→ Linde Bangladesh Limited

THE LINDE GROUP

Linde

# Unlocking potential.

## Annual Report 2017.



AMARSTOCK

## Our Vision.

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

## Our Values.

Passion to excel.
Innovating for customers.
Empowering people.
Thriving through diversity.

## Our Principles.

Safety.
Integrity.
Respect.
Sustainability.

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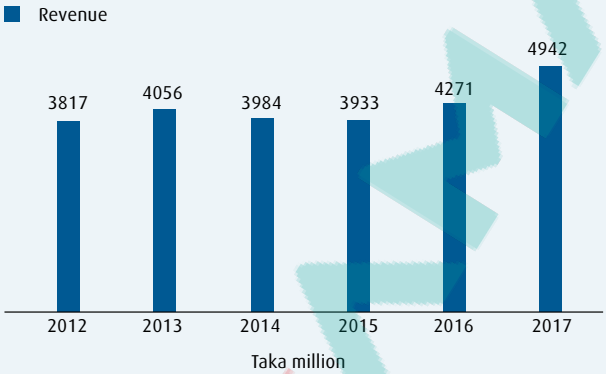
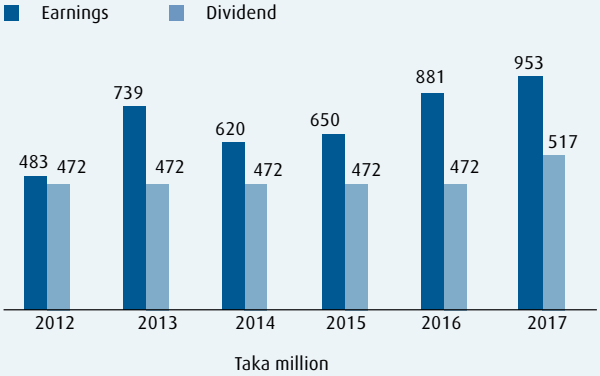
# Financial History.

| | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|
| Revenue | '000 Taka | 3,817,127 | 4,056,278 | 3,984,482 | 3,933,185 | 4,270,585 | 4,941,799 |
| Profit before tax | " | 660,493 | 1,001,587 | 851,035 | 881,343 | 1,190,832 | 1,304,260 |
| EBITDA | " | 776,996 | 1,138,255 | 994,095 | 1,031,104 | 1,381,796 | 1,516,448 |
| Taxation | " | 180,575 | 225,544 | 242,659 | 213,086 | 324,114 | 171,432 |
| Deferred tax | " | –2,593 | 37,148 | –11,756 | 17,786 | –14,480 | 180,090 |
| Earnings | " | 482,511 | 738,895 | 620,132 | 650,471 | 881,198 | 952,738 |
| Final dividend proposed | " | 167,401 | 167,401 | 167,401 | 167,401 | 167,401 | 213,056 |
| Interim dividend paid | " | 304,366 | 304,366 | 304,366 | 304,366 | 304,366 | 304,366 |
| General reserve* | " | 2,019,010 | 2,286,138 | 2,434,503 | 2,613,207 | 3,032,750 | 3,523,636 |
| Share capital | " | 152,183 | 152,183 | 152,183 | 152,183 | 152,183 | 152,183 |
| Revaluation reserve | " | 20,174 | 20,174 | 20,174 | 20,174 | – | - |
| Shareholder's equity* | " | 2,191,367 | 2,458,495 | 2,606,860 | 2,785,564 | 3,184,933 | 3,675,819 |
| Net fixed assets | " | 1,474,836 | 1,508,991 | 1,535,145 | 1,914,405 | 2,543,935 | 3,218,638 |
| Depreciation | " | 146,144 | 157,425 | 164,531 | 162,617 | 201,863 | 219,651 |
| | | | | | | | |
| Earnings per share | Taka | 31.71 | 48.55 | 40.75 | 42.74 | 57.90 | 62.60 |
| Price earnings ratio-times | | 17 | 13 | 22 | 27 | 22 | 21 |
| Return on Capital Employed | % | 22 | 30 | 24 | 24 | 28 | 26 |
| Gross profit ratio | % | 34 | 37 | 40 | 43 | 46 | 47 |
| Debt equity ratio-times | | – | – | – | – | – | - |
| Current ratio-times | | 2.60 | 3.08 | 3.11 | 2.44 | 1.55 | 1.67 |
| Dividend per share | Taka | 31.00 | 31.00 | 31.00 | 31.00 | 31.00 | 34.00 |
| Dividend percentage | % | 310 | 310 | 310 | 310 | 310 | 340 |
| Net assets per share* | Taka | 144.00 | 161.55 | 171.30 | 183.04 | 209.28 | 241.54 |
| Operating cashflow per share | " | 31.78 | 54.91 | 50.89 | 67.14 | 73.18 | 76.13 |

