001, he moved from Kolkatta to Singapore to take on a regional role as Planning Manager, South East Asia, responsible for finance and planning in six countries in the region. He relocated a year later to The BOC Group head office in the United Kingdom to assume the role of Corporate Finance Manager responsible for investment appraisal and evaluation of a portfolio of capital expenditure projects and acquisitions across The Group. In August 2004, he moved to Sydney, Australia, when he was appointed General Manager, Finance for the PGS line of business in the South Pacific. He moved back to Kolkatta in December 2005 to take on the role of Finance Director, South & South East Asia for the PGS line of business. With the merger of The BOC Group and Linde AG in 2006 to form The Linde Group, Mr Patwari relocated to Singapore to take on his current role.

Mr. Patwari has a Bachelor of Commerce (Honours) degree from the University of Calcutta and obtained his MBA from the ICFAI Business School in Kolkatta. He qualified as a chartered financial analyst from the Institute of Chartered Financial Analysts of India. Mr Patwari is also a qualified Company Secretary from the Institute of Company Secretaries of India.





Bon Hian Lee

Joined the Board of Directors in July 2008

Mr. Bon Hian Lee joined Linde Gas Asia in May 2008 as the Head of Cluster Countries for Bangladesh, Pakistan, Philippines and Vietnam.

Mr. Lee spent significant time with British Petroleum in various roles across Asia and has worked in sales & marketing, manufacturing operations, logistics and supply chain management and has broad experience in a range of industry sectors in Asia, including oil, energy, lubricants, performance chemicals and bio-diesel. He has a multi-cultural career background, having worked and lived in Singapore, Taiwan, Thailand and Vietnam, while covering other countries in the region.

Mr. Lee has a Bachelor of Engineering (Honours) degree in Mechanical Engineering and a Master of Science degree in Industrial Engineering, both from the National University of Singapore (NUS). He also has a Graduate Diploma in Business Administration from the Singapore Institute of Management.



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 31 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.



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

Mr. Latifur Rahman had been closely involved with the fiscal and trade policy making bodies of the Government as Chairman, Tradebody Reforms Committee, Member – 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).



Ayub Quadri

Joined the Board of Directors in October 2008

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

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

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

Mr. Ayub Quadri has been on the board of numerous public, private and joint venture entities. Among others, he has been Chairman of the board of Basic Bank Ltd, Karnafuli Fertilizer Company (KAFCO), Industrial Promotion and Development Company (IPDC) and Bangladesh Institute of Management (BIM).

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

Director since 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 Ltd.

Citibank N.A.

The Hongkong Shanghai Banking Corporation Limited

IFIC Bank

Janata Bank Ltd.

Prime Bank Ltd.

Sonali Bank Ltd.

Standard Chartered Bank Ltd.

Pubali Bank Ltd.

Legal Advisers

Huq & Company

Syed Ishtiaq

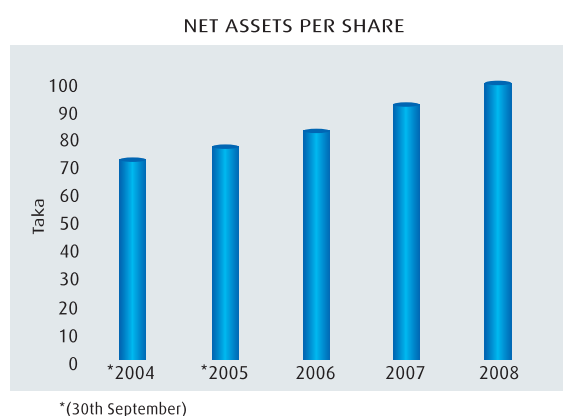
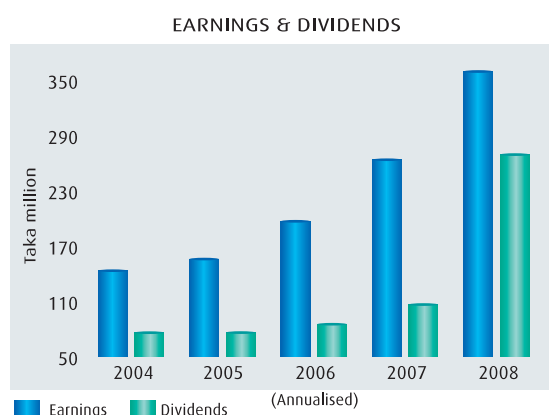
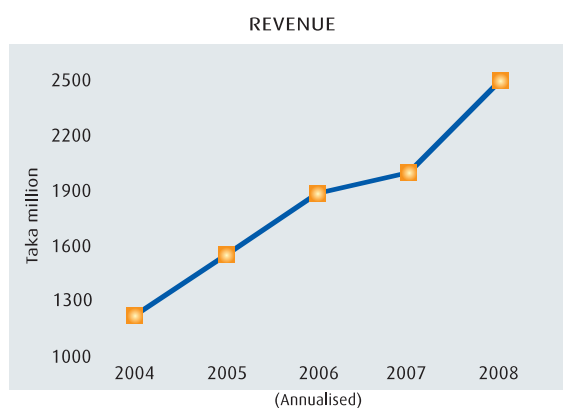
Ahmed &

Associates

Financial History

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
		<u>12 months</u>	<u>12 months</u>	<u>15 months</u>	<u>Annualised</u>	<u>12 months</u>	<u>12 months</u>
Revenue	Taka'000	1,224,145	1,553,430	2,358,955	1,887,164	2,000,172	2,498,583
Profit before tax	"	195,164	220,783	336,425	269,140	350,155	457,740
Taxation	"	47,000	61,500	112,926	90,341	89,171	116,106
Deferred tax	"	4,963	3,298	-22,753	-	-2,667	-17,708
Earnings	"	143,201	155,985	246,252	197,002	263,651	359,342
Dividend proposed	"	76,091	76,091	106,528	85,222	106,528	117,181
Interim dividend paid	"	-	-	-	-	-	152,183
General reserve*	"	850,206	839,605	1,051,366	-	1,195,914	1,312,546
Share capital	"	152,183	152,183	152,183	152,183	152,183	152,183
Shareholder's equity*	"	1,092,418	1,164,703	1,249,730	-	1,394,278	1,510,910
Net fixed assets	"	1,313,425	1,257,046	1,087,131	-	1,004,121	961,178
Depreciation	"	118,218	123,584	168,946	135,157	134,386	135,466
Earnings per share	Taka	9.41	10.25	16.18	12.94	17.32	23.61
Dividend per share	"	5.00	5.00	7.00	5.60	7.00	17.70
Dividend percentage (%)		50	50	70	56	70	177
Net assets per share *	Taka	71.78	76.53	82.12	-	91.62	99.28

* Adjusted for change in presentation of proposed dividends



The year at a Glance

		<u>2008</u>	<u>2007</u>	Change over <u>2007</u>
Revenue	Taka '000	2,498,583	2,000,172	24.92%
Profit before tax	"	4,57,740	350,155	30.72%
Earnings	"	359,342	263,651	36.29%
Earnings per Share	Taka	23.61	17.32	36.29%

Statement of Value Added year ended 31 December 2008

	Year ended 31 December 2008	%	Year ended 31 December 2007	%
Value Added	<u>000 Taka</u>		<u>000 Taka</u>	
Revenue	2,498,583		2,000,172	
Bought in materials and services	<u>(1,458,753)</u>		<u>(1,120,110)</u>	
	1,039,830		880,062	
Other income including interest on bank deposits	37,639		16,925	
Available for distribution	<u>1,077,469</u>	<u>100</u>	<u>896,987</u>	<u>100</u>
Distributions				
To Employees in remuneration and benefits	342,844	32	294,871	33
To Provider of capital in :				
(a) interest on borrowings	982		2,033	
(b) Interim and Final dividend proposed	269,364	25	106,528	12
To Government in taxes, duties and surcharges	238,835	22	202,046	23
Retained for reinvestment and future growth:				
(a) depreciation	135,466	13	134,386	15
(b) reserve and surplus	89,978	8	157,123	17
	<u>1,077,469</u>	<u>100</u>	<u>896,987</u>	<u>100</u>

Chairman's Statement

Dear Shareholders,

I welcome you this morning to the 36th Annual General Meeting of your Company with considerable satisfaction as we are set to celebrate the results of yet another successful year, despite several adverse circumstances. What is more satisfactory is the fact that we are going to do so in an environment, for restoration of which the nation was eagerly awaiting for the past two years. A democratic government elected in a free and fair manner is a primary requisite for the economy to flourish. The rest depends on the policies of the government and their implementation.

