

Annual Report 2009

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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 37th Annual General Meeting of BOC Bangladesh Limited will be held at Officers Club, 26 Baily Road, Ramna, Dhaka-1000, on Thursday 13 May 2010 at 10:30 AM to transact the following business:

1. To receive and adopt the accounts for the year ended 31 December 2009 and the reports of the Auditors and Directors thereon.
2. To declare a Dividend for the year ended 31 December 2009.
3. To elect Directors.
4. To appoint Auditors and to fix their remuneration.

By order of the Board

Azizur Rashid
Company Secretary
11 March 2010

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

Notes:

1. **01 April 2010** is the RECORD DATE. Shareholders whose name will appear in the share register of the Company or in the depository register on that date will be eligible to attend the AGM and receive dividend approved.
2. A member eligible to attend the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf. No person shall act as proxy unless he/she is entitled to be present and vote in his/her own right.
3. Forms of proxy, duly completed, must be deposited at the Company's Registered Office by 10:30 A M on Monday 10 May 2010 and in default will not be treated as valid.



Shareholders at the 36th Annual General Meeting held on 12 May 2009

Board of Directors



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 International Rice Research Institute (IRRI) located in the Philippines. The same year, he was appointed a member of the Advisory Board of the Mahabubul Huq Human Development Centre, located in Islamabad, Pakistan.



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 a former President of Foreign Investors' Chamber of Commerce & Industry (FICCI) and held the position for three terms from 1999 to 2003 and 2007 to 2009. 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 former Director of Chittagong Stock Exchange Limited and Biman Bangladesh Airlines Limited.



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. Lamba serves as Chairman of the Asia Industrial Gases Association (AIGA) based in Singapore. He is also a member of various chambers of commerce and industry.



Binod Patwari
Director since 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 12 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.



Lee Bon Hian

Director since 2008

Mr. Lee Bon Hian joined Linde Gas Asia in May 2008 as the Head of Cluster Countries for Pakistan, Bangladesh and Emerging Markets. From April 2009 onwards, Philippines and Vietnam were added into this cluster of countries under his responsibility.

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. Humayun Kabir

Joined the Board of Directors in July 2009

Mr. Md. Humayun Kabir is the Managing Director of Investment Corporation of Bangladesh (ICB) and Chairman, ICB Capital Management Limited. He is also the Member, Board of Directors, Bangladesh Institute of Capital Market (BICM). 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) and Apex Tannery Ltd.

Mr. Md. Humayun Kabir obtained B.A (Hons.) and Master Degree in Economics from the University of Dhaka in 1976. Mr. Kabir has experience of about 31(thirty one) years in Commercial and Investment Banking. Prior to this position, he was the Managing Director of Karmasangsthan Bank. He also worked in Sonali Bank as the Deputy Managing Director and in other various positions. Mr. Kabir worked in North America as the President & Chief Executive Officer of Sonali Exchange Co. Inc. USA (a subsidiary of Sonali Bank).



Latifur Rahman

Director since 2006

Mr. Latifur Rahman is the Chairman and CEO of Transcom Group, with annual turnover of around Taka 17 billion. The business originated with tea plantations in 1885.

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

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

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

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

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



Ayub Quadri

Director since 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 Shehabul 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

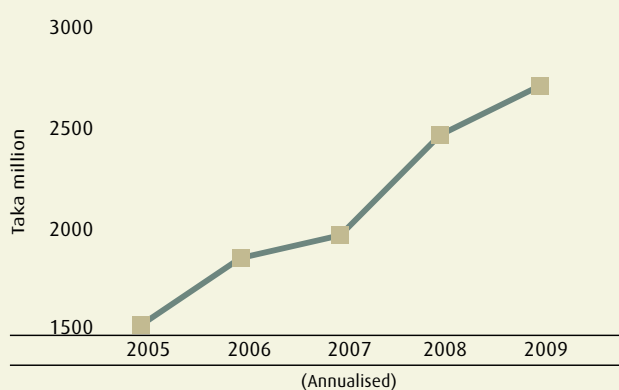
Syed Ishtiaq
Ahmed & Associates

Financial History

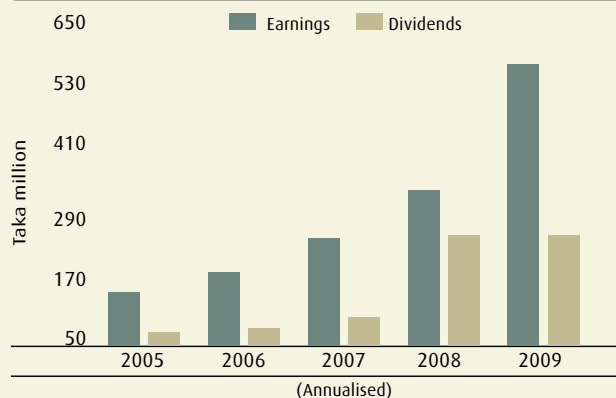
		2005	2006	2006	2007	2008	2009
		12 months	15 months	Annualised	12 months	12 months	12 months
Revenue	Taka'000	1,553,430	2,358,955	1,887,164	2,000,172	2,498,583	2,742,817
Profit before tax	"	220,783	336,425	269,140	350,155	457,740	772,611
Taxation	"	61,500	112,926	90,341	89,171	116,106	181,972
Deferred tax	"	3,298	-22,753	-	-2,667	-17,708	-19,231
Earnings	"	155,985	246,252	197,002	263,651	359,342	609,870
Dividend proposed	"	76,091	106,528	85,222	106,528	117,181	117,181
Interim dividend paid	"	-	-	-	-	152,183	152,183
General reserve*	"	839,605	1,051,366	-	1,195,914	1,312,546	1,666,177
Share capital	"	152,183	152,183	152,183	152,183	152,183	152,183
Shareholder's equity*	"	1,164,703	1,249,730	-	1,394,278	1,510,910	1,838,534
Net fixed assets	"	1,257,046	1,087,131	-	1,004,121	961,178	922,735
Depreciation	"	123,584	168,946	135,157	134,386	135,466	136,321
Earnings per share	Taka	10.25	16.18	12.94	17.32	23.61	40.08
Dividend per share	"	5.00	7.00	5.60	7.00	17.70	17.70
Dividend percentage (%)	"	50	70	56	70	177	177
Net assets per share *	"	76.53	82.12	-	91.62	99.28	120.81
Operating cashflow per share	"	19.15	21.60	-	22.16	25.11	68.41

* Adjusted for change in presentation of proposed dividends

Revenue



Earnings & Dividends



Net Assets Per Share



Price Earning Ratio*



The Year at a Glance

		2009	2008	Change over 2008
Revenue	Taka '000	2,742,817	2,498,583	9.77%
Profit before tax	"	772,611	457,740	68.79%
Earnings	"	609,870	359,342	69.72%
Earnings per Share	Taka	40.08	23.61	69.72%

Statement of Value Added

Year ended 31 December 2009

	Year ended 31 December 2009	%	Year ended 31 December 2008	%
	000 Taka		000 Taka	
Value Added				
Revenue	2,742,817		2,498,583	
Bought in materials and services	(1,543,459)		(1,458,753)	
	1,199,358		1,039,830	
Other income including interest on bank deposits	168,878		37,639	
Available for distribution	1,368,236	100	1,077,469	100
Distributions				
To Employees in remuneration and benefits	377,224	27	342,844	32
To Provider of capital in :				
(a) interest on borrowings	966	-	982	-
(b) Interim and Final dividend proposed	269,364	20	269,364	25
To Government in taxes, duties and surcharges	243,855	18	238,835	22
Retained for reinvestment and future growth:				
(a) depreciation	136,321	10	135,466	13
(b) reserve and surplus	340,506	25	89,978	8
	1,368,236	100	1,077,469	100

Chairman's Statement

Dear Shareholders,

A very warm welcome to you.

I am extremely happy and proud to be with you here today to place before you a very successful outcome of the Company's performance for the year we have just left behind. To help express my sentiments I may be allowed to borrow a famous Macmillan quip "we never had it so good." Against a grim backdrop of financial crisis that engulfed the whole world your Company had emerged with glowing achievements. The results prompted one of your Board members, RBU South & East Asia Head of Linde Group Mr. Sanjiv Lamba, to comment "BOC Bangladesh is an all-weather company." Needless to say that a satisfactory overall performance of the Bangladesh economy during 2009 provided the favourable background.

A young government took over the management of the economy piecing together the broken threads of a democratic process of governance which went missing for a couple of years. This added to the additional challenge of coping with the global economic environment and conflicting forecasts. While GDP growth rate was held steady and inflation generally harnessed, success was not up to the expectations in keeping check on upward trend of food prices. The all important agriculture sector was managed well through ensuring availability of key inputs and appropriate subsidies. Above all, a fair price was ensured for the farmers' produce – not putting off balance the interest of the consumers.