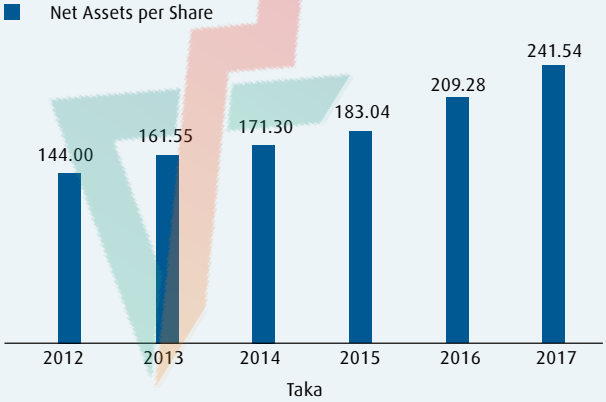
## Revenue



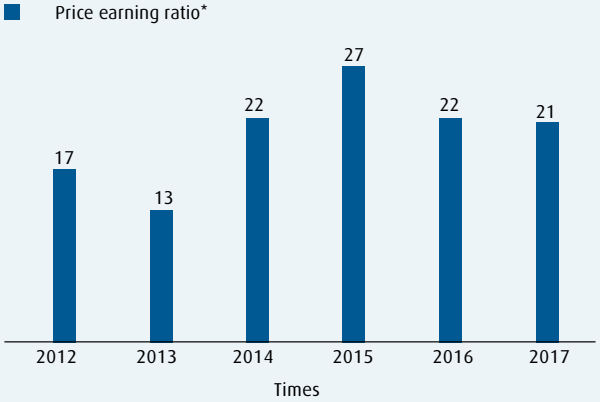

## Earnings & dividend




## Net assets per share




## Price earning ratio*

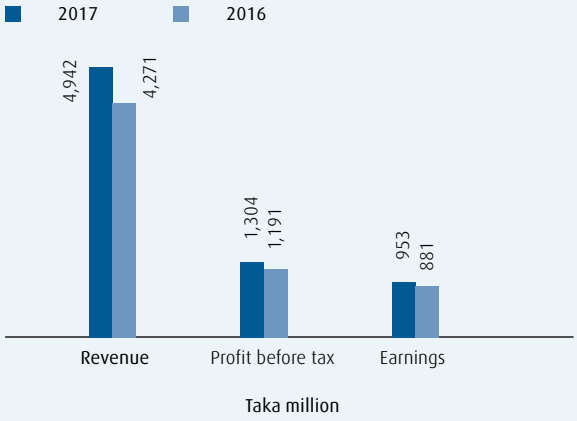



* Adjusted for change in presentation of proposed dividends

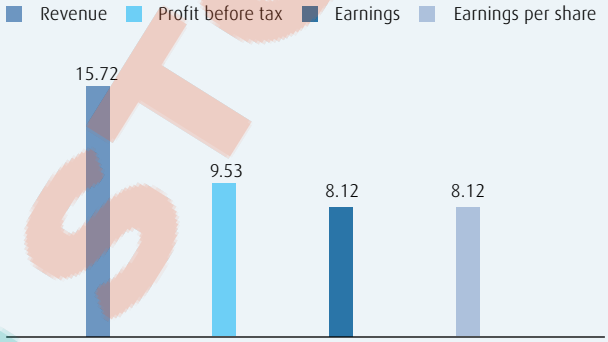
# The Year at a Glance.

| | | 2017 | 2016 | Change over 2016 |
|---|---|---|---|---|
| Revenue | '000 Taka | 4,941,799 | 4,270,585 | 15.72% |
| Profit before tax | ,, | 1,304,260 | 1,190,832 | 9.53% |
| Earnings | ,, | 952,738 | 881,198 | 8.12% |
| Earnings per share | Taka | 62.60 | 57.90 | 8.12% |