The new government will need some time to clear the accumulated backlog and to put its own policies and ideas in place. It is expected that these would be done expeditiously, especially in the areas critical to the economy. Typically, the areas that come to my mind first and foremost are: energy, infrastructure, and agriculture, which must be attended to very quickly in order to brace for the ripples from the global economic turmoil as some of them hit our shores. To what extent they would impact on our economy globalized to the extent of about 50%, and prone to natural disasters, is uncertain. Though Bangladesh is not a major global player, imports, exports and remittances from abroad account for about 50% of our fragile economy. There are already some disturbing signs of downturn in overseas employment, textile and shipbuilding orders from overseas. Several sectors like garments, frozen food and leather goods are facing severe pressure on their profit margins from their customers. Some relief from export orders from new sources are also being expected. Continuous monitoring of global developments and alertness about their impact on the domestic economy are extremely important.

We must applaud the role of the Bangladesh Bank and our monetary policy makers for fending the economy from the vagaries of the financial crisis through timely action over the past year. Foreign Exchange Reserves of the central bank and that of the commercial banks invested abroad were well protected. It is likely that foreign assistance inflow, investments and foreign exchange reserves will face new challenges if the projections for slowdown of the global economy in 2009 come true. Robust efforts to promote our own products, judicious use of our public resources and perseverance by the private sector will hopefully help the economy to steer clear of severe jolts.

Business and Financial Performance

Business of the Company faced a difficult year since we met last with unprecedented hike in raw materials prices, petroleum product costs and other input costs. Growth in the manufacturing and industrial sectors, and disbursement of funds from the government's Annual Development Programme were modest. From the end of third quarter of the year prices of many raw materials etc began to register a decline. Benefit of this will be derived when high priced inventory are used up and orders fulfilled provided the market for the Company's products are not affected.

Under these circumstances growth in turnover of 25% over the previous year can be termed as commendable. This was more than matched by an increase of 31% in pre-tax profit. You will agree that it was not an easy task when in the year there was no volumetric growth in most of its principal products. This was possible because of some proactive pricing decisions and stringent control over costs under considerable pressure. Enhanced income from bank interest boosted earnings. Good working capital management and timely treasury actions helped to achieve a healthy interest income in spite of a large payout on account of an interim dividend.

Your Company has a very strong Balance sheet with adequate liquidity which could cover the investments that are under consideration in the short term. This factor weighed heavily with your Board while considering an interim dividend paid out during the year. Interim dividends are not an usual practice of your Company, but consideration was also given to the fact that this could, in however modest terms, bring succour to our private shareholders who were facing extra-ordinary inflationary pressures. But this is not expected to affect the Dividend Policy for normal and final dividend payment that is already in place. Directors have recommended a final dividend of Taka 7.70 per share (77%) for the year ended 31st December 2008 involving a pay out of Taka 117,180,756. Therefore, the total payout for the year would be Taka 269,363,556 (177%), while last year the dividend payout was Taka 106,527,960 (7.00 per share @ 70%).

Performance reporting of the Company had been aligned with that of the Linde Group's lines of business. Details are discussed below under each area for a clear understanding.

BULK

This deals with the liquid industrial gases business. Sale of all of the products improved over last year with the exception of Liquid Nitrogen. The product suffered a setback from the loss of a customer in frozen food sector whose factory had been damaged in the cyclone Sidr. In the pharmaceutical sector also business suffered because of import rules relaxation for antibiotics which slowed local production affecting Nitrogen uptake. In this sector during the year a customer had revived its own captive capacity. A significant improvement had been noticed in the consumption of Liquid Oxygen in the ship breaking sector and Liquid Argon in the fabrication sector.

PG & P (Packaged Goods and Products)

This line of business monitors all industrial compressed gases and welding products. This year the turnover was buoyed much above last year by timely price revision of two of its principal products in order to recover significantly enhanced cost of raw material and distribution expenses. Underlying business was not very encouraging as volume was below last year in almost all the cases. The reason could be attributed to generally lack lustre business environment and slow pace of government development activities.

HOSPITALCARE

Hospitalcare business continued to make good progress both in terms of volume and turnover primarily supported by medical gases. Income under most heads made encouraging improvement. One-off repair contract of a medical pipeline added to the benefits.

Development

The last year was mainly focussed on sustaining the level of business and its profitability. On the one hand overall business activities were subdued, and on the other, massive cost increases had to be dealt with.

Jallalabad Land sale could not be completed in the year but good progress had since been made. Necessary procedural requirements/ permissions had been completed at long last. Further advance towards the sale proceeds was received from the buyer after the year end. With the co-operation of the purchaser sale should now be completed anytime in the near future.

Safety Matters

Safety remained a number one priority as it is with the whole The Linde Group. In the year one major incident involving a pickup van rollover took place but did not result in any injury. Without being complacent one can add that there has been an improvement in safety performance in most areas. With the launching of Site Safe programme at Shitalpur all the major sites have now been covered. The incident reporting system had been greatly improved through implementation of an on-line web-based system called Synergi hosted in the Linde global server. Safety related activities continued with regular meetings of the Safety Council, Site Safety Committee, Transport Safety Council & Site Transport Safety, and sharing of lessons learned from global Group incidents & SHEQ related issues. Meetings related to behavioural safety called SDG are held in small groups in every location of the Company's activities on the first working day of each month.

Human Resources

During the year there were some changes in the policies and practices of human resource management in order to align them with those of The Linde Group. Various initiatives to address value, development, and motivational aspects were launched under the aegis of The Linde Group i.e. Linde Spirit, Code of Ethics, Excellence Awards and SPOT Recognition schemes. Industrial peace and harmony which has become a corner stone of the operation of your Company prevailed during the year. In the year biennial wages negotiation with the CBA (Collective Bargaining Agent) was concluded in an amiable atmosphere. Keen eye was kept on the skill development need of the employees, and where possible, needs were addressed in an appropriate manner.

Internal Control

The control and risks elements related to the Company were under constant review. Several audits were carried out including engineering audits. Addressing of the recommendations is an on going process with the help of the Business Control Council members. Audit Committee meetings took place as per its Charter. During the year all the Company's locations were connected to SAP at the

Corporate Office. This provides on-line real time information, specially related to sales, inventory and accounts. This facility would be an effective tool for ensuring control and data integrity, besides providing timely management information.

Corporate Social Responsibility

The programmes in place were active in the year. Welding Training Centre was busy with training a higher number of unskilled/semi skilled workforce than before. Most of the trained welders are natural candidates for overseas recruitment. A number of students from leading universities of the Country were trained as internees in various disciplines (marketing, finance, human resources, etc). Scholarships were awarded to the meritorious wards of welding product dealers and of non-management staff. There is a plan for a tree plantation project, based on suggestion by shareholders which would be hopefully implemented by the time we meet next May.

Board Matters

Since we met last there have been some changes in the composition of the Board. Dr. Mohammed Farashuddin and Mr. Michael S Huggon resigned. Dr. Farashuddin moved abroad for the time being. Mr. Huggon is now in charge of business of The Linde Group in a different geographical zone. Both the members left indelible impression on the Company's affairs. Dr. Farashuddin's contribution in setting up and running of the Audit Committee as its Chairman deserves unreserved admiration. Mr. Huggon's inspiring support in strengthening the Company and its growth would be long remembered. On behalf of all shareholders and employees, members of the Board of Directors, and on my personal behalf, I express gratitude, and wish them good health and every success.

Dr. Farashuddin was replaced by Mr. Ayub Quadri, one of the outstanding senior bureaucrats of the Country and a former Advisor to the immediate past Caretaker Government. Mr. Bon Hian Lee joined the Board in place of Mr. Huggon. He is the Head of Cluster Countries for Bangladesh, Pakistan, Philippines and Vietnam. Mr. Lee has rich experience of working in various roles covering many Far Eastern Countries before joining Linde Gas Asia recently. I heartily welcome both of them and look forward to their valued contribution to the Company.

Prospects

At a time like this I can only express cautious optimism. As already mentioned, we are going through a time of global uncertainty of a phenomenal dimension. At home there is apprehension but no one knows what would be the actual outcome in totality. It may be appropriate to recall the comment of President Kennedy on crisis. He said "When written in Chinese, the word 'crisis' is composed of two characters. One represents danger and the other represents opportunity." It could be that in some cases the Country may receive positive outcome if opportunities are seized promptly. But caution and perseverance should be the watchwords. The Group as a whole had embarked on a programme called HPO (High Performance Organisation). Though launched at a time of this crisis, like Safety it would be an on-going programme standing on its four pillars: Customer Focus, People Excellence, Process Excellence and the Ability to Execute. The HPO initiative is a long term and strategic initiative aimed at improving the level of performance of our people and business, to increase our performance in all respects. Given the world economic crisis this initiative is expected to help the Group meet the challenges ahead in a unified and strong manner.

In spite of the global economic crisis and its possible affect on Bangladesh economy, I am optimistic about improvement in the business environment in the Country. The new Government is expected to bring about the necessary changes and address the new issues as they arise. With picking up expected in manufacturing, industrial activities and governmental development activities, the management is adequately prepared to take advantage of the benefit in the coming months. Where capacity saturation is foreseen, necessary investments are being planned. But in the light of global gloom all investments would be subject to far more rigorous studies than before.