In the industrial sector the signs were not so encouraging. Investments are still shy. Much needed infrastructure support is deficient. Most importantly, there is a continued uncertainty around energy security. To cope with the energy crisis it appears that a lot is being done, but results will take time to show. All these need to be addressed with high level of urgency if the MDGs (Millennium Development Goals) are to be met. To aid the process of industrial growth or to support a take-off there is adequate liquidity within the banking system and in the capital market, a ready work force, and a fairly stable currency aided by significant growth in remittances from non-resident Bangladeshis. If the government can pursue the priorities laid out in the Budget, put in place sound policies and improve implementation of investment programmes backed by good governance, the economy stands to make the expected strides in spite external challenges i.e. reduction in manpower export, international competition as western economies slowly come out of the crisis, and trade issues remain unresolved.

Business Environment and Financial Performance

The year began with lot of apprehension fearing fall out from global economic uncertainties. Fortunately our worst fears so far proved unfounded. A stable environment prevail in the Country and business confidence is picking up according to the latest available surveys, though at

a moderate pace. There was a modest increase in natural gas costs, but price of petroleum products did not come down in proportion to international price decline. However, these factors were more than compensated by an overall downward trend in raw material prices. Impetus that could come from improved implementation of the public investment programme (Annual Development Programme) and infrastructure development was missing. Any tangible and sustainable improvement in the areas of energy, road transport, ports would require appropriate planning and suitable investment to improve infrastructure in a holistic manner. Government agencies seem to be involved in the exercise for this, but results will be available with a lag, even if required financial resources are available from home and abroad.

On a year to year basis the revenue earnings of your Company improved by a little over 10%. This growth would have been higher if not for some price reductions which had been considered necessary in order to share savings from raw material prices with our valued customers in the case of a major product of the Company. Price rationalisation and overall improvement in cost containment had improved profitability to an impressive extent. Improvement of Profit from Operations by nearly 44% against revenue improvement of 10% speaks of an all around success story. I must caution that such improvement in Profit came about due to a favourable combination of positive factors and efforts by the management. While the management will no doubt continue with their best efforts, other factors are unlikely to be sustainable on year to year basis.

Completion of the sale of lease interest in Jallalabad land, which eluded us for long, had come to fruition during the year yielding an income of Taka 110,049,681. This, together with significant growth in Interest Income and in profit from Operations, had pushed up your earnings per share to an unprecedented level of Taka 40.08 from Taka 23.61 last year, i.e. a growth of nearly 70% over a period of one year. The above events had obviously influenced your Balance Sheet very favourably. Working Capital had also been managed commendably helping further improve the liquidity position of the Company further. Your Board is keeping keen eyes on growing cash reserve to ensure optimisation of its utilisation through striking an appropriate balance between dividend payouts and conservation of resources for investment and operational needs – which may arise in not too distant a future.

Directors have recommended a final dividend of Taka 7.70 per share (77%) for the year ended 31st December 2009 involving a pay out of Taka 117,180,756. Therefore, the total payout for the year would be Taka 269,363,556 (177%), being at the same level as last year.

Performance of the Company will be better understood if considered under established lines of business or business segments i.e. Bulk, PG & P (Packaged Goods and Products) and Hospital Care.

Bulk

This segment of the business had a very good year. All the major contributors performed very well. Liquid Oxygen demand was upbeat with the buoyant ship breaking sector. To overcome supply constraints somewhat aggravated by plant breakdown, recourse had been taken to trunk the product from BOC India. Similarly, Argon uptake went up in the year as applications of the gas in different new uses had been taking place. BOC India also had been a major source to supplement our own production in order to improve supply reliability. Liquid CO2 demand had seen a surge in the year. It came from the beverage sector the consumption of which had gone up significantly. Three new customers that we have enlisted in the year are new entrants in the sector. At times we had to outsource Liquid CO2 locally. To meet the increased demand enhanced capacity is in the process of being added. Unfortunately, Liquid Nitrogen sales did not come up to last years level mainly due to pressure from competition.

PG & P (Packaged Goods and Products)

All industrial compressed gases and welding products are reported under this segment. Overall performance was better than last year but not all the products fared well. A grand performance by MS Electrodes and some support from Compressed Oxygen and Dissolved Acetylene pushed up the turnover of the segment. Most of its other major contributors experienced difficulty for a variety of reasons i.e. LPG, Fire Suppression, WTC (Welding Training Centre), Gas Equipment & Consumables, Refrigerant gases. Most significant of the lot, LPG, suffered from high cost of the product as BOCB is not a direct importer and much opportunity was lost by refusing to fill sub standard cylinders as part of the policy of risk avoidance. Fire Suppression and WTC suffered from uncertainty that followed the financial crisis.

Hospital Care

The business had been able to maintain its growth momentum. Medical gases fared well. Strong support came from sales of Medical Cylinders. Mention must be made of the competition being faced in Medical Oxygen from a new technology being promoted by competitors i.e. PSA (Pressure Swing Absorption).

Development

Your Company's business had been able to participate well in the improved trading and commercial environment prevailing in the Country. Most of its major manufactured products registered good volumetric and revenue growth over the year. The capacity utilisation of the various plants with the exception of Dissolved Acetylene improved significantly. Focus on economic procurement and cost control further strengthened which contributed to an impressive improvement in profitability of operation.

In the last year's report, launch of HPO (High Performance Organisation) programme in the Company was mentioned. This is our journey of continuous improvement to make it easier for our customers to do business with us by simplifying our process, cutting away all the complexities. Some of the key initiatives in this process in 2009 were: switch to gas generator from electricity and diesel driven generator at Welding factory in order to improve power reliability and productivity, vehicle deployment rationalization reducing administrative complexity and cost, use of large fleet for liquid delivery helping to achieve better availability of liquid ASU products at key locations and economy of delivery cost, efficiency improvement of 20 TPD ASU Plant and cost efficiency savings by the Procurement Team. The management remains focused on innovation and delivery of the best solution and technology for our customers.

Safety Matters

Safety remained the top most priority as else where in The Linde Group. Last year there had been no major incident, which is a good indication. But this is one area where there is absolutely no scope for complacency or to rest on laurels. As far as behavioural safety is concerned a session on SiteSafe sustainability programme was conducted by Global & Regional safety personnel at the Tejgaon site.

During the Global breakout of swine flu (A H1N1) The Linde Group guided and monitored globally the pre-cautionary measures that were to be adopted. BOC Bangladesh being the lone supplier of Medical Oxygen developed an emergency preparedness plan in line with the Group policy to ensure uninterrupted supply to all medical institutions. Personnel safety measures were also undertaken.

As per the Group policy to reduce the number of major incidents BOCB also launched the Golden Rules of Safety directed at covering all employees.

Human Resources

Industrial peace prevailed through out the year and productivity improvement initiatives were successfully implemented. In the year biennial wages negotiation with the CBA (Collective Bargaining Agent) was conducted and agreement reached in a cordial manner. Motivational tools developed under Group guidance were appropriately utilised i.e. Excellence Awards, SPOT Recognition, Key Employee Bonus Scheme etc. relevant trainings in some key areas were also ensured.

Information Services

Last year BOC's information services (IS) had made significant efforts in automating business functions, improving customer services, increasing controls, securing information assets and standardising business processes. Implementation of SAP production planning in Rupganj Welding plant had

enabled the Company to better track and execute production activities and monitor production cost. Mobile based 24x7 information access service had been introduced helping to quickly access the information needed from remote location whenever required. Numerous regional initiatives were undertaken to bring our business processes up to a consistent global standard.

Internal Control

Group Internal Audit team had carried out a number of audits in the areas chosen by them. The findings and remedial progress are regularly followed by them and reported to the Audit Committee. Control environment prevailed through out the year. SAP functionalities were being used increasingly for monitoring and control purposes.

Corporate Social Responsibility

In line with the Linde Group initiative & policy of care for the environment, BOCB also extended its hand for tree plantation at technical education institutions around Tejgaon Industrial Area for making a greener Dhaka. I recall that tree plantation was also recommended by the honourable shareholders at the last year's Annual General Meeting. Welding Training Centre continued with imparting training to unskilled/semi skilled workforce albeit at a lower volume because of down turn in overseas demand for such workforce. The established activities in the following areas took place throughout the year i.e. training of fresh university graduates as internees in management and functional skills, provision of scholarships to the meritorious wards of welding product dealers and of non-management staff.