## Revenue, profit before tax & earnings




## Percentage of change over 2016




# Statement of Value Added.

| | Year ended 31 December | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | '000 Taka | % | '000 Taka | % |
| Value Added | | | | |
| Turnover (Including VAT) | 5,750,060 | | 4,963,810 | |
| Bought in materials and services | (2,806,380) | | (2,379,188) | |
| | 2,943,680 | | 2,584,622 | |
| Other income including interest on bank deposits | (-2,818) | | 16,864 | |
| Available for distribution | 2,940,862 | 100 | 2,601,486 | 100 |
| Distributions | | | | |
| To Employees in remuneration and benefits | 600,124 | 20.4% | 506,516 | 19.5% |
| To Provider of capital in : | | | | |
| (a) interest on borrowings | 20 | 0.0% | 116 | 0.0% |
| (b) Interim and Final dividend | 471,767 | 16.0% | 471,767 | 18.1% |
| To Government in taxes, duties and surcharges | 1,159,783 | 39.4% | 1,002,859 | 38.6% |
| Retained for reinvestment and future growth: | | | | |
| (a) depreciation | 228,197 | 7.8% | 210,797 | 8.1% |
| (b) reserve and surplus | 480,971 | 16.4% | 409,431 | 15.7% |
| | 2,940,862 | 100 | 2,601,486 | 100 |

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# Corporate History.

The Linde Group has a history of over 130 years built on a heritage of innovation with a strong focus on technology. The company's founder, Professor Doctor Carl von Linde, invented refrigeration technology and pioneered a process of air separation. Today, we are a global market leader in gases and engineering solutions.

The Linde Group is a world-leading gases and engineering company with approximately 58,000 employees working in more than 100 countries worldwide. In the 2017 financial year, it achieved sales of EUR 17.11 bn (2016-EUR 16.9 bn).

## Our bequest in Bangladesh

Linde Bangladesh Limited, a member of the Linde Group, has been contributing towards the development of the nation as a silent partner. A strong in–built culture with solid work values developed and strengthened Linde Bangladesh over the years which are reflected in the performance of its employees for more than 60 years with continuous expansion in operations and business.

We sell our products to more than 35000 customers from a wide spectrum of industries running from chemicals and petrochemicals to steel. Our team of around 317 trained, motivated and professional members manages 24 hour operations at three major locations across the country to support our customers.

In Linde Bangladesh Limited we are committed to the quality of our product & services. Our motto is to ensure optimum conditions in health, safety and the environment for employees, customers and stakeholders.

## Our milestones at a glance

1953 Chittagong Oxygen plant was commissioned.
1973 Bangladesh Oxygen Limited (BOL) Incorporated in the joint stock companies and received government approval as the first full-fledged "Company" of the newly formed country.
1976 First CO2 plant was introduced.
1979 Welding Training Centre started its journey.
1995 The company changed its name from "Bangladesh Oxygen Limited" to "BOC Bangladesh Limited."
1995 The company has commissioned a 30TPD ASU Plant and 1st Welding Production line at Rupganj.
1998 2nd Welding production line at Rupganj was commissioned.
1999 20 TPD Shitalpur plant was acquired.
2000 ASPEN at shitalpur and LPG Bottling plant at Bogra commissioned.
2004 Moved into newly built Corporate Office.
2006 The BOC Bangladesh Limited acquired by the Linde Group, Germany.
2010 Achieved BDT 100 Crore EBITDA.
2011 3rd Welding production line at Rupganj was commissioned.
2011 The company changed its name from "BOC Bangladesh Limited" to "Linde Bangladesh Limited."
2012 4th Welding production line at Rupganj was commissioned.
2013 LPG Plant at Bogra decommissioned.
2017 Rupganj 100 TPD ASU plant was commissioned.

**Company Secretary**
Md Anisuzzaman

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

**Statutory Auditors**
Rahman Rahman Huq

**Bankers**
The Hongkong Shanghai Banking Corporation Limited
Standard Chartered Bank Limited

**Legal Advisers**
Huq & Company

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# Notice of Annual General Meeting.

Notice is hereby given that the 45th Annual General Meeting of Linde Bangladesh Limited will be held at Lakeshore Hotel, House No. 46, Road No. 41, Gulshan 2, Dhaka-1212, on Thursday 26 April 2018 at 11:00 am to transact the following business:

1 To receive and adopt the accounts for the year ended 31 December 2017 and the reports of the Auditors and Directors thereon.
2 To declare a Dividend for the year ended 31 December 2017.
3 To elect Directors.
4 To appoint Auditors and to fix their remuneration.