I thank the Board members and the shareholders for their support, and the employees of the Company for making it possible to achieve the results I have described. We also owe our success to our customers, suppliers, bankers, Government authorities and agencies. I shall conclude by expressing deep gratitude to all concerned.



M Syeduzzaman
12 March 2009

Report of the Board of Directors

The Directors are pleased to present the audited accounts of the Company for the year ended 31st December 2008.

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

Operations

The operations of the Company were fairly stable during the year. The production facilities for ASU products were able to support the sales demands. Occasional surges of demand from ship breaking sector presented challenges. With careful planning the situation was addressed and handled, but not without some loss of business because of capacity constraints. Predicting the demand of this sector has always been difficult. There were no issues with any other manufactured products. On the contrary, demand lagged behind expectations. Special attention was given on a continuing basis to improve plant efficiency where necessary. There was no major breakdown during the year.

A second tunnel oven for drying was added in the year to the Electrodes production facility at Rughanj. This would permit full capacity utilisation of the installed plants and would have additional capacity also to support the next plant, when installed.

Carbon Dioxide, Dissolved Acetylene and Nitrous Oxide production facilities operated satisfactorily and was able to meet and service demands.

Financial Results

The Company's turnover improved by 25% at Taka 2,498,583,128 over the previous year's turnover of Taka 2,000,172,007. The main cause of the significant increase was the revision of selling price of the products which suffered extraordinary hike in raw material costs, good uptake of Liquid Oxygen in the ship breaking sector, plus good performance of Hospitalcare business. There was negative volume growth in most major industrial products with the exception of Liquid Oxygen. Some slow down in business activities and public development work would seem to be the reasons.

The growth of pre-tax profit of the Company by 31% would indicate that it exceeded the growth achieved in turnover. This was because it included interest income which had also grown substantially in the year. Adjusted for the interest income the underlying growth in pre tax profit from business operation was 26%, in tandem with the turnover growth. Efficient cost recovery and efficient cost management were the key factors behind the results achieved. The pre-tax profits for the year reached Taka 457,740,076 compared to Taka 350,154,878 realised in 2007.

Working Capital Management

Working Capital Management was under control during year. The amounts for inventories and debtors had increased mainly because of increase in cost of raw materials and increase in sales value compared to last year. Improved profits helped improve the cash position even after payment of an attractive interim dividend.

Dividends

In keeping with the Company's Dividend Policy the Directors recommend a final dividend of Taka 7.70 per share involving a payout of Taka 117,180,756. Interim dividend of Taka 10.00 per share amount to Taka 152,182,800 was paid out during the year. The total dividend for the year would be Taka 17.70 per share (177%). The comparable figure for the previous year was Taka 7.00 per share (70%). Increase in the dividend between the two years was obviously because of the interim dividend declared earlier. The decision for the interim dividend was based on the cash position of the Company, and also the fact that there are no immediate needs for major investments in plants. Including the interim dividend the total pay out would amount to Taka 269,363,556 (2007 Taka 106,527,960).

Reserves

The Directors propose to transfer Taka 359,341,579 to General Reserve from the retained profit for the year. An amount of Tk.16,001,000 was credited to the Reserve as adjustment was necessary to reflect the surplus in pension fund as per actuarial valuation according to BAS 19.

Directors

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

Mr. Binod Patwari, Mr. Latifur Rahman and Mr. Ayub Quadri retire in this meeting under Article 81 of the Articles of Association of the Company, and being eligible, offer themselves for re-election.

Corporate Governance

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

- The Financial Statements prepared by the Company present a true and fair view of the Company's state of affairs, result of its operations, cash flows and changes in equity.
- Proper books of accounts as required by law have been maintained.
- Appropriate accounting policies have been followed in formulating the Financial Statements and Accounting estimates were reasonable and prudent.

On behalf of the Board of Directors,

12 March 2009


Waliur Rahman Bhuiyan
Managing Director


M Syeduzzaman
Director & Chairman

- 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 2008, particulars of Board meetings, Audit Committee meetings, pattern of shareholdings and the compliance report are provided in Annexure 1 to 4.

Auditors

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

COMMITTEES

Audit Committee

Chairman	Mr. Ayub Quadri	Director
Member	Mr. Binod Patwari	Director
Member	Mr. Bon Hian Lee	Director
Member	Mr. Latifur Rahman	Director
Secretary	Mr. Ganesh Gopal Rao	Head of Internal Audit, Asia Pacific/Manager, Internal Control

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 2008

Financial History

		2005 12 months	2006 15 months	2007 12 months	2008 12 months
Revenue	Taka'000	1,553,430	2,358,955	2,000,172	2,498,583
Profit before tax	"	220,783	336,425	350,155	457,740
Taxation	"	61,500	112,926	89,171	98,398
Deferred tax	"	3,298	-22,753	-2,667	-17,708
Earnings	"	155,985	246,252	263,651	359,651
Dividend	"	76,091	106,528	106,528	269,364
General reserve	"	839,605	1,051,366	1,195,914	1,312,546
Share capital	"	152,183	152,183	152,183	152,183
Shareholder's equity	"	1,164,703	1,249,730	1,394,278	1,510,910
Net fixed assets	"	1,257,046	1,087,131	1,004,121	966,509
Depreciation	"	123,584	168,946	134,386	135,466
Earnings per share	Taka	10.25	16.18	17.32	23.61
Dividend per share	"	5.00	7.00	7.00	17.70
Dividend percentage (%)		50	70	70	177
Net assets per share	Taka	76.53	82.12	91.62	99.28

Annexure 2

Shareholding Pattern

Director : Name	<u>Holdings</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
Mr. M Syeduzzaman (Chairman)	30	30	30
Mr. Waliur Rahman Bhuiyan (CEO) & spouse (folio # s0606)	44	44	44
Mr. Azizur Rashid (CFO & Company Secretary)	44	44	44
Mr. Latifur Rahman (independent Director)	10	10	10
Mr. Ayub Quadri	-	-	10
Mr. Erphan Shehabul Matin (Executive Director) & spouse (folio # N0018)	12	12	12
	12	12	12
Executive : Name			
Mr. Muhammad Abdullah	25	25	25
Mr. Jamil Ahmed	-	-	50
Mr. Mohammed Nazmul Hossain	3	3	3
Mr. Kazi Hasan Sharif	37	37	37
Mr. Mohammad Abu Shair & spouse (folio # F0335)	37	37	37
	100	100	100
10% or above shareholding			
The BOC Group plc	9,130,968	9,130,968	9,130,968
ICB Unit-Fund	1,750,150	(below 10%)	(below 10%)

Annexure 3

Board Meetings

During the period the Board met 5 times.

<u>Name of the Directors</u>	<u>No. of Attendance</u>
1 Mr. M. Syeduzzaman-Chairman	4
2 Mr. Waliur R. Bhuiyan, OBE	4
3 Mr. Michael S. Huggon (Resigned July 2008)	Nil
4 Mr. Bon Hian Lee (Joined July 2008 in place of Mr. Michael S. Huggon)	1
5 Mr. Sanjiv Lamba Alternate to Mr Sanjiv Lamba – Mr. Siew Yap Wong	1 1
6 Mr. Andrew P Gardner (Resigned March 2008)	2
7 Mr. Binod Patwari (Joined April 2008 in place of Mr. Andrew P Gardner)	3
8 Mr. Z.H. Khondker	3
9 Dr. M. Farashuddin (Resigned June 2008)	3
10 Mr. Ayub Quadri (Joined October 2008 in place of Dr. M. Farashuddin)	1
11 Mr. Latifur Rahman	2
12 Mr. Azizur Rashid	5
13 Mr. Erphan Shehabul Matin (Joined January 2008 in place of Mr. N.E.A. Shibly)	5

Annexure 3

Audit Committee Meetings

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

<u>Name of the Members</u>	<u>No. of Attendance</u>
1 Dr. M. Farashuddin Chairman Independent Director (Ceased to be a member effective June 2008)	1
2 Mr. Ayub Quadri Chairman Independent Director (Joined October 2008 in place of Dr. M. Farashuddin)	1
3 Mr. Sanjiv Lamba Director-Corporate Investor nominated (Ceased to be a member effective October 2008)	Nil
4 Mr. Siew Yap Wong – Alternate to Mr Sanjiv Lamba	1
5 Mr. Bon Hian Lee Director-Corporate Investor nominated (Joined October 2008 in place of Mr. Sanjiv Lamba)	1
6 Mr. Andrew P Gardner Director-Corporate Investor nominated (Ceased to be a member effective March 2008)	1
7 Mr. Binod Patwari Director-Corporate Investor nominated (Joined July 2008 in place of Mr. Andrew P Gardner)	1
8 Mr. Latifur Rahman Independent Director	Nil

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 Director	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 2008 and the related profit and loss account, statement of changes in equity, cash flow statement and a summary of significant accounting policies and other explanatory notes 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 (BSA). 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 (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the Company's affairs and its subsidiary as at 31 December 2008 and of the results of its 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 sheets and profit and loss accounts 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.