Board Matters

The composition of the Board remains the same as what it was when we met last, except that we lost Mr. Ziaul Haque Khondker, former Managing Director of ICB (Investment Corporation of Bangladesh) after nine years of very valuable service to the Board. He moved on as Chairman, Securities and Exchange Commission. We will dearly miss his rich contribution. On behalf of all us here today and on my personal behalf, I express gratitude and wish Mr. Khondker success in his new assignment. In his place Mr. Md Humayun Kabir, current Managing Director of the ICB joined the Board. Please join me in welcoming him, and we look forward to his valuable contribution.

Prospects

Forecast for revival of in the growth post global-crisis looks very encouraging for Asia. Boom is being predicted for neighbouring India. With prospect of opening up of regional trade exciting time lies ahead provided each step of the way is negotiated and followed skilfully. At home there are signs of the economy picking up. As mentioned earlier, a lot will depend on energy availability, adequacy of infrastructure support, cost of doing business and also on the law and order situation.

From the Company's perspective, in the coming years it would be vital for the management to ensure right capacity enhancement in time so as not to miss out on the opportunities arising from the expected growth momentum.

According to a Goldman Sachs research report released on December 4, 2009 Bangladesh is one of the 11 countries that have a high potential of becoming a leading economy in the 21st century, along with Brazil, Russia, India and China (BRICs). I am confident and sincerely hope that Bangladesh will join in this projected journey to prosperity – which will benefit the disadvantaged, the deprived, and the poor most.

I thank all concerned who helped to achieve such remarkable results during 2009, the Board members for their counsel, the shareholders for their support, and above all the employees of the Company. We are also beholden to all our customers, suppliers, bankers, Government authorities and agencies for their cooperation, help and guidance.



M Syeduzzaman

11 March 2010

Report of the Board of Directors

The Directors are pleased to present the audited accounts of the Company for the year ended 31st December 2009.

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

Operations

The operations of the Company were put on challenge due to an all round surge in demand for its major manufactured products: Industrial Oxygen from ship breaking sector, Liquid CO₂ from beverage industry, MS Electrode and Argon from market growth. Though general efficiency of ASU production improved, breakdown of an ASU plant did not help matters. Recourse had to be taken to outsource Liquid Oxygen and Liquid CO₂. Some loss of sale did take place in the process. Argon import had to be increased to meet higher demand. MS Electrode demand was met with relative ease. Acetylene and Nitrous Oxide demand uptake levels were stable.

The Directors are of the view that if the current trend and level of demand continue, expansion in capacity for production of CO₂, ASU and welding electrodes would be inevitable within a short time.

Financial Results

The Company recorded a growth in turnover of 10% over last year i.e. to Taka 2,742,816,718 from Taka 2,498,583,128. This was driven mainly by volumetric growth of Industrial Oxygen, MS Electrodes, Liquid CO₂, Medical gases etc. Substantial loss of earnings from LPG, Fire Suppression and Welding Training School had to be absorbed.

Profitability in the year reached a new peak. While turnover growth was 10%, Profit from Operations grew by 44%. This was as a result of favourable raw material costs, better recovery of fixed costs with volume increase of the key manufactured products, and overall control on costs.

Pre tax profit reached an all time high of Taka 772,611,664 compared to last year's level of Taka 457,740,076. This was possible because of the factors mentioned above and significant benefit from the gain arising out of sale of (interest in) leased properties, coupled with higher Interest income.

Working Capital Management

Overall Working Capital Management was conducted extremely well during the year. Better credit terms were availed of from the suppliers. Inventory level was much below last year's level due to exceptionally low

stock holding of a major raw material and a general drop in raw material prices. Compared to the previous year, debtor's level rose as expected collection of Medical debts before year end did not materialise but was delayed further by a month.

Good working capital management helped to improve the cash position to a significant extent which was further aided by sale of lease interest in properties at Jallalabad and substantial increase in profit from Operations.

Dividends

You are aware that an Interim dividend of Taka 10.00 (100%) per share amounting to Taka 152,182,800 was paid out in the year as was the case in the previous year. The decision regarding payment of interim dividend in any one year is influenced by business prospects and profitability, liquidity and investment and operational needs.

With the Directors' recommendation for a final dividend of 7.70 (77%) per share involving a payout of Taka 117,180,756 (2008 Taka 117,180,756) being approved at the Annual General Meeting overall dividend percentage level would be maintained at the same level as in the previous year. Total dividend payout for the year would amount to Taka 269,363,556 (2008 Taka 269,363,556) i.e. 177% for both the years. According to the Company's Dividend Policy the rate of final dividend is reviewed once every two years and it was last reviewed for 2008.

Reserves

The Directors propose to transfer Taka 609,869,992 to General Reserve from the retained profit for the year. A transfer of Taka 26,007,000 to General Reserve from Revaluation Reserve was made during the year. The amount represented surplus that arose from earlier revaluation of Jallalabad properties. The value had now been realised as the interest in the properties had been sold during the year. An amount of Taka 12,882,000 was charged to the Reserve being adjustment necessary to reflect the deficit in pension fund as per actuarial valuation as per BAS 19.

Directors

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

Mr. Sanjiv Lamba, Mr. Lee Bon Hian and Mr. Erphan Shehabul Matin retire under Article 81 of the Articles of Association of the Company and, being eligible, offer themselves for re-election.

Corporate Governance

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

- The Financial Statements prepared by the Company present a true and fair view of the Company's state of affairs, result of its operations, cash flows and changes in equity.
- Proper books of accounts as required by law have been maintained.
- Appropriate accounting policies have been followed in formulating the Financial Statements, and Accounting estimates were reasonable and prudent.
- The Financial Statements were prepared in accordance with International Accounting Standard (IAS) as applicable in Bangladesh.
- The Internal Control system is sound in design and effectively implemented and monitored.

- There are no significant doubts about the Company's ability to continue as a going concern.
- Significant deviations from the operating results of the previous year are reported in details in the accounts and in the Directors' Report.

Key operating and financial data of three years preceding the year ended 31st December 2009, 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.

On behalf of the Board of Directors,
11 March 2010



Waliur Rahman Bhuiyan
Managing Director



M Syeduzzaman
Director & Chairman

Committees

Audit Committee

Chairman	Mr. Ayub Quadri	Director
Member	Mr. Binod Patwari	Director
Member	Mr. Lee Bon Hian	Director
Member	Mr. Latifur Rahman	Director
Secretary	Mr. Indrajit Mitra	Country Head of Internal Audit India and Bangladesh, Internal Audit Asia/ Pacific

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 1

(a) Key operating and financial data of three years preceding the year ended to 31st December 2009

Financial History

		2006	2007	2008	2009
		15 months	12 months	12 months	12 months
Revenue	Taka'000	2,358,955	2,000,172	2,498,583	2,742,817
Profit before tax	"	336,425	350,155	457,740	772,611
Taxation	"	112,926	89,171	116,106	181,972
Deferred tax	"	-22,753	-2,667	-17,708	-19,231
Earnings	"	246,252	263,651	359,342	609,870
Dividend	"	106,528	106,528	117,181	117,181
General reserve	"	1,051,366	1,195,914	1,312,546	1,666,177
Share capital	"	152,183	152,183	152,183	152,183
Shareholder's equity	"	1,249,730	1,394,278	1,510,910	1,838,534
Net fixed assets	"	1,087,131	1,004,121	961,178	922,735
Depreciation	"	168,946	134,386	135,466	136,321
Earnings per share	Taka	16.18	17.32	23.61	40.08
Dividend per share	"	7.00	7.00	17.70	17.70
Dividend percentage (%)	"	70	70	177	177
Net assets per share	"	82.12	91.62	99.28	120.81

Annexure 2

(b) Shareholding Pattern

Director's Name	Holdings		
	2007	2008	2009
Mr. M Syeduzzaman (Chairman)	30	30	30
Mr. Waliur Rahman Bhuiyan OBE (CEO) & spouse (folio # S0606)	44	44	44
Mr. Azizur Rashid (CFO & Company Secretary)	44	44	44
Mr. Latifur Rahman (independent Director)	10	10	10
Mr. Ayub Quadri	-	10	10
Mr. Erphan Shehabul Matin (Executive Director) & spouse (folio # N0018)	12	12	12
	12	12	12
Executives Name			
Mr. Muhammad Abdullah	25	25	25
Mr. Jamil Ahmed	-	50	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 Limited	9,130,968	9,130,968	9,130,968

Annexure 3

Board Meetings

During the period the Board met 6 times.