By order of the Board



Md Anisuzzaman
Company Secretary
28 February 2018

Registered Office
Corporate Office
285 Tejgaon I/A
Dhaka 1208

1 Shareholders whose names will appear in the share register of the Company or in the depository register as on Record Date i.e. 20 March 2018 will be eligible to attend the Annual General Meeting and receive dividend approved.
2 A member eligible to attend the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf. No person shall act as proxy unless he/she is entitled to be present and vote in his/her own right.
3 Form of proxy, duly completed, must be deposited at the Company's Registered Office by 11:00 am on Monday 23 April 2018 and in default will not be treated as valid.

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# Company in the Capital Market.

Linde Bangladesh Limited plays a vital role in the capital market with a sustainable economic growth. The Company also continues to have regular communication with Shareholders through the websites updates and media publications. The Company conducts Annual General Meeting and publication of Annual Report, Quarterly updates on financial performance. The top practices are monitored by the Company which supports investors to hold up their belief and confidence in the Company.

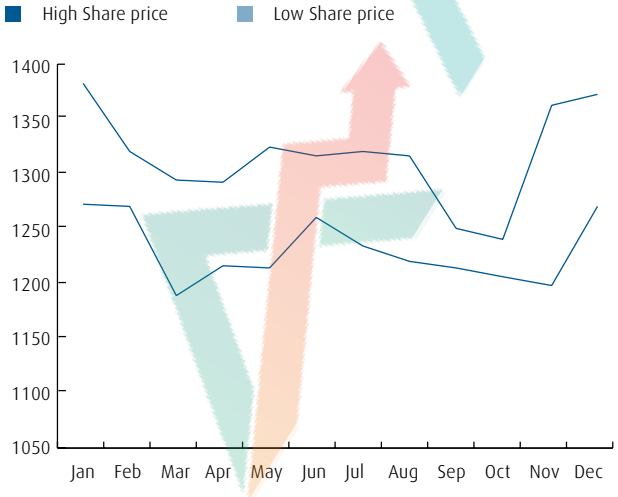
DSEX, the key index of the DSE, ended at 6,244 points on the last trading day of 2017, up by 23.98% from 5,036 points on December 29 last year. In the outgoing year, the DSE's average turnover value stood at Tk874.83 crore, the highest since the stock market witnessed a crash in 2010.

## Capital market-based figures

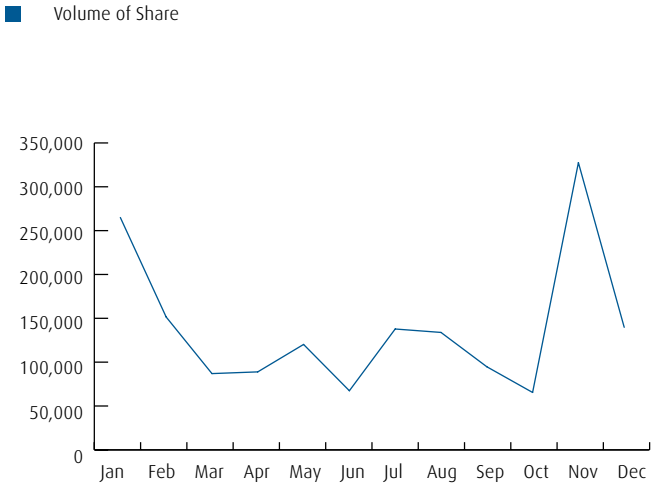
For the year ended 31 December

| | | 2017 | 2016 |
|---|---|---|---|
| Number of shares with dividend entitlement for the financial year | No. | 152,18,280 | 152,18,280 |
| Year-end closing price | Tk | 1284.70 | 1296.00 |
| Year high | Tk | 1380.00 | 1502.90 |
| Year low | Tk | 1190.00 | 1053.00 |
| Volume | No. | 1,666,586 | 5,245,730 |
| Total dividend for the financial year | Tk million | 517.42 | 471.77 |
| Market capitalisation | Tk million | 19,551 | 19,723 |
| | | | |
| Information per share | | | |
| Cash dividend | Tk | 34.00 | 31.00 |
| Dividend yield | % | 2.65 | 2.39 |
| Operating cash flow per share | Tk | 76.13 | 73.18 |
| EPS | Tk | 62.60 | 57.90 |

## Company high & low share price month wise




## Company share volume traded month wise



# Glimpses from 44th Annual General Meeting.




At the 44th Annual General Meeting held on 27 April 2017.