RAHMAN RAHMAN HUQ
Chartered Accountants

Dhaka, 12 March 2009

Balance Sheet

as at 31 December 2008

	Notes	2008 '000 Taka	2007 '000 Taka
Assets			
Non-current assets:			
Property, plant and equipment	4	961,178	1,004,121
Intangible assets	5	5,311	3,408
Investment in subsidiary	6	20	20
Total non-current assets		966,509	1,007,549
Current assets:			
Inventories	7	541,345	386,602
Trade debtors	8	142,007	115,620
Advances, deposits and prepayments	9	89,599	90,502
Cash and cash equivalents	10	434,601	405,946
Total current assets		1,207,552	998,670
Total assets		2,174,061	2,006,219
Equity and Liabilities			
Shareholders' equity:			
Share capital	11	152,183	152,183
Revaluation reserve	12	46,181	46,181
General reserve	13	1,312,546	1,195,914
Total equity		1,510,910	1,394,278
Non-current liabilities:			
Finance lease	14	-	2,233
Deferred liabilities	15	224,394	222,885
Deferred tax liabilities	17	90,302	108,010
Total non-current liabilities		314,696	333,128
Current liabilities:			
Current portion of finance lease	14	2,233	654
Trade creditors	17	45,598	24,298
Expense creditors and accruals	18	161,400	134,488
Sundry creditors	19	54,087	54,842
Provision for taxation (net of advance tax payment)	20	85,137	64,531
Total current liabilities		348,455	278,813
Total liabilities		663,151	611,941
Total equity and liabilities		2,174,061	2,006,219

The annexed notes 1 to 41 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, 12 March 2009

Profit and Loss Account for the year ended 31 December 2008

	<u>Notes</u>	<u>2008</u> <u>'000 Taka</u>	<u>2007</u> <u>'000 Taka</u>
Revenue	21	2,498,583	2,000,172
Cost of sales	22	(1,664,294)	(1,311,832)
Gross profit		834,289	688,340
Operating expenses	23	(413,206)	(353,077)
Profit from operations		421,083	335,263
Gain on disposal of property, plant and equipment	24	961	1,308
Interest income, net	25	35,696	13,584
Profit before taxation	26	457,740	350,155
Taxation	27	(98,398)	(86,504)
Net profit for the year		359,342	263,651
Earnings per share:			
Basic earnings per share (par value Tk10)	28	23.61	17.32

The annexed notes 1 to 41 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, 12 March 2009

Cash Flow Statement for the year ended 31 December 2008

	<u>Notes</u>	<u>2008</u> <u>'000 Taka</u>	<u>2007</u> <u>'000 Taka</u>
Cash flow from operating activities			
Receipts from sales		2,472,196	2,027,311
Other receipts		2,882	14,020
Payments for supply of goods and services		(2,030,074)	(1,597,159)
Net interest received		32,680	13,345
Income tax paid		(95,500)	(120,350)
		<u>382,184</u>	<u>337,167</u>
Cash flow from investing activities			
*Purchase of property, plant and equipment		(93,828)	(51,683)
Payment for acquisition of intangible assets	5	(2,564)	(2,917)
Proceeds from sale of property, plant and equipment	33	2,266	1,868
		<u>(94,126)</u>	<u>(52,732)</u>
Cash flow from financing activities			
Paid to subsidiary		(38)	(34)
Payment of finance lease		(654)	(1,225)
Payment of dividend		(258,711)	(106,528)
		<u>(259,403)</u>	<u>(107,787)</u>
Net increase in cash during the year		28,655	176,648
Opening cash and cash equivalents		405,946	229,298
Closing cash and cash equivalents	10	<u>434,601</u>	<u>405,946</u>
*Purchase of property, plant and equipment			
Addition during the year	4	101,530	107,968
Transfer from capital work in progress	4	(7,702)	(56,032)
Payable to vendors for capital items	19	-	(253)
		<u>93,828</u>	<u>51,683</u>

Statement of Changes in Equity for the year ended 31 December 2008

	Share capital <u>'000 Taka</u>	Revaluation reserve <u>'000 Taka</u>	General reserve <u>'000 Taka</u>	Total <u>'000 Taka</u>
Balance as at 1 January 2007	152,183	46,181	1,051,366	1,249,730
Adjustment for deficit in actuarial valuation of pension fund (BAS 19)	-	-	(12,575)	(12,575)
Profit earned during the year	-	-	263,651	263,651
Payment of dividend	-	-	(106,528)	(106,528)
Balance as at 31 December 2007	152,183	46,181	1,195,914	1,394,278
Adjustment for surplus in actuarial valuation of pension fund (BAS 19)	-	-	16,001	16,001
Profit earned during the year	-	-	359,342	359,342
Payment of dividend	-	-	(258,711)	(258,711)
Balance as at 31 December 2008	152,183	46,181	1,312,546	1,510,910

Consolidated Balance Sheet as at 31 December 2008

	Notes	2008 '000 Taka	2007 '000 Taka
Assets			
Non-current assets:			
Property, plant and equipment	4	961,178	1,004,121
Intangible assets	5	5,311	3,408
Total non-current assets		966,489	1,007,529
Current assets:			
Inventories	7	541,345	386,602
Trade debtors	8	142,007	115,620
Advances, deposits and prepayments	9	89,599	90,502
Cash and cash equivalents	10(a)	434,599	405,944
Total current assets		1,207,550	998,668
Total assets		2,174,039	2,006,197
Equity and Liabilities			
Shareholders' equity:			
Share capital	11	152,183	152,183
Revaluation reserve	12	46,181	46,181
General reserve	13(a)	1,313,152	1,196,561
Total equity		1,511,516	1,394,925
Non-current liabilities:			
Finance lease	14	-	2,233
Deferred liabilities	15	224,394	222,885
Deferred tax liabilities	16	90,302	108,010
Total non-current liabilities		314,696	333,128
Current liabilities:			
Current portion of finance lease	14	2,233	654
Trade creditors	17	45,598	24,298
Expense creditors and accruals	18(a)	160,772	133,819
Sundry creditors	19	54,087	54,842
Provision for taxation (net of advance tax payment)	20	85,137	64,531
Total current liabilities		347,827	278,144
Total liabilities		662,523	611,272
Total equity and liabilities		2,174,039	2,006,197

The annexed notes 1 to 41 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, 12 March 2009

Consolidated Profit and Loss Account for the year ended 31 December 2008

		<u>2008</u>	<u>2007</u>
	<u>Notes</u>	<u>'000 Taka</u>	<u>'000 Taka</u>
Revenue	21	2,498,583	2,000,172
Cost of sales	22	(1,664,294)	(1,311,832)
Gross profit		834,289	688,340
Operating expenses	23(a)	(413,247)	(353,130)
Profit from operations		421,042	335,210
Gain on disposal of property, plant and equipment	24	961	1,308
Interest income, net	25	35,696	13,584
Profit before taxation	26(a)	457,699	350,102
Taxation	27	(98,398)	(86,504)
Net profit for the year		359,301	263,598
Earnings per share:			
Basic earnings per share (par value Tk 10)	28	23.61	17.32

The annexed notes 1 to 41 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, 12 March 2009

Consolidated Cash Flow Statement for the year ended 31 December 2008

		<u>2008</u>	<u>2007</u>
	<u>Notes</u>	<u>'000 Taka</u>	<u>'000 Taka</u>
Cash flow from operating activities			
Receipts from sales		2,472,196	2,027,311
Other receipts		2,882	14,020
Payments for supply of goods, services and operating expenses		(2,030,112)	(1,597,193)
Net interest received		32,680	13,345
Income tax paid		(95,500)	(120,350)
		<u>382,146</u>	<u>337,133</u>
Cash flow from investing activities			
*Purchase of property, plant and equipment		(93,828)	(51,683)
Payment for acquisition of intangible assets	5	(2,564)	(2,917)
Proceeds from sale of property, plant and equipment	33	2,266	1,868
		<u>(94,126)</u>	<u>(52,732)</u>
Cash flow from financing activities			
Payment of finance lease		(654)	(1,225)
Payment of dividend		(258,711)	(106,528)
		<u>(259,365)</u>	<u>(107,753)</u>
Net increase in cash during the year		28,655	176,648
Opening cash and cash equivalents		405,944	229,296
Closing cash and cash equivalents	10(a)	<u>434,599</u>	<u>405,944</u>
*Purchase of property, plant and equipment			
Addition during the year	4	101,530	107,968
Transfer from capital work in progress	4	(7,702)	(56,032)
Payable to vendors for capital items	19	-	(253)
		<u>93,828</u>	<u>51,683</u>

Consolidated Statement of Changes in Equity for the year ended 31 December 2008

	Share capital <u>'000 Taka</u>	Revaluation reserve <u>'000 Taka</u>	General reserve <u>'000 Taka</u>	<u>Total</u> <u>'000 Taka</u>
Balance as at 1 January 2007	152,183	46,181	1,052,066	1,250,430
Adjustment for deficit in actuarial valuation of pension fund (BAS 19)	-	-	(12,575)	(12,575)
Profit earned during the year	-	-	263,598	263,598
Payment of dividend	-	-	(106,528)	(106,528)
Balance as at 31 December 2007	152,183	46,181	1,196,561	1,394,925
Adjustment for surplus in actuarial valuation of pension fund (BAS 19)	-	-	16,001	16,001
Profit earned during the year	-	-	359,301	359,301
Payment of dividend	-	-	(258,711)	(258,711)
Balance as at 31 December 2008	152,183	46,181	1,313,152	1,511,516

Notes to the Accounts

as at and for the year ended 31 December 2008

1. Reporting entity

1.1 Company profile

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 1976. The Company is listed both on Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). The address of the registered office is 285 Tejgaon I/A, Dhaka-1208, Bangladesh. It has been a direct subsidiary of The BOC Group plc of United Kingdom since inception. The entire share capital of The BOC Group plc have been taken over by Linde AG of Germany in 2006 through an acquisition process.