	Name of the Directors	No. of Attendance
1	Mr. M. Syeduzzaman-Chairman	5
2	Mr. Waliur Rahman Bhuiyan, OBE (CEO)	5
3	Mr. Lee Bon Hian	4
4	Mr. Sanjiv Lamba	1
5	Mr. Binod Patwari	4
6	Mr. Z.H. Khondker, (Resigned May 2009)	1
7	Mr. M. A. Motalib Chowdhury, (Joined May 2009 in place of Mr. Z.H. Khondker and resigned May 2009)	1
8	Mr. Md. Humayun Kabir, (Joined July 2009 in place of Mr. M. A. Motalib Chowdhury)	2
9	Mr. Ayub Quadri	6
10	Mr. Latifur Rahman	3
11	Mr. Azizur Rashid	6
12	Mr. Erphan Shehabul Matin	6

Audit Committee Meetings

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

	Name of the Members	No. of Attendance
1	Mr. Ayub Quadri, Chairman (Independent Director)	3
2	Mr. Lee Bon Hian, Director-Corporate Investor nominated	2
3	Mr. Binod Patwari, Director-Corporate Investor nominated	3
4	Mr. Latifur Rahman (Independent Director)	1

Annexure 4

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

Condition No.	Title	Compliance Status
1.1	Board's Size: Board members should not be less than 5(five) and more than 20(twenty)	Complied
1.2(i)	Independent Directors: At least 1/10th	Complied
1.2(ii)	Appointment of Independent Director by Elected Directors	Complied
1.3	Individual Chairman of the Board and Chief Executive and clearly defined roles and responsibilities	Complied
1.4	The Directors' Report to Shareholders on:	
1.4(a)	Fairness of Financial statement	Complied
1.4(b)	Maintenance of proper books of account	Complied
1.4(c)	Adoption of appropriate Accounting policies and estimates	Complied
1.4(d)	Compliance with International Accounting Standards (IAS)	Complied
1.4(e)	Soundness of Internal control system	Complied
1.4(f)	Ability to continue as Going Concern	Complied
1.4(g)	Significant deviations from last year	Complied
1.4(h)	Presentation of last three years data	Complied
1.4(i)	Declaration of dividend	Not Applicable
1.4(j)	Details of Board meetings	Complied
1.4(k)	Shareholding Pattern	Complied
2.1	Appointment of CFO, Head of Internal Audit & Company Secretary and defining of their respective roles, responsibilities and duties.	Complied: same person appoint CFO & Co. Secretary
2.2	Attendance of CFO and the Company Secretary at Board of Directors' meeting	Complied
3.00	Audit Committee	Complied
3.1(i)	Constitution of Committee	Complied
3.1(ii)	Constitution of Committee with Board members including one Independent Director	Complied
3.1(iii)	Filling of Casual vacancy in Committee	Not Applicable
3.2(i)	Chairman of the Committee	Complied
3.2(ii)	Professional qualification and experience of the Chairman of the Committee	Complied
3.3.1(i)	Reporting to the Board of Directors	Complied
3.3.1(ii)(a)	Reporting of Conflicts of interest to the Board of 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 2009 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 2009 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.

Dhaka, 11 March 2010



Rahman Rahman Huq
Chartered Accountants

Balance Sheet

as at 31 December 2009

		2009	2008
	Notes	'000 Taka	'000 Taka
Assets			
Non-current assets:			
Property, plant and equipment	4	922,735	961,178
Intangible assets	5	5,876	5,311
Investment in subsidiary	6	20	20
Total non-current assets		928,631	966,509
Current assets:			
Inventories	7	278,938	541,345
Trade debtors	8	154,409	142,007
Advances, deposits and prepayments	9	107,158	89,599
Cash and cash equivalents	10	1,116,875	434,601
Total current assets		1,657,380	1,207,552
Total assets		2,586,011	2,174,061
Equity and Liabilities			
Shareholders' equity:			
Share capital	11	152,183	152,183
Revaluation reserve	12	20,174	46,181
General reserve	13	1,666,177	1,312,546
Total equity		1,838,534	1,510,910
Non-current liabilities:			
Deferred liabilities	14	247,287	224,394
Deferred tax liabilities	15	71,071	90,302
Total non-current liabilities		318,358	314,696
Current liabilities:			
Current portion of finance lease	16	-	2,233
Trade creditors	17	48,950	45,598
Expense creditors and accruals	18	175,699	161,400
Sundry creditors	19	74,867	54,087
Provision for taxation (net of advance tax payment)	20	129,603	85,137
Total current liabilities		429,119	348,455
Total liabilities		747,477	663,151
Total equity and liabilities		2,586,011	2,174,061

The annexed notes 1 to 42 form an integral part of these financial statements.



M Syeduzzaman
Chairman



Waliur Rahman Bhuiyan
Managing Director



Azizur Rashid
Company Secretary

As per our report of same date



Rahman Rahman Huq
Chartered Accountants

Dhaka, 11 March 2010

Profit and Loss Account

for the year ended 31 December 2009

		2009	2008
	Notes	'000 Taka	'000 Taka
Revenue	21	2,742,817	2,498,583
Cost of sales	22	(1,653,727)	(1,664,294)
Gross profit		1,089,090	834,289
Operating expenses	23	(484,391)	(413,206)
Profit from operations		604,699	421,083
Gain on sale of lease land	24	110,050	-
Other income	25	(1,351)	961
Interest income, net	26	59,213	35,696
Profit before taxation	27	772,611	457,740
Taxation	28	(162,741)	(98,398)
Net profit for the year		609,870	359,342
Earnings per share:			
Basic earnings per share (par value Tk10)	29	40.08	23.61

The annexed notes 1 to 42 form an integral part of these financial statements.



M Syeduzzaman
Chairman



Waliur Rahman Bhuiyan
Managing Director



Azizur Rashid
Company Secretary

As per our report of same date



Rahman Rahman Huq
Chartered Accountants

Dhaka, 11 March 2010

Statement of Changes in Equity

for the year ended 31 December 2009

	Share capital	Revaluation reserve	General reserve	Total
	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Balance as at 1 January 2008	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
Payment of dividend	-	-	(258,711)	(258,711)
Profit earned during the year	-	-	359,342	359,342
Balance as at 31 December 2008	152,183	46,181	1,312,546	1,510,910
Adjustment for deficit in actuarial valuation of pension fund (BAS 19)	-	-	(12,882)	(12,882)
Transfer of realised revaluation surplus through sale of revalued properties	-	(26,007)	26,007	-
Payment of dividend	-	-	(269,364)	(269,364)
Profit earned during the year	-	-	609,870	609,870
Balance as at 31 December 2009	152,183	20,174	1,666,177	1,838,534

Cash Flow Statement

for the year ended 31 December 2009

		2009	2008
	Notes	'000 Taka	'000 Taka
Cash flow from operating activities			
Receipts from sales		2,730,415	2,472,196
Other receipts		132,451	2,882
Payments for supply of goods and services		(1,723,098)	(2,030,074)
Net interest received		38,765	32,680
Income tax paid	20	(137,506)	(95,500)
		1,041,027	382,184
Cash flow from investing activities			
*Purchase of property, plant and equipment		(97,215)	(93,828)
Payment for acquisition of intangible assets	5	(1,816)	(2,564)
Proceeds from sale of property, plant and equipment	34	11,918	2,266
		(87,113)	(94,126)
Cash flow from financing activities			
Paid to subsidiary		(43)	(38)
Payment of finance lease	16	(2,233)	(654)
Payment of dividend		(269,364)	(258,711)
		(271,640)	(259,403)
Net increase in cash during the year		682,274	28,655
Opening cash and cash equivalents		434,601	405,946
Closing cash and cash equivalents	10	1,116,875	434,601
*Purchase of property, plant and equipment			
Addition during the year	4	178,645	101,530
Transfer from capital work in progress	4	(70,153)	(7,702)
Payable to vendors for capital items	19	(11,277)	-
		97,215	93,828

Consolidated Balance Sheet

as at 31 December 2009

		2009	2008
	Notes	'000 Taka	'000 Taka
Assets			
Non-current assets:			
Property, plant and equipment	4	922,735	961,178
Intangible assets	5	5,876	5,311
Total non-current assets		928,611	966,489
Current assets:			
Inventories	7	278,938	541,345
Trade debtors	8	154,409	142,007
Advances, deposits and prepayments	9	107,158	89,599
Cash and cash equivalents	10(a)	1,116,873	434,599
Total current assets		1,657,378	1,207,550
Total assets		2,585,989	2,174,039
Equity and Liabilities			
Shareholders' equity:			
Share capital	11	152,183	152,183
Revaluation reserve	12	20,174	46,181
General reserve	13(a)	1,666,739	1,313,152
Total equity		1,839,096	1,511,516
Non-current liabilities:			
Deferred liabilities	14	247,287	224,394
Deferred tax liabilities	15	71,071	90,302
Total non-current liabilities		318,358	314,696
Current liabilities:			
Current portion of finance lease	16	-	2,233
Trade creditors	17	48,950	45,598
Expense creditors and accruals	18(a)	175,110	160,772
Sundry creditors	19	74,867	54,087
Provision for taxation (net of advance tax payment)	20(a)	129,608	85,137
Total current liabilities		428,535	347,827
Total liabilities		746,893	662,523
Total equity and liabilities		2,585,989	2,174,039

The annexed notes 1 to 42 form an integral part of these financial statements.