Shareholders at the 44th Annual General Meeting held on 27 April 2017.




A Shareholder speaking at the 44th Annual General Meeting held on 27 April 2017.

# Board of Directors.



## Ayub Quadri

Chairman since 2011

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

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

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

Mr Ayub Quadri has been on the board of numerous public, private and joint venture entities. Among others, he has been Chairman of the board of Basic Bank Ltd, Karnafuli Fertilizer Company (KAFCO), Industrial Promotion and Development Company (IPDC), Bangladesh Institute of Management (BIM) and Small & Medium Enterprise (SME) Foundation. He joined the Board of Linde Bangladesh Limited in 2008.



## Mohsin Uddin Ahmed

Managing Director since 2017

Mr Mohsin Uddin Ahmed joined Linde Bangladesh Limited in July 2016 as Chief Operating Officer. In January 2017, he has been appointed as the Managing Director of the company. Prior to joining Linde Bangladesh Limited, Mohsin was the President at Emami Group for its SAARC Countries' business operations.

Mr Mohsin started his career with British American Tobacco (BAT) where he spent about five years in various roles under Trade Marketing & Distribution function.

Mr Mohsin had been the Sales Director of Nestle Bangladesh during 2003 to 2011. He was expatriated to Nestle Maghreb region (Morocco, Algeria & Tunisia) as Regional Sales Development Manager. He was based at Casablanca, Morocco.

He also worked in Unilever during 2000 to 2003 at various capacities under Sales Operations. He rejoined at Unilever as Customer Development Director in May 2011. He was also the member of Unilever Bangladesh Board of Directors. Mr Ahmed has been appointed as an Independent Director of Glaxo Smithkline Bangladesh Limited effective 1 February 2018.

Mr Mohsin has over 23 years of experience primarily in FMCG sector. He is an Honours graduate in Applied Physics & Electronics from the University of Dhaka. He also did his MSc from the Applied Physics & Electronics from the University of Dhaka.



## Desiree Bacher

Director since 2012

Ms Desiree Bacher is the Head of Finance & Control for South Asia & ASEAN for Linde. She oversees the finance function of the region that covers 9 countries. She is based in the regional headquarters in Singapore. She joined Board of Directors of Linde Pakistan Limited on 2 August 2013.

Ms Bacher has been with Linde for over 18 years in various key roles in Finance and business. Before her current role, she was the Head of the Accounting Centre of Excellence for the region South & East Asia where she spearheaded the implementation of the Linde Group's first shared service centre. She sits on the Board of the various Linde companies across the region.

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



## Moloy Banerjee

Director since 2015

Mr Moloy Banerjee was appointed the Managing Director of Linde India Limited and a member of the Board of Directors of the company with effect from 30 July 2013. Linde India Limited is a member of The Linde Group, a world-leading gases and engineering company with around 58,000 employees in more than 100 countries worldwide.

Besides his position as the Managing Director of Linde India Ltd., Mr Banerjee is also Head of Country Cluster South Asia (covering Bangladesh, India and Sri Lanka), for the Linde Gases Division. He has additional responsibilities as Director of Linde Bangladesh Limited and Ceylon Oxygen Limited, a member of The Linde Group.

Earlier, in 2011, Mr Banerjee relocated to Singapore as the Head of Tonnage Account Management for The Linde Group's South & East Asia and South Pacific regional business units. He returned to India as the Deputy Country Head of Linde India, effective 1 January 2013.

Mr Banerjee started his career with Linde India as a Trainee in 1987 and has worked in various roles in the engineering division and the gases division of the company, including project engineering and management as well as business development. He was appointed the Head of Marketing in 2007 and, in 2009, assumed the role of Vice President - Gases for Linde India.

Mr Moloy Banerjee holds a bachelor's degree in mechanical engineering from the Indian Institute of Technology, Kanpur.



## Kazi Sanaul Hoq

Joined the Board of Directors in October 2017

Mr Kazi Sanaul Hoq has joined as Managing Director of Investment Corporation of Bangladesh (ICB) on 10 August, 2017. He started his career as a Senior Officer in ICB on 25 October 1984 and served different position in the same organization. Before his joining he acted as Managing Director at Rajshah Krishi Unnayan Bank (RAKUB), During his service life he served different Banks and Financial Institutions. He served as Managing Director (Current Charge) and Deputy Managing Director at Agrani Bank Ltd. In addition to that Mr Hoq served as general manager at BDBL and RAKUB. He also served as CEO at ICB Securities Trading Company Ltd. He completed his B. Com (Hon's) and M. Com degree in Accounting from The University of Dhaka.