1.2 Nature of business

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

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Date of authorisation

The board of directors has authorised these financial statements on 12 March 2009 for public issue.

2.3 Basis of measurement

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

2.4 Functional and presentational currency

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

2.5 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and the associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

- Note 7: Inventory valuation
- Note 8.1: Bad debt provision
- Note 16: Deferred tax liabilities
- Note 18: Expense creditors and accruals
- Note 20: Provision for taxation

2.6 Reporting period

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently (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, excluding freehold land, freehold building and leasehold building, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is measured at revalued amount. Freehold buildings and leasehold buildings are measured at revalued amounts less accumulated depreciation. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes (after deducting trade discount and rebates) and any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner.

3.3.2 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

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

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

	<u>2008</u>	<u>2007</u>
	<u>Year</u>	<u>Year</u>
Freehold buildings	40	40
Plant, machinery and cylinders (including storage tank and vacuum insulated evaporator)	10-20	10-20
Motor vehicles	5	5
Furniture, fixtures and equipment	5-10	5-10
Computer hardware	5	5

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

3.4 Intangible assets

3.4.1 Recognition and measurement

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

3.4.2 Subsequent expenditure

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

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. The amortisation is recognised in the profit and loss account.

3.5 Inventories

Inventories are measured at lower of cost and estimated net realisable value. The cost of inventories is measured by using weighted average cost formula and includes expenditure incurred for acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

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

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

3.7 Trade receivables

Trade and other receivables are initially recognised at cost which is the fair value of the consideration given in return. After initial recognition these are carried at cost less impairment losses due to uncollectibility of any amount so recognised.

3.8 Cash and cash equivalents

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

3.9 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.

3.10 Contingencies

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

3.11 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account.

3.11.1 Current tax

The Company qualifies as a "Publicly Traded Company". The effective rate of taxation is 24.75% considering 10% tax rebate for declaring dividend of more than 20% of the paid up capital. Provision for taxation has been made on the basis of Finance Ordinance 2008.

3.11.2 Deferred tax

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

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

3.12 Workers' profit participation fund (WPPF)

The Company provides 5% of its profit before charging such expense as WPPF in accordance with The Bangladesh Labour Act, 2006.

3.13 Employee benefit

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

3.13.1 Defined contribution plan (provident fund)

Defined contribution plan is a post employment benefit plan under which the Company provides benefits for its all permanent employees. The recognised Employees' Provident Fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 12.5% of their basic salary to the provident fund and the Company also makes equal contribution.

The legal and constructive obligation is limited to the amount it agrees to contribute to the fund. Obligations are created when they are due.

3.13.2 Defined benefit plans

3.13.2.1 Gratuity scheme

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

3.13.2.2 Pension scheme

The Company operates a pension scheme for its management staff. The management staff who have completed 10 years of services are entitled for pension benefit scheme. The provision is made as per requirement of actuarial valuation. Gain/loss on actuarial valuation is recognised in equity.

3.13.3 Short-term employee benefits

This relates to leave encashment and is measured on an undiscounted basis and expensed as the related service is provided. Provision is made for the amount of annual leave encashment based on the latest basic salary.

3.14 Revenue recognition

3.14.1 Revenue arising from sale of goods

3.14.1.1 Goods sold

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

3.14.1.2 Cash on delivery sales

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

3.14.2 Services

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

3.14.3 Commission

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

3.15 Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised as an item of property, plant and equipment. Advance lease payments on assets taken under operating lease are shown as prepayments.

3.16 Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised on accrual basis.

Finance expenses comprise interest expense on overdraft, finance lease and bank charges. All finance expenses are recognised in the profit and loss account.

3.17 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 BAS 27: *Consolidated and separate financial statements*. Intra group balances and unrealised income and expenses arising from intra-group transactions, are eliminated in full while preparing the consolidated financial statements.

3.18 Earnings per share

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

3.18.1 Basic earnings per share

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

3.19 Cash flow statement

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

3.20 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 41.

4 Property, plant and equipment

a) Cost

Particulars	Cost				Depreciation				Written down value As at 31 December 2008
	As at 1 January 2008	Addition during the year	Disposal/ transfer during the year	As at 31 December 2008	As at 1 January 2008	Charge during the year	Disposal/ transfer during the year	As at 31 December 2008	
	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka
Freehold land	27,526	2,441	-	29,967	-	-	-	-	29,967
Freehold buildings	133,969	20,763	(1,216)	153,516	29,828	3,427	(274)	32,981	120,535
Leasehold buildings	120,851	1,498	(862)	121,487	31,869	3,002	(865)	34,006	87,481
Plant, machinery and cylinders (including storage tank and vacuum insulated evaporator)	1,723,973	68,795	(5,109)	1,787,659	1,004,432	114,761	(5,026)	1,114,167	673,492
Motor vehicles	55,149	398	(4,140)	51,407	35,915	6,760	(4,105)	38,570	12,837
Furniture, fixtures and equipment	57,509	4,068	(2,981)	58,596	40,869	4,121	(1,619)	43,371	15,225
Computer hardware	38,271	3,567	(58)	41,780	32,720	2,504	(1,172)	34,052	7,728
	2,157,248	101,530	(14,366)	2,244,412	1,175,633	134,575	(13,061)	1,297,147	947,265
Capital work in progress (Note 4.1)	16,197	93,828	(101,530)	8,495	-	-	-	-	8,495
Sub-total (A)	2,173,445	195,358	(115,896)	2,252,907	1,175,633	134,575	(13,061)	1,297,147	955,760

b) Revaluation

Particulars	Cost				Depreciation				Written down value As at 31 December 2008
	As at 1 January 2008	Addition during the year	Disposal/ transfer during the year	As at 31 December 2008	As at 1 January 2008	Charge during the year	Disposal/ transfer during the year	As at 31 December 2008	
	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka
Freehold land	147	-	-	147	-	-	-	-	147
Freehold buildings	176	-	-	176	81	4	-	85	91
Leasehold buildings	45,858	-	-	45,858	39,791	887	-	40,678	5,180
Sub-total (B)	46,181	-	-	46,181	39,872	891	-	40,763	5,418

Property, plant and equipment at cost and revaluation:

At 31 December 2008 (A+B)	2,219,626	195,358	(115,896)	2,299,088	1,215,505	135,466	(13,061)	1,337,910	961,178
At 31 December 2007	2,185,641	107,968	(73,983)	2,219,626	1,098,510	134,386	(17,391)	1,215,505	1,004,121

Furniture, fixtures and equipment at cost includes Tk 4,694 thousand as at 1 January 2008 (2007: Tk 6,502 thousand) acquired under finance lease, the written down value of which was Tk 482 thousand as at 31 December 2008 (2007: Tk 1,534 thousand).

Depreciation charged during the year has been allocated to cost of sales (Note 23.1) and operating expenses (Note 24).