M Syeduzzaman
Chairman



Waliur Rahman Bhuiyan
Managing Director



Azizur Rashid
Company Secretary

As per our report of same date



Rahman Rahman Huq
Chartered Accountants

Dhaka, 11 March 2010

Consolidated Profit and Loss Account

for the year ended 31 December 2009

		2009	2008
	Notes	'000 Taka	'000 Taka
Revenue	21	2,742,817	2,498,583
Cost of sales	22	(1,653,727)	(1,664,294)
Gross profit		1,089,090	834,289
Operating expenses	23(a)	(484,430)	(413,247)
Profit from operations		604,660	421,042
Gain on sale of lease land	24	110,050	-
Other income	25	(1,351)	961
Interest income, net	26	59,213	35,696
Profit before taxation	27(a)	772,572	457,699
Taxation	28(a)	(162,746)	(98,398)
Net profit for the year		609,826	359,301
Earnings per share:			
Basic earnings per share (par value Tk 10)	29(a)	40.08	23.61

The annexed notes 1 to 42 form an integral part of these financial statements.



M Syeduzzaman
Chairman



Waliur Rahman Bhuiyan
Managing Director



Azizur Rashid
Company Secretary

As per our report of same date



Rahman Rahman Huq
Chartered Accountants

Dhaka, 11 March 2010

Consolidated Statement of Changes in Equity

for the year ended 31 December 2009

	Share capital	Revaluation reserve	General reserve	Total
	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Balance as at 1 January 2008	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
Payment of dividend	-	-	(258,711)	(258,711)
Profit earned during the year	-	-	359,301	359,301
Balance as at 31 December 2008	152,183	46,181	1,313,152	1,511,516
Adjustment for deficit in actuarial valuation of pension fund (BAS 19)	-	-	(12,882)	(12,882)
through sale of revalued properties	-	(26,007)	26,007	-
Payment of dividend	-	-	(269,364)	(269,364)
Profit earned during the year	-	-	609,826	609,826
Balance as at 31 December 2009	152,183	20,174	1,666,739	1,839,096

Consolidated Cash Flow Statement

for the year ended 31 December 2009

		2009	2008
	Notes	'000 Taka	'000 Taka
Cash flow from operating activities			
Receipts from sales		2,730,415	2,472,196
Other receipts		132,451	2,882
Payments for supply of goods, services and operating expenses		(1,723,141)	(2,030,112)
Net interest received		38,765	32,680
Income tax paid	20	(137,506)	(95,500)
		1,040,984	382,146
Cash flow from investing activities			
*Purchase of property, plant and equipment		(97,215)	(93,828)
Payment for acquisition of intangible assets	5	(1,816)	(2,564)
Proceeds from sale of property, plant and equipment	34	11,918	2,266
		(87,113)	(94,126)
Cash flow from financing activities			
Payment of finance lease	16	(2,233)	(654)
Payment of dividend		(269,364)	(258,711)
		(271,597)	(259,365)
Net increase in cash during the year		682,274	28,655
Opening cash and cash equivalents		434,599	405,944
Closing cash and cash equivalents	10(a)	1,116,873	434,599
*Purchase of property, plant and equipment			
Addition during the year	4	178,645	101,530
Transfer from capital work in progress	4	(70,153)	(7,702)
Payable to vendors for capital items	19	(11,277)	-
		97,215	93,828

Notes to the Financial Statements

as at and for the year ended 31 December 2009

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 Limited of United Kingdom. The entire share capital of The BOC Group Limited is fully owned by Linde AG of Germany.

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 11 March 2010 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 15:	Deferred tax liabilities
Note 18:	Expense creditors and accruals
Note 20:	Provision for taxation

2.6 Reporting period

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently (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 up to the immediate previous month of disposal.

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

	Year 2009	Year 2008
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 Act 2009.

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 after 2007. However, since there are no significant uncertainties/estimations with respect to gratuity payments, management considers, if actuarial valuation was made, the resulting difference, if any, would not be material.

3.13.2.2 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

Short term employee benefit provision is made for leave accrued during the year but not availed by employees. The amount is arrived at with reference to the latest basic salary of each employee and unutilised leave.

3.14 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 42.

3.21 New standards not yet adopted

Bangladesh Accounting Standards 8 "Accounting policies, Changes in Accounting estimates and Errors" para 30 requires that an entity makes certain disclosures when it does not apply a new BAS/BFRS that has been issued but is not yet effective.

The Institute of Chartered Accountants of Bangladesh (ICAB) had made the following standards effective for accounting periods beginning on or after 1 January 2010.

- (a) BAS 32: Financial Instruments: Presentation
- (b) BAS 39: Financial Instruments: Recognition and Measurement
- (c) BFRS 7: Financial Instruments: Disclosures

Application of above standards may lead to changes in future financial statements, particularly in disclosures.

4. Property, plant and equipment

a) Cost

Particulars	Cost				Depreciation					Written down value as at 31 December 2009
	As at 1 January 2009	Addition during the year	Disposal/transfer during the year	As at 31 December 2009	As at 1 January 2009	Charge during the year	Impairment during the year	Disposal/transfer during the year	As at 31 December 2009	
	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka	000 Taka
Freehold land	29,967	-	-	29,967	-	-	-	-	-	29,967
Freehold buildings	153,516	4,621	(224)	157,913	32,981	4,044	-	(9)	37,016	120,897
Leasehold buildings	121,487	3,283	(17,467)	107,303	34,006	2,877	-	(10,761)	26,122	81,181
Plant, machinery and cylinders (including storage tank and vacuum insulated evaporator)	1,787,659	48,739	(25,728)	1,810,670	1,114,167	117,245	(2,655)	(22,013)	1,206,744	603,926
Motor vehicles	51,407	1,007	(211)	52,203	38,570	4,887	-	(211)	43,246	8,957
Furniture, fixtures and equipment	58,596	6,370	(593)	64,373	43,371	4,084	-	(605)	46,850	17,523
Computer hardware	41,780	6,133	20	47,933	34,052	2,722	-	55	36,829	11,104
	2,244,412	70,153	(44,203)	2,270,362	1,297,147	135,859	(2,655)	(33,544)	1,396,807	873,555
Capital work in progress (Note 4.1)	8,495	108,492	(70,153)	46,834	-	-	-	-	-	46,834
Sub-total (A)	2,252,907	178,645	(114,356)	2,317,196	1,297,147	135,859	(2,655)	(33,544)	1,396,807	920,389

b) Revaluation

Particulars	Revaluation				Depreciation					Written down value as at 31 December 2009
	As at 1 January 2009	Addition during the year	Disposal/transfer during the year	As at 31 December 2009	As at 1 January 2009	Charge during the year	Impairment during the year	Disposal/transfer during the year	As at 31 December 2009	
	000 Taka	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	85	4	-	-	89	87
Leasehold buildings	45,858	-	(26,007)	19,851	40,678	458	-	(23,397)	17,739	2,112
Sub-total (B)	46,181	-	(26,007)	20,174	40,763	462	-	(23,397)	17,828	2,346

Property, plant and equipment at cost and revaluation:

As at 31 December 2009 (A+B)	2,299,088	178,645	(140,363)	2,337,370	1,337,910	136,321	(2,655)	(56,941)	1,414,635	922,735
As at 31 December 2008	2,219,626	195,358	(115,896)	2,299,088	1,215,505	135,466	-	(13,061)	1,337,910	961,178

Depreciation charged during the year has been allocated to cost of sales (Note 22.1) and operating expenses (Note 23).