He has been contributing his professional expertise as the Chairman of ICB Capital Management Ltd. Apart from that he is now serving as the Director of British American Tobacco Bangladesh Co. Ltd. (BATBC), Linde Bangladesh Limited, GlaxoSmithKline Bangladesh Ltd. (GSK), Renata Limited, Bangladesh Krishi Gobeshona Endowment Trust (BKGET), Credit Rating Agency of Bangladesh Ltd. (CRAB), Credit Rating Information and Services Ltd. (CRISL), Standard Bank Limited, National Tea Company Limited, Apex Tannery Limited, Central Depository Bangladesh Ltd. (CDBL) and some other Directorship.



## Parveen Mahmud

Director since 2011

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

She was partner, ACNABIN, Chartered Accountants. Ms Parveen Mahmud is the Council member and Past President: first female president of the Institute of Chartered Accountants of Bangladesh (ICAB) for the year 2011. She was also, the first female Board member in the South Asian Federation of Accountants (SAFA).

Ms Mahmud was the member, National Advisory Panel for SME Development of Bangladesh and founding board member of SME Foundation and Convenor, SME Women's Forum. She serves in various Boards, including, BRAC International, Manusher Jannyo Foundation (MJF), Grameenphone Ltd. She was the Chairperson, Acid Survivors Foundation and is the Chairperson Shasha Denims Ltd. and Micro Industries Development and Assistance Services (MIDAS). Ms Mahmud received Begum Rokeya Shining Personality Award 2006 for women's empowerment from Narikantha Foundation. She is Advisory Committee member of the "People's Voice: Strengthening SDG Implementation in Bangladesh".



## Waliur Rahman Bhuiyan, OBE

Director since 2013

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

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

Mr Bhuiyan was President of Foreign Investors' Chamber of Commerce & Industry (FICCI), Executive Committee Member of Metropolitan Chamber of Commerce & Industry (MCCI), Bangladesh Employers' Federation and Member, Bangladesh Better Business Forum.

Mr Bhuiyan was with BRAC University as an Academic Council Member. He was Director of Biman Bangladesh Airlines and Chittagong Stock Exchange. Mr Bhuiyan is the former Honorary Consul General of Finland to Bangladesh.

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



## Indranil Bagchi

Director since 2016

Mr. Indranil Bagchi is the Chief Financial Officer of the Linde India Limited. He also has additional responsibility as Director of Linde Bangladesh Limited and Ceylon Oxygen, a member of The Linde Group. Mr Bagchi had joined Linde (then BOC) in April 2001 and has worked in various roles in finance, internal audit and customer service. He had worked in a regional role as the Investment Controller for Linde South East Asia based out of Singapore for 4 years between 2010 to 2013. Prior to his current role he was the Head of Finance and Control in Linde Malaysia for a period of 3 years from 2013 to 2016. He came back to India in July 2016 as the CFO of Linde India.

A qualified Chartered Accountant, Mr Bagchi graduated in Commerce from St Xavier's College, Kolkata. He is also on the Board of Linde Global Support Services (P) Ltd, India, the IT support services for the Linde Group.

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# Chairman's Statement.

## Dear Shareholders,

It is my pleasure to welcome you to The 45th Annual General Meeting of your Company, Linde Bangladesh Limited and present to you the business results of the year 2017. The performance of your company in 2017 was excellent. It has been the best year so far, both in terms of revenue and earnings.

Your company's performance would appear even more impressive if we consider the challenges posed by product shortage during the first three quarter of the year and the effort needed in importing and distributing products. The management of Linde Bangladesh Limited deserve commendation for continued effort in sourcing raw materials at competitive prices, investing in Capital Expenditure for capacity improvement in Production and Distribution and sustained hard work in ensuring timely import and distribution of products.

In my view, a very significant event for your Company in 2017 was the commissioning of the new ASU Plant in Rupganj. The Plant went into commercial production in September 2017, months ahead of schedule. Initially, the plant faced serious problems because of non-availability of continuous power. This has been largely overcome. With production from the new ASU Plant, product shortage, that plagued us for years, has been minimized. So has the need for import of products. The Linde Bangladesh Limited management has done a superb job in commissioning the ASU Plant ahead of schedule and keeping it operational despite many odds.

I invite you to join me in congratulating the management of Linde Bangladesh