4.1 Capital work in progress

	Balance as at 1 Jan 2008 000 Taka	Addition during the year 000 Taka	Transferred to property, plant and equipment 000 Taka	Balance as at 31 Dec 2008 000 Taka
Freehold land, freehold buildings and leasehold buildings	3,558	22,301	24,702	1,157
Plant, machinery, cylinders and motor vehicles	12,158	64,373	69,193	7,338
Furniture, fixtures and equipment	481	3,587	4,068	-
Computer hardware	-	3,567	3,567	-
	16,197	93,828	101,530	8,495

	<u>2008</u> <u>'000 Taka</u>	<u>2007</u> <u>'000 Taka</u>
5. Intangible assets		
Opening balance	3,408	1,022
Acquired during the year	2,564	2,917
Amortisation during the year	<u>(661)</u>	<u>(531)</u>
Closing balance	<u>5,311</u>	<u>3,408</u>
Intangible assets represent application softwares related to information services. Application 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 in Bangladesh Oxygen Limited. This subsidiary's net loss for the year ended 31 December 2008 amounted to Tk 40,687 (2007: Tk 52,501).		
7. Inventories		
Raw materials	265,064	193,710
Finished goods	167,855	105,030
Goods in transit	51,260	34,075
Maintenance spares	<u>57,166</u>	<u>53,787</u>
	<u>541,345</u>	<u>386,602</u>
In view of innumerable items of inventory and diversified units of measurement, it is not feasible to disclose quantities against each item.		
8. Trade debtors		
Debts exceeding six months	41,203	13,348
Debts below six months	<u>114,939</u>	<u>120,806</u>
	156,142	134,154
Provision for debts considered doubtful (Note 8.1)	<u>(14,135)</u>	<u>(18,534)</u>
	<u>142,007</u>	<u>115,620</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. Tk 4,399 thousand was released during the year 2008 out of previous doubtful debt provision on realisation of debts from the customers.	
9. Advances, deposits and prepayments		
Loans and advances to employees	38,269	39,523
Advances to suppliers	9,603	9,051
Deposits and prepayments	30,224	26,527
VAT current account	<u>11,503</u>	<u>15,401</u>
	<u>89,599</u>	<u>90,502</u>
Above amounts are unsecured and considered good. Of the total advances, deposits and prepayments Tk51,366 thousand (2007: Tk 46,500 thousand) is receivable within 12 months from the date of the balance sheet.		
10. Cash and cash equivalents		
Cash in hand	1,162	1,065
Cash at bank	153,439	154,881
Fixed deposits with bank	<u>280,000</u>	<u>250,000</u>
	<u>434,601</u>	<u>405,946</u>

	<u>2008</u> <u>'000 Taka</u>	<u>2007</u> <u>'000 Taka</u>
10(a) Consolidated cash and cash equivalents		
BOC Bangladesh Limited	434,601	405,946
Bangladesh Oxygen Limited	(2)	(2)
	<u>434,599</u>	<u>405,944</u>

11. Share capital

Authorised:

20,000,000 ordinary shares of Tk 10 each	<u>200,000</u>	<u>200,000</u>
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Issued, subscribed and paid up:

3,616,902 ordinary shares of Tk 10 each issued for cash	36,169	36,169
999,498 ordinary shares of Tk 10 each issued for consideration other than cash	9,995	9,995
10,601,880 bonus shares of Tk 10 each	106,019	106,019
	<u>152,183</u>	<u>152,183</u>

Percentage of shareholdings:

	<u>Percentage of shareholdings</u>		<u>Value ('000 Taka)</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
The BOC Group plc	60.0	60.0	91,310	91,310
Investment Corporation of Bangladesh (ICB)	15.4	14.9	23,506	22,642
Bangladesh Shilpa Rin Sangstha (BSRS)	1.2	1.2	1,761	1,761
Sadharan Bima Corporation	1.3	1.3	2,062	2,062
Other shareholders	22.1	22.6	33,544	34,408
	<u>100.0</u>	<u>100.0</u>	<u>152,183</u>	<u>152,183</u>

Classification of shareholders by holding:

<u>Holdings</u>	<u>Number of holders</u>		<u>Total holding (%)</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Less than 500 shares	10,780	10,028	9.04	7.07
500 to 5,000 shares	1,093	998	8.03	8.13
5,001 to 10,000 shares	27	37	1.29	1.61
10,001 to 20,000 shares	18	24	1.57	2.02
20,001 to 30,000 shares	7	4	1.04	0.69
30,001 to 40,000 shares	4	3	0.80	0.67
40,001 to 50,000 shares	2	2	0.56	0.57
50,001 to 100,000 shares	4	6	1.73	2.90
100,001 to 1,000,000 shares	4	3	7.60	7.17
Over 1,000,000 shares	2	2	68.34	69.17
	<u>11,941</u>	<u>11,107</u>	<u>100.00</u>	<u>100.00</u>

	<u>2008</u> <u>'000 Taka</u>	<u>2007</u> <u>'000 Taka</u>
12. Revaluation reserve		
Revaluation reserve for the year	46,181	46,181
	<u>46,181</u>	<u>46,181</u>
13. General reserve		
Opening balance	1,195,914	1,051,366
Adjustment for surplus/(deficit) in actuarial valuation of pension fund (BAS-19)	16,001	(12,575)
Profit earned during the year	359,342	263,651
Payment of dividends for the year 2007 and 2006	(106,528)	(106,528)
Payment of interim dividend for 2008	(152,183)	-
	<u>1,312,546</u>	<u>1,195,914</u>
13(a). Consolidated general reserve		
Opening balance	1,196,561	1,052,066
Adjustment for surplus/(deficit) in actuarial valuation of pension fund (BAS-19)	16,001	(12,575)
Profit earned during the year	359,301	263,598
Payment of dividends for the year 2007 and 2006	(106,528)	(106,528)
Payment of interim dividend for 2008	(152,183)	-
	<u>1,313,152</u>	<u>1,196,561</u>
14. Finance lease		
Present value of minimum lease payments:		
Current portion (due within one year)	2,233	654
Due more than one year but not later than five years	-	2,233
	<u>2,233</u>	<u>2,887</u>
15. Deferred liabilities		
Gratuity fund:		
Opening balance	61,873	58,558
Provision during the year	16,615	12,647
Payment during the year	(7,252)	(9,332)
	<u>71,236</u>	<u>61,873</u>
Pension fund:		
Adjustment for deficit as per actuarial valuation	-	12,575
Cylinder security deposit (Note 15.1)	<u>153,158</u>	<u>148,437</u>
	<u>224,394</u>	<u>222,885</u>

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

16. Deferred tax liabilities

Deferred tax assets and liabilities have been recognised and measured in accordance with the provision of BAS 12: Income Taxes. Related deferred tax expense/income have been disclosed in note 27. Deferred tax assets and liabilities are attributable to the following:

	Carrying amount at the balance sheet date 000 Taka	Tax base 000 Taka	Taxable/ (deductible) temporary difference 000 Taka
As at 31 December 2008			
Assets			
Property, plant and equipment (excluding revaluation and leased assets)	952,683	429,642	523,041
Stock	541,542	614,356	(72,814)
Trade debtors	142,007	156,141	(14,134)
	<u>1,636,232</u>	<u>1,200,139</u>	<u>436,093</u>
Liabilities			
Gratuity	71,236	-	71,236
	<u>71,236</u>	<u>-</u>	<u>71,236</u>
Net tax deductible temporary differences			364,857
Effective tax rate			24.75%
Deferred tax liabilities			90,302
As at 31 December 2007			
Assets			
Property, plant and equipment (excluding revaluation and leased assets)	987,924	443,837	544,087
Stock	386,215	449,858	(63,643)
Trade debtors	115,620	134,155	(18,535)
	<u>1,489,759</u>	<u>1,027,850</u>	<u>461,909</u>
Liabilities			
Gratuity	(61,873)	-	(61,873)
	<u>(61,873)</u>	<u>-</u>	<u>(61,873)</u>
Net tax deductible temporary differences			400,036
Effective tax rate			27%
Deferred tax liabilities			108,010
		2008	2007
		'000 Taka	'000 Taka
Opening balance		108,010	110,677
Provision during the year		(17,708)	(2,667)
		<u>90,302</u>	<u>108,010</u>

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

		<u>2008</u> <u>'000 Taka</u>	<u>2007</u> <u>'000 Taka</u>
17. Trade creditors			
Payable to vendors		<u>45,598</u>	<u>24,298</u>
Trade creditors are unsecured and payable within a month.			
18. Expense creditors and accruals			
Salaries, wages and retirement benefits		32,238	26,007
Technical assistance fee		18,762	16,766
Accrued expenses		24,909	20,017
Other creditors		61,397	53,269
Workers' profit participation fund		24,094	18,429
		<u>161,400</u>	<u>134,488</u>
18(a). Consolidated expense creditors and accruals			
Salaries, wages and retirement benefits		32,238	26,007
Technical assistance fee		18,762	16,766
Accrued expenses		24,909	20,054
Other creditors		60,769	52,563
Workers' profit participation fund		24,094	18,429
		<u>160,772</u>	<u>133,819</u>
19. Sundry creditors			
Capital items		-	253
Deposit and advance from customers		38,498	40,337
Unpaid dividends		8,972	8,071
Others		6,617	6,181
		<u>54,087</u>	<u>54,842</u>
20. Provision for taxation			
Opening balance		64,531	95,710
Provision made during the year		116,106	89,171
		<u>180,637</u>	<u>184,881</u>
Payment during the year		95,500	120,350
Closing balance		<u>85,137</u>	<u>64,531</u>
21. Revenue			
		<u>2008</u>	<u>2007</u>
	<u>Unit</u>	<u>Quantity</u> <u>Amount</u> <u>'000 Taka</u>	<u>Quantity</u> <u>Amount</u> <u>'000 Taka</u>
ASU gases	'000 M3	12,730 389,579	11,990 349,114
Dissolved acetylene	'000 M3	397 154,198	410 127,141
Electrodes	MT	12,192 1,411,514	12,403 1,000,156
Others		543,292	523,761
		<u>2,498,583</u>	<u>2,000,172</u>