4.1 Capital work in progress

	Balance as at 1 Jan 2009	Addition during the year	Transferred to property, plant and equipment	Balance as at 31 Dec 2009
	000 Taka	000 Taka	000 Taka	000 Taka
Freehold land, freehold buildings and leasehold buildings	1,157	7,660	(7,904)	913
Plant, machinery, cylinders and motor vehicles	7,338	88,330	(49,747)	45,921
Furniture, fixtures and equipment	-	6,370	(6,370)	-
Computer hardware	-	6,132	(6,132)	-
	8,495	108,492	(70,153)	46,834

	2009	2008
	'000 Taka	'000 Taka
5. Intangible assets		
Opening balance	5,311	3,408
Acquired during the year	1,816	2,564
Amortisation during the year	(1,251)	(661)
Closing balance	5,876	5,311
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 2009 amounted to Tk 39,163 (2008: Tk 40,687).		
7. Inventories		
Raw materials	117,739	265,064
Finished goods	87,297	167,855
Goods in transit	19,928	51,260
Maintenance spares	53,974	57,166
	278,938	541,345
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	56,530	41,203
Debts below six months	124,025	114,939
	180,555	156,142
Provision for debts considered doubtful (Note 8.1)	(26,146)	(14,135)
	154,409	142,007
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 12,011 thousand was further provided during the year 2009 primarily due to delayed payment by Government hospitals.	
9. Advances, deposits and prepayments		
Loans and advances to employees	32,368	38,269
Advances to suppliers	8,853	9,603
Deposits and prepayments	51,123	30,224
VAT current account	14,814	11,503
	107,158	89,599
Above amounts are unsecured and considered good. Of the total advances, deposits and prepayments Tk 75,639 thousand (2008: Tk 51,366 thousand) is receivable within 12 months from the date of the balance sheet.		
10. Cash and cash equivalents		
Cash in hand	606	1,162
Cash at bank	211,206	153,439
Fixed deposits with bank	905,063	280,000
	1,116,875	434,601
10(a) Consolidated cash and cash equivalents		
BOC Bangladesh Limited	1,116,875	434,601
Bangladesh Oxygen Limited	(2)	(2)
	1,116,873	434,599

		2009	2008
		'000 Taka	'000 Taka
11.	Share capital		
	Authorised:		
	20,000,000 ordinary shares of Tk 10 each	200,000	200,000
	Issued, subscribed and paid up:		
	3,616,902 ordinary shares of Tk 10 each issued for cash	36,169	36,169
	999,498 ordinary shares of Tk 10 each issued for consideration other than cash	9,995	9,995
	10,601,880 bonus shares of Tk 10 each	106,019	106,019
		152,183	152,183
	Percentage of shareholdings:		
		Percentage of shareholdings	
		2009	2008
		Value ('000 Taka)	
		2009	2008
	The BOC Group Ltd.	60.0	60.0
	Investment Corporation of Bangladesh (ICB)	15.0	15.4
	Bangladesh Shilpa Rin Sangstha (BSRS)	1.2	1.2
	Sadharan Bima Corporation	1.3	1.3
	Other shareholders	22.5	22.1
		100.0	100.0
		152,183	152,183
	Classification of shareholders by holding:		
		Number of holders	
		2009	2008
		Total holding (%)	
		2009	2008
	Holdings		
	Less than 500 shares	9,353	10,780
	500 to 5,000 shares	823	1,093
	5,001 to 10,000 shares	53	27
	10,001 to 20,000 shares	26	18
	20,001 to 30,000 shares	6	7
	30,001 to 40,000 shares	6	4
	40,001 to 50,000 shares	6	2
	50,001 to 100,000 shares	2	4
	100,001 to 1,000,000 shares	5	4
	Over 1,000,000 shares	2	2
		10,282	11,941
		100.00	100.00
		2009	2008
		'000 Taka	'000 Taka
12.	Revaluation reserve	2009	2008
		000 Taka	000 Taka
	Opening balance	46,181	46,181
	Transfer to general reserve on realisation through sale of revalued properties	(26,007)	-
		20,174	46,181
13.	General reserve		
	Opening balance	1,312,546	1,195,914
	Adjustment for (deficit)/surplus in actuarial valuation of pension fund (BAS-19)	(12,882)	16,001
	Revaluation reserve realised during the year through sale of revalued properties	26,007	-
	Profit earned during the year	609,870	359,342
	Payment of dividends for the year 2008 and 2007	(117,181)	(106,528)
	Payment of interim dividends	(152,183)	(152,183)
		1,666,177	1,312,546

	2009	2008	
	'000 Taka	'000 Taka	
13(a). Consolidated general reserve			
Opening balance	1,313,152	1,196,561	
Adjustment for (deficit)/surplus in actuarial valuation of pension fund (BAS-19)	(12,882)	16,001	
Revaluation reserve realised during the year through sale of revalued properties	26,007	-	
Profit earned during the year	609,826	359,301	
Payment of dividends for the year 2008 and 2007	(117,181)	(106,528)	
Payment of interim dividends	(152,183)	(152,183)	
	1,666,739	1,313,152	
14. Deferred liabilities			
Gratuity fund:			
Opening balance	71,236	61,873	
Provision during the year	13,231	16,615	
	84,467	78,488	
Payment during the year	(12,417)	(7,252)	
	72,050	71,236	
Pension fund:			
Adjustment for deficit as per actuarial valuation	9,456	-	
Cylinder security deposit (Note 14.1)	165,781	153,158	
	247,287	224,394	
14.1 Cylinder security deposit from customers is a liability of a continuing nature.			
15. Deferred tax liabilities			
Deferred tax assets and liabilities have been recognised and measured in accordance with the provision of BAS 12: Income Taxes. Related deferred tax expense/income have been disclosed in note 28. Deferred tax assets and liabilities are attributable to the following:			
	Carrying amount at the balance sheet date	Tax base	Taxable/ (deductible) temporary difference
As at 31 December 2009	'000 Taka	'000 Taka	'000 Taka
Assets			
Property, plant and equipment	922,735	449,168	473,567
Stock	279,537	367,752	(88,215)
Trade debtors	154,409	180,555	(26,146)
	1,356,681	997,475	359,206
Liabilities			
Gratuity	72,050		72,050
	72,050	-	72,050
Net tax deductible temporary differences			287,156
Effective tax rate			24.75%
Deferred tax liabilities			71,071
As at 31 December 2008			
Assets			
Property, plant and equipment	952,683	429,642	523,041
Stock	541,542	614,356	(72,814)
Trade debtors	142,007	156,141	(14,134)
	1,636,232	1,200,139	436,093

Liabilities			
Gratuity	71,236		71,236
	71,236	-	71,236
Net tax deductible temporary differences			364,857
Effective tax rate			24.75%
Deferred tax liabilities			90,302
		2009	2008
		000 Taka	000 Taka
Opening balance		90,302	108,010
Provision during the year		(19,231)	(17,708)
		71,071	90,302
Deferred tax has been calculated on all temporary timing differences using effective current tax rate for the Company.			
16.	Current portion of finance lease		
	Opening balance	2,233	2,887
	Payment during the year	(2,233)	(654)
	Closing balance	-	2,233
17.	Trade creditors		
	Payable to vendors	48,950	45,598
	Trade creditors are unsecured and payable within a month.		
18.	Expense creditors and accruals		
	Salaries, wages and retirement benefits	46,662	32,238
	Technical assistance fee	22,353	18,762
	Accrued expenses	42,528	24,909
	Other creditors	23,479	61,397
	Workers' profit participation fund	40,677	24,094
		175,699	161,400
18(a).	Consolidated expense creditors and accruals		
	Salaries, wages and retirement benefits	46,662	32,238
	Technical assistance fee	22,353	18,762
	Accrued expenses	42,528	24,909
	Other creditors	22,890	60,769
	Workers' profit participation fund	40,677	24,094
		175,110	160,772
19.	Sundry creditors		
	Capital items	11,277	-
	Deposit and advance from customers	48,276	38,498
	Unpaid dividends	8,642	8,972
	Others	6,672	6,617
		74,867	54,087
20.	Provision for taxation		
	Opening balance	85,137	64,531
	Provision made during the year	181,972	116,106
		267,109	180,637
	Payment during the year	137,506	95,500
	Closing balance	129,603	85,137

					2009	2008
					'000 Taka	'000 Taka
20(a).	Consolidated provision for taxation					
	Opening balance				85,137	64,531
	Provision made during the year:					
	for BOC Bangladesh Limited				181,972	116,106
	for Bangladesh Oxygen Limited				5	-
					181,977	116,106
					267,114	180,637
	Payment during the year				137,506	95,500
	Closing balance				129,608	85,137
21.	Revenue					
				2009	2008	
		Unit	Quantity	Amount	Quantity	Amount
				'000 Taka		'000 Taka
	ASU gases	'000 M3	13,842	457,243	12,730	389,579
	Dissolved acetylene	'000 M3	393	164,834	397	154,198
	Electrodes	MT	14,525	1,634,741	12,192	1,411,514
	Others			485,999		543,292
				2,742,817		2,498,583
					2009	2008
					'000 Taka	'000 Taka
21.1	Entire business of the Company is analysed and reported as below:					
	Bulk gases				258,233	196,602
	Package gases and products (PG&P)				2,143,324	2,002,305
	Hospital Care				341,260	299,676
					2,742,817	2,498,583
22.	Cost of sales					
	Opening inventories for the year				89,516	54,038
	Cost of goods manufactured (Note 22.1)				1,446,081	1,541,719
					1,535,597	1,595,757
	Closing inventories of manufactured products				(46,200)	(89,516)
	Cost of sales of manufactured products				1,489,397	1,506,241
	Cost of trading products				164,330	158,053
					1,653,727	1,664,294
22.1	Cost of goods manufactured					
	Materials, goods and labour:					
	Raw and packing materials consumed (Note 40)				1,042,069	1,161,176
	Fuel and power				69,072	66,625
	Direct wages				77,261	77,417
					1,188,402	1,305,218