	<u>2008</u> <u>'000 Taka</u>	<u>2007</u> <u>'000 Taka</u>
21.1 Entire business of the Company is analysed and reported as below:		
Bulk gases	196,602	167,709
Package gases and products (PG&P)	2,002,305	1,573,523
Hospitalcare	299,676	258,940
	<u>2,498,583</u>	<u>2,000,172</u>
22. Cost of sales		
Opening inventories for the year	54,038	44,955
Cost of goods manufactured (Note 22.1)	1,541,719	1,132,217
	<u>1,595,757</u>	<u>1,177,172</u>
Closing inventories of manufactured products	(89,516)	(54,038)
Cost of sales of manufactured products	1,506,241	1,123,134
Cost of trading products	158,053	188,698
	<u>1,664,294</u>	<u>1,311,832</u>
22.1 Cost of goods manufactured		
Materials, goods and labour:		
Raw and packing materials consumed (Note 39)	1,161,176	775,666
Fuel and power	66,625	59,840
Direct wages*	77,417	66,133
	<u>1,305,218</u>	<u>901,639</u>
Manufacturing overhead:		
Salaries, wages and staff welfare*	47,568	33,907
Depreciation	109,103	108,612
Repairs to machinery (Note 22.1.1)	43,753	52,102
Repairs to building	2,332	2,803
Maintenance, others	15,635	17,112
Insurance	1,731	1,546
Rent, rates and taxes	658	579
Traveling and conveyance	1,971	720
Training expenses	372	348
Vehicle running expenses	7,769	6,921
Telephone, telex and fax	797	773
Printing, postage, stationery and office supplies	2,088	2,188
Legal and professional charges	194	105
Sundry office expenses	2,530	2,862
	<u>236,501</u>	<u>230,578</u>
	<u>1,541,719</u>	<u>1,132,217</u>

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

22.1.1 Repairs to machinery

Repairs to machinery amounting to Tk 43,753 thousand include Tk 35,601 thousand (2007: Tk 33,527 thousand) being cost of spare parts consumed for plant maintenance.

	<u>2008</u> <u>'000 Taka</u>	<u>2007</u> <u>'000 Taka</u>
23. Operating expenses		
Salaries, wages and staff welfare	193,764	176,402
Depreciation	26,363	25,774
Fuel and power	3,014	3,092
Repairs to building	2,021	1,279
Maintenance, others	5,254	4,527
Insurance	1,002	1,072
Delivery expenses	79,775	68,729
Rent, rates and taxes	3,466	4,122
Travelling and conveyance	7,703	6,290
Training expenses	1,623	1,780
Vehicle running expenses	12,611	11,329
Telephone, telex and fax	6,642	7,776
Printing, postage, stationery and office supplies	6,966	7,444
Trade journal and subscription	1,308	1,037
Advertising and promotion	9,410	5,360
Provision for doubtful debts (Note 8.1)	(4,399)	(24,523)
Bad debts written off	1,474	3,099
Other assets written off	223	266
Legal and professional charge	1,854	1,031
Technical assistance fee	18,762	16,766
Auditors' remuneration:		
Audit fees	475	425
Other fees (tax advice, PF and WPPF audit, etc.)	799	1,214
Bank charges	4,285	3,769
Entertainment	662	1,437
Management meeting and conference	299	354
Sundry office expenses	3,094	4,266
Amortisation of intangible assets (Note 5)	661	531
Contribution to WPPF	24,095	18,429
	<u>413,206</u>	<u>353,077</u>

	<u>2008</u> <u>'000 Taka</u>	<u>2007</u> <u>'000 Taka</u>
23(a). Consolidated operating expenses		
Salaries, wages and staff welfare	193,764	176,402
Depreciation	26,363	25,774
Fuel and power	3,014	3,091
Repairs to building	2,021	1,279
Maintenance, others	5,254	4,527
Insurance	1,002	1,072
Delivery expenses	79,775	68,729
Rent, rates and taxes	3,466	4,122
Travelling and conveyance	7,703	6,290
Training expenses	1,623	1,780
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Telephone, telex and fax	6,642	7,776
Printing, postage, stationery and office supplies	6,966	7,444
Trade journal and subscription	1,308	1,037
Advertising and promotion	9,410	5,360
Provision for doubtful debts (Note 8.1)	(4,399)	(24,523)
Bad debts written off	1,474	3,099
Other assets written off	223	266
Legal and professional charge	1,854	1,031
Technical assistance fee	18,762	16,767
Auditors' remuneration:		
Audit fees	488	433
Other fees (tax advice, PF and WPPF audit, etc.)	827	1,259
Bank charges	4,285	3,769
Entertainment	662	1,437
Management meeting and conference	299	354
Sundry office expenses	3,094	4,266
Amortisation of intangible assets (Note 5)	661	531
Contribution to WPPF	24,095	18,429
	<u>413,247</u>	<u>353,130</u>
24. Gain on disposal of property, plant and equipment		
Sales proceeds	2,266	1,868
Less: Written down value:		
Cost of the property, plant and equipment	14,366	17,951
Less: accumulated depreciation	13,061	17,391
	1,305	560
Gain on disposal	<u>961</u>	<u>1,308</u>
25. Interest income, net		
Payment of interest	(982)	(2,033)
Interest income	36,678	15,617
	<u>35,696</u>	<u>13,584</u>

Interest income for 2008 includes Tk 4,575 thousand accrued at the year end (2007: Tk 1,559 thousand).

	<u>2008</u> <u>'000 Taka</u>	<u>2007</u> <u>'000 Taka</u>
26. Profit before taxation		
Imported merchandise products (as per 82C of the Income Tax Ordinance 1984)	46,309	49,252
Own manufactured, local merchandise products and bank interest earned	411,431	300,903
	<u>457,740</u>	<u>350,155</u>
26(a). Consolidated profit before taxation		
Imported merchandise products (as per 82C of the Income Tax Ordinance 1984)	46,309	49,252
Own manufactured, local merchandise products and bank interest earned	411,431	300,903
Loss of subsidiary	(41)	(53)
	<u>457,699</u>	<u>350,102</u>
27. Taxation		
Current tax expense (Note 20)	116,106	89,171
Deferred tax income (Note 16)	(17,708)	(2,667)
	<u>98,398</u>	<u>86,504</u>
28. Earnings per share		
28.1 Basic earnings per share		
The computation of earnings per share is given below:		
Earnings attributable to the ordinary shareholders (net profit after tax)	359,342	263,651
Number of ordinary shares outstanding during the year	15,218	15,218
Basic earnings per share (EPS)	<u>23.61</u>	<u>17.32</u>
28.2 Diluted earnings per share		
No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year.		
29. Directors' remuneration		
Fees	70	54
Salaries and benefits	18,665	11,785
Housing	1,584	1,656
Provident fund contribution	446	413
Retirement benefits	1,965	1,476
	<u>22,730</u>	<u>15,384</u>
Directors' remuneration is included in salaries, wages and staff welfare.		
30. Employee benefit expense		
Defined benefit scheme	23,579	18,865
Defined contribution scheme	6,224	5,521
	<u>29,803</u>	<u>24,386</u>

31. Capacity

<u>Major products</u>	<u>Unit of measure</u>	<u>Capacity for the year</u>	<u>Production for the year</u>	<u>Remarks</u>
ASU Gases	000 M ³	16,908	12,987	Additional capacity to meet future demand
Dissolved Acetylene	000 M ³	1,150	407	-do-
Electrodes	MT	15,200	12,262	-do-
			<u>2008</u>	<u>2007</u>
			'000 Taka	'000 Taka

32. Capital expenditure commitment

Contracted but not provided for in these accounts	2,811	4,300
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33. Proceeds from sale of property, plant and equipment

<u>Particulars</u>	<u>Cost</u> <u>'000 Taka</u>	<u>Accumulated depreciation</u> <u>'000 Taka</u>	<u>Written down value</u> <u>'000 Taka</u>	<u>Sale proceeds</u> <u>'000 Taka</u>	<u>Mode of disposal</u>	<u>Purchaser</u>
Building	2,078	1,139	939	-	Demolition	Not applicable
Plant and machinery:						
Sold	239	222	17	575	Tender	Various parties
Scrapped	2,760	2,759	1	-		
	2,999	2,981	18	575		
Motor vehicles:						
Motor cycles	212	211	1	53	*As per policy	*Various parties
Vehicles	3,928	3,894	34	1,107	Tender and per policy	Various parties
	4,140	4,105	35	1,160		
Furniture, fixtures and equipments	3,039	2,791	248	274	Tender	Various parties
Cylinders:						
Sold	48	45	3	257	*Recovery from customers as per policy	* Various customers
Scrapped	2,062	2,000	62	-		
	2,110	2,045	65	257		
2008	14,366	13,061	1,305	2,266		
2007	17,951	17,391	560	1,868		

34. Number of employees engaged

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk 36,000 and above were 400 (2007: 406).