	2009	2008
	'000 Taka	'000 Taka
Manufacturing overhead:		
Salaries, wages and staff welfare	50,412	47,568
Depreciation	109,911	109,103
Repairs to machinery (Note 22.1.1)	60,314	43,753
Repairs to building	3,385	2,332
Maintenance, others	17,007	15,635
Insurance	2,235	1,731
Rent, rates and taxes	1,234	658
Travelling and conveyance	1,747	1,971
Training expenses	6	372
Vehicle running expenses	5,612	7,769
Telephone, telex and fax	1,026	797
Printing, postage, stationery and office supplies	1,723	2,088
Legal and professional charges	119	194
Sundry office expenses	2,948	2,530
	257,679	236,501
	1,446,081	1,541,719
22.1.1 Repairs to machinery		
Repairs to machinery amounting to Tk 60,314 thousand include Tk 47,285 thousand (2008: Tk 35,601 thousand) being cost of spare parts consumed for plant maintenance.		
23. Operating expenses		
Salaries, wages and staff welfare	208,877	193,764
Depreciation	26,410	26,363
Fuel and power	3,317	3,014
Repairs to building	2,794	2,021
Maintenance, others	5,701	5,254
Insurance	1,072	1,002
Delivery expenses	88,329	79,775
Rent, rates and taxes	10,743	3,466
Travelling and conveyance	4,972	7,703
Training expenses	743	1,623
Vehicle running expenses	14,460	12,611
Telephone, telex and fax	7,822	6,642
Global IS service	3,515	-
Printing, postage, stationery and office supplies	6,155	6,966
Trade journal and subscription	1,423	1,308
Advertising and promotion	8,163	9,410
Provision for doubtful debts (Note 8.1)	12,011	(4,399)
Bad debts written off	2,903	1,474
Other assets written off	-	223
Legal and professional charge	1,071	1,854
Technical assistance fee	22,353	18,762
Auditors' remuneration:		
Audit fees	475	475
Other fees (tax advice, PF and WPPF audit, etc.)	887	799
Bank charges	4,586	4,285
Entertainment	608	662
Management meeting and conference	1,542	299
Sundry office expenses	1,534	3,094
Amortisation of intangible assets (Note 5)	1,251	661
Contribution to WPPF	40,674	24,095
	484,391	413,206

	2009	2008
	'000 Taka	'000 Taka
23(a). Consolidated operating expenses		
Salaries, wages and staff welfare	208,877	193,764
Depreciation	26,410	26,363
Fuel and power	3,317	3,014
Repairs to building	2,794	2,021
Maintenance, others	5,701	5,254
Insurance	1,072	1,002
Delivery expenses	88,329	79,775
Rent, rates and taxes	10,743	3,466
Travelling and conveyance	4,972	7,703
Training expenses	743	1,623
Vehicle running expenses	14,460	12,611
Telephone, telex and fax	7,822	6,642
Global IS service	3,515	-
Printing, postage, stationery and office supplies	6,155	6,966
Trade journal and subscription	1,423	1,308
Advertising and promotion	8,163	9,410
Provision for doubtful debts (Note 8.1)	12,011	(4,399)
Bad debts written off	2,903	1,474
Other assets written off	-	223
Legal and professional charge	1,071	1,854
Technical assistance fee	22,353	18,762
Auditors' remuneration:		
Audit fees	485	488
Other fees (tax advice, PF and WPPF audit, etc.)	916	827
Bank charges	4,586	4,285
Entertainment	608	662
Management meeting and conference	1,542	299
Sundry office expenses	1,534	3,094
Amortisation of intangible assets (Note 5)	1,251	661
Contribution to WPPF	40,674	24,095
	484,430	413,247
24. Gain on sale of lease land		
Sales proceeds	115,100	-
Less: Costs incurred to make the sale	5,050	-
Gain on disposal	110,050	-
25. Other income		
Sales proceeds	11,918	2,266
Less: Written down value:		
Cost of the property, plant and equipment	70,210	14,366
Less: Accumulated depreciation	56,941	13,061
	13,269	1,305
(Loss)/ Gain on disposal	(1,351)	961
26. Interest income, net		
Payment of interest	(966)	(982)
Interest income	60,179	36,678
	59,213	35,696
Interest income for 2009 includes Tk 25,023 thousand accrued at the year end (2008: Tk 4,575 thousand).		

	2009	2008
	'000 Taka	'000 Taka
27. Profit before taxation		
Imported merchandise products (as per 82C of the Income Tax Ordinance 1984)	38,425	46,309
Own manufactured, local merchandise products and bank interest earned and sale of lease interest in land	734,186	411,431
	772,611	457,740
27(a). Consolidated profit before taxation		
Imported merchandise products (as per 82C of the Income Tax Ordinance 1984)	38,425	46,309
Own manufactured, local merchandise products and bank interest earned and sale of lease interest in land	734,186	411,431
Loss of subsidiary	(39)	(41)
	772,572	457,699
28. Taxation		
Current tax expense (Note 20)	181,972	116,106
Deferred tax income (Note 15)	(19,231)	(17,708)
	162,741	98,398
28(a). Consolidated taxation		
Current tax expense (Note 20(a))	181,977	116,106
Deferred tax income (Note 15)	(19,231)	(17,708)
	162,746	98,398
29. Earnings per share		
29.1 Basic earnings per share		
The computation of earnings per share is given below:		
Earnings attributable to the ordinary shareholders (net profit after tax)	609,870	359,342
Number of ordinary shares outstanding during the year	15,218	15,218
Basic earnings per share (EPS) in Taka	40.08	23.61
29.2 Diluted earnings per share		
No diluted earnings per share is required to be calculated for the year as there was no potentially dilutive potential ordinary shares during the year.		
29(a). Consolidated earnings per share		
Earnings attributable to the ordinary shareholders (net profit after tax)	609,826	359,301
Number of ordinary shares outstanding during the year	15,218	15,218
Basic earnings per share (EPS) in Taka	40.08	23.61
30. Directors' remuneration		
Fees	110	70
Salaries and benefits	21,767	18,665
Housing	1,950	1,584
Provident fund contribution	457	446
Retirement benefits	1,585	1,965
	25,869	22,730
Directors' remuneration is included in salaries, wages and staff welfare.		

		2009	2008
		'000 Taka	'000 Taka
31.	Employee benefit expense		
	Defined benefit scheme	20,668	23,579
	Defined contribution scheme	6,476	6,224
		27,144	29,803

32.	Capacity				
	Major products	Unit of measure	Capacity for the year	Production for the year	Remarks
	ASU Gases	000 M3	16,908	13,313	Additional capacity to meet future demand
	Dissolved Acetylene	000 M3	1,150	396	-do-
	Electrodes	MT	15,400	14,062	-do-

33.	Capital expenditure commitment		
		2009	2008
		'000 Taka	'000 Taka
	Contracted but not provided for in these accounts	98,743	4,300

34. Proceeds from sale of property, plant and equipment

Particulars	Cost '000 Taka	Accumulated depreciation '000 Taka	Written down value '000 Taka	Sale proceeds '000 Taka	Mode of disposal	Purchaser
Building:						
Sold	42,615	33,429	9,186	10,000	Tender	M/s BK Tex Limited
Scrapped	1,083	738	345	-	Demolition	Not applicable
	43,698	34,167	9,531	10,000		
Plant and machinery:						
Sold	251	251	-	158	Tender	Delta Electrical Engineering Works
Scrapped	4,408	2,975	1,433	-		Not applicable
	4,659	3,226	1,433	158		
Motor vehicles:						
Motor cycle	174	174	-	43	*As per policy	A. Halim Khan
Vehicle	37	37	-	-	*As per policy	A. Rashid
	211	211	-	43		
Furniture, fixtures and equipments:						
Sold	556	533	23	63	Tender	*Various parties
Scrapped	17	17	-	-		Not applicable
	573	550	23	63		
Cylinders:						
Sold	408	398	10	1,654	*Recovery from customers as per policy	* Various customers.
Scrapped	20,661	18,389	2,272	-		
	21,069	18,787	2,282	1,654		
2009	70,210	56,941	13,269	11,918		
2008	14,366	13,061	1,305	2,266		

35. 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 374 (2008: 400).

36. Remittance in foreign currency

	2009		2008	
	'000 GBP	'000 Taka	'000 GBP	'000 Taka
Technical assistance fee to The BOC Group Ltd., UK	148	16,885	118	15,090
Dividend paid to The BOC Group Ltd., UK	1,260	145,456	1,067	139,704
The BOC Group Ltd., UK is a non-resident shareholder which holds 9,130,968 shares in this Company. Dividend paid to The BOC Group Ltd., UK in 2009 includes interim dividend of GBP 714 thousand for the year 2009.				

37. Receipt in foreign currency

Name of customer/vendor	Nature of receipt	2009		2008	
		'000 US\$	'000 Taka	'000 US\$	'000 Taka
Uniglory Cycle Component Ltd.	Deemed export	181	12,416	197	13,441
Meghna (BD) Ltd.	Deemed export	129	8,369	138	9,437
Ananda Shipyard Ltd	Deemed export	67	4,568	76	5,206
ESAB India Ltd.	Export	8	565	5	323
Steris Corporation	Sales commission	7	477	10	700

38.	Value of imports calculated on CIF basis		
		2009	2008
		'000 Taka	'000 Taka
	Raw materials	748,964	1,009,746
	Components and spare parts	142,094	168,775
	Capital goods	30,172	24,015
		921,230	1,202,536
39.	Bank guarantees and commitments		
39.1	Bank guarantee provided against various parties and disputed VAT		
	Bank guarantees to third parties, shipping guarantees, bank acceptance and disputed VAT		
		47,366	40,544
39.2	Outstanding letters of credit	368,706	165,501

40.	Raw and packing materials consumed								
		Opening stock		Purchase		Closing stock		Consumption	
		Quantity	Cost	Quantity	Cost	Quantity	Cost	Quantity	Cost
	Description	MT	'000 Taka	MT	'000 Taka	MT	'000 Taka	MT	'000 Taka
	Calcium carbide	392	26,005	1,313	70,091	230	12,088	1,475	84,008
	Wire	2,064	168,639	9,989	458,876	542	35,947	11,511	591,568
	Blended powder	429	37,115	3,184	234,974	513	43,311	3,100	228,778
	Others	-	33,305	-	130,803	-	26,393	-	137,715
	2009	-	265,064	-	894,744	-	117,739	-	1,042,069
	2008	-	193,710	-	1,232,530	-	265,064	-	1,161,176

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

41. 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	
	2009	2008	2009	2008
	'000 Taka	'000 Taka	'000 Taka	'000 Taka
Special gases, spares and cylinders	57,664	25,713	(9,148)	(6,012)
Technical services	25,868	18,761	(25,868)	(18,761)
	83,532	44,474	(35,016)	(24,773)

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	11,169	11,074	799	556
iii) Dividend paid to The BOC Group Ltd.	161,618	155,227	-	-
iv) Key management personnel				
Directors' remuneration	25,869	22,730	-	-

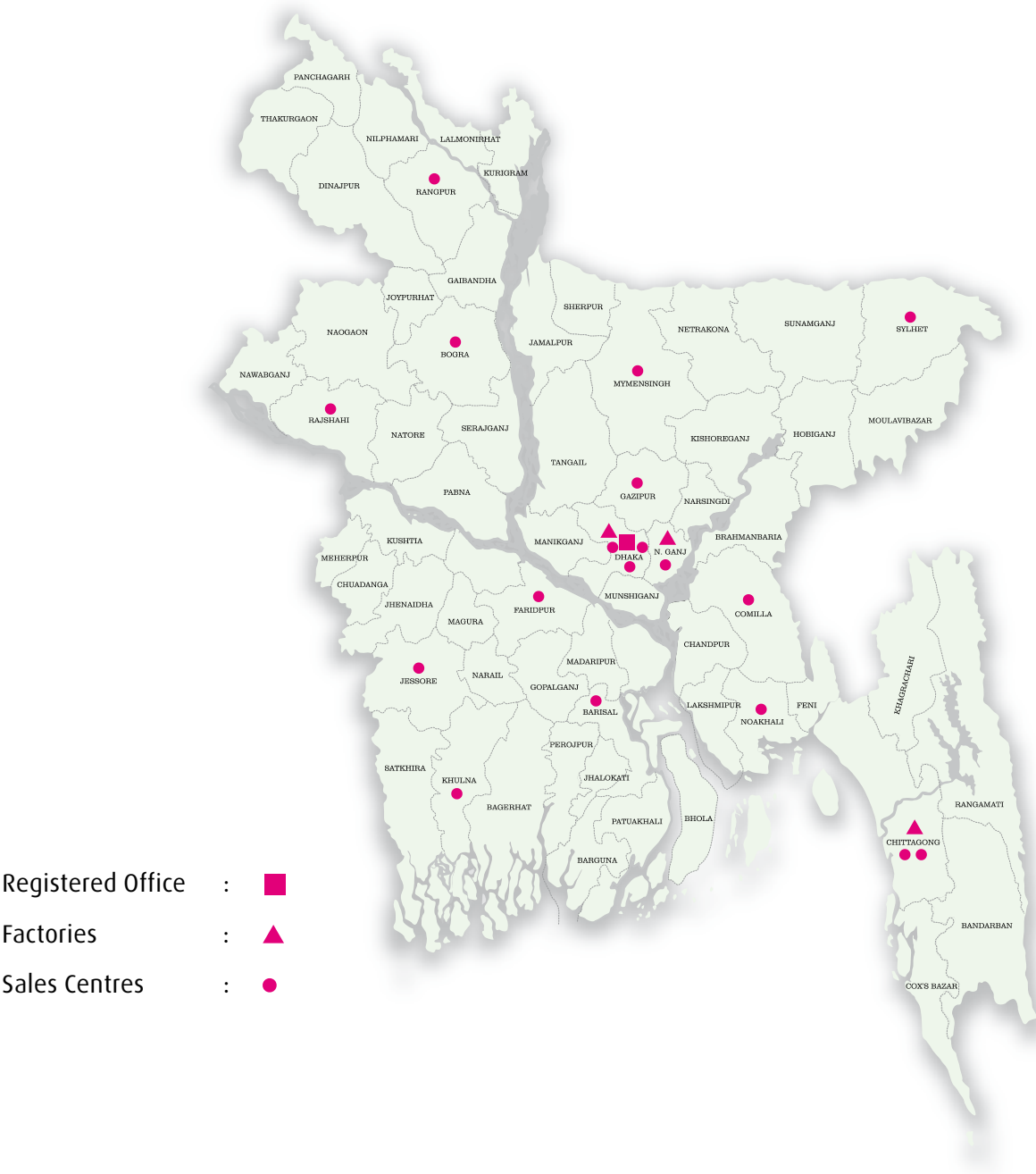
Dividend paid to The BOC Group Ltd. in 2009 includes Tk 91,310 thousand paid as interim dividend for the year.

42. Events after the balance sheet date

For the year 2009 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 11 March 2010.

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
	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 : Fax :	041-721206/723076 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 : Fax :	081-68027 081-64240
	Sylhet	:	Nishat Plaza Shopping Complex Mominkhola, Sylhet	Tel & Fax :	0821-841681
	Jessore	:	Central Road, Ghope Jessore	Tel : Fax :	0421-68596 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



- Registered Office : ■
- Factories : ▲
- Sales Centres : ●

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	Humidifier
Gas welding rod & flux	Oxygen concentrator
Gas welding and cutting equipment	Resuscitators
Any other gas on request	Central sterilizing and supply department (CSSD)
	Other medical equipment on request

Welding Products and Services

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 37th Annual General Meeting of the Company to be held on 13 May 2010 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 2010

.....
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 37th Annual General Meeting of BOC Bangladesh Limited on 13 May 2010.

.....
Name

.....
Folio/BO ID #

.....
Signature

(Please complete this and deposit at the registration counter on the day of the meeting)

Notes :

1. A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him.
2. No person shall act as proxy unless he is entitled to be present in his own right.
3. The instrument appointing a proxy should be signed by the member or his attorney and duly authorised in writing.
4. If the member is a corporate body its common seal (if any) should be applied to the instrument of proxy.
5. The instrument of proxy, together with the Power of Attorney (if any) under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office by no later than 10:30 AM on Monday 10 May 2010.