35. Remittance in foreign currency	2008		2007	
	<u>'000 GBP</u>	<u>'000 Taka</u>	<u>'000 GBP</u>	<u>'000 Taka</u>
Technical assistance fee to The BOC Group plc, UK	118	15,090	123	17,886
Dividend paid to The BOC Group plc, UK	1,067	139,704	416	57,525

The BOC Group plc is a non-resident shareholder which holds 9,130,968 shares. Dividend paid to The BOC Group plc in 2008 includes interim dividend of GBP 648 thousand for the year 2008.

36. Receipt in foreign currency

<u>Name of customer/vendor</u>	<u>Nature of receipt</u>	2008		2007	
		<u>'000 US\$</u>	<u>'000 Taka</u>	<u>'000US\$</u>	<u>'000 Taka</u>
Uniglory Cycle Component Ltd.	Deemed export	197	13,441	44	2,977
Meghna (BD) Ltd.	Deemed export	138	9,437	33	2,234
Ananda Shipyard Ltd	Deemed export	76	5,206	43	2,935
C I Products	Deemed export	-	-	36	2,436
ESAB India Ltd.	Export	5	323	-	-
Steris Corporation	Sales commission	10	700	9	581
Choongwae Medical Corp.	Sales commission	1	61	-	-
UNICEF	Sale of medical equipments	-	-	16	1,090

<u>2008</u>	<u>2007</u>
<u>'000 Taka</u>	<u>'000 Taka</u>

37. Value of imports calculated on CIF basis

Raw materials	1,009,746	666,202
Components and spare parts	168,775	163,489
Capital goods	24,015	16,421
	<u>1,202,536</u>	<u>846,112</u>

38. Bank guarantees and commitments

38.1 Bank guarantee provided against various parties and disputed VAT

Bank guarantees to third parties, shipping guarantees, bank acceptance and disputed VAT	<u>40,544</u>	<u>38,339</u>
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38.2 Outstanding letters of credit	<u>165,501</u>	<u>81,158</u>
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39. 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	310	16,970	1,590	96,752	392	26,005	1,508	87,717	7.55
Wire	2,042	109,070	9,993	800,932	2,064	168,639	9,971	741,363	63.85
Blended powder	559	40,127	2,533	185,849	429	37,115	2,663	188,861	16.26
Others	-	27,543	-	148,997	-	33,305	-	143,235	12.34
2008	-	193,710	-	1,232,530	-	265,064	-	1,161,176	100.00
<hr/>									
2007	-	155,032	-	814,344	-	193,710	-	775,666	-

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

40. Related party transactions

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

	Transaction during the year		Closing balance	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	<u>'000 Taka</u>	<u>'000 Taka</u>	<u>'000 Taka</u>	<u>'000 Taka</u>
Special gases, spares and cylinders	25,713	37,144	(6,012)	320
Technical services	18,761	16,766	(18,761)	(16,766)
	<u>44,474</u>	<u>53,910</u>	<u>(24,773)</u>	<u>(16,446)</u>

- ii) During the year 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>11,074</u>	<u>8,362</u>	<u>556</u>	<u>618</u>
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- iii) Dividend paid to The BOC Group Plc 155,227 63,916 - -

Dividend paid to The BOC Group Plc in 2008 includes Tk 91,310 thousand paid as interim dividend for the year.

41. Events after the balance sheet date

For the year 2008 the board has recommended a final dividend of Tk 7.70 per share amounting to Tk 117,181 thousand at the board meeting held on 12 March 2009.

Locations

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

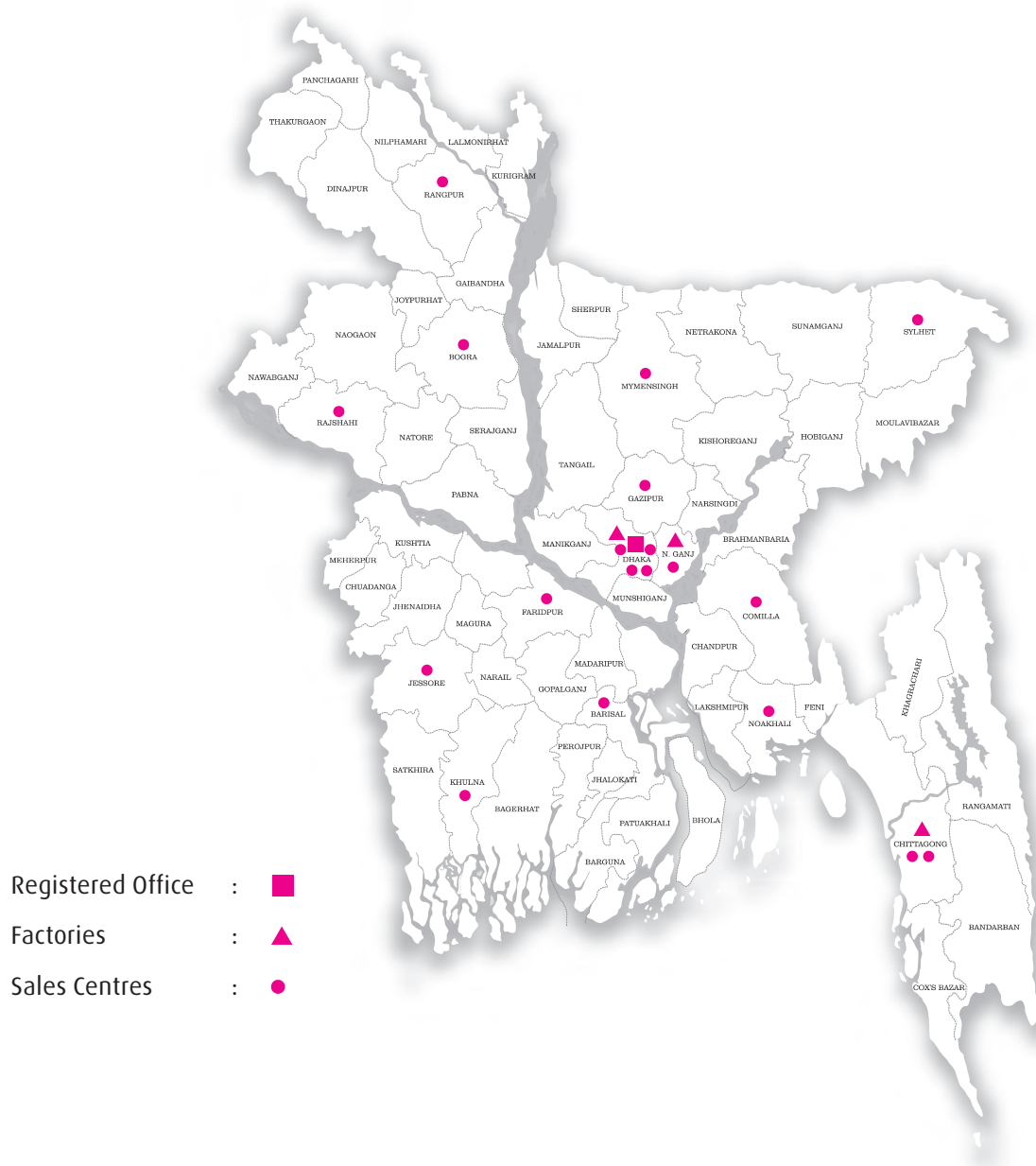
Factories

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 : 02-7632941
	Mymensingh	: 28, Ka K C Roy Road Mymensingh	Tel & Fax : 091-51679
	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 : 0821-841681

Jessore	: Central Road, Ghope Jessore	Tel : 0421-68596 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	Medical Oxygen
Liquid Oxygen	Nitrous Oxide
Compressed Nitrogen	Entonox
Liquid Nitrogen	Sterilizing Gases
Dissolved Acetylene	Medical Gases Cylinders
Carbon dioxide	Anaesthesia Machines
Dry Ice	Anaesthesia Ventilators
Argon	ICU/CCU Monitoring System
Lamp Gases	ICU/CCU Ventilators
LPG	Pulse Oximeter
Refrigerant Gases (Freon & Suva)	Infant Warmer
Hydrogen	Photo therapy Units
Fire Suppression System	Infant Incubators
Compressed Helium	OT Table
Liquid Helium	OT Light
Sulphurhexafluoride	Autoclave /Sterilizer
Sulphurdioxide	Gynaecological Tables
Special Gases & Gas mixtures	Medical Disposables
Gas Welding Rod & Flux	Humidifier
Gas Welding and Cutting Equipment	Oxygen Concentrator
Any other Gas on request	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

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 36th Annual General Meeting of the Company
to be held on 12th May 2009 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 2009

.....
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 36th Annual General Meeting of BOC Bangladesh Limited
on 12th May 2009.

.....
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 Saturday 09 May 2009.

Notes

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal grey lines across its entire width, providing a guide for handwriting or typing. The paper itself is a clean, off-white color. There are no margins, text, or other markings present on the page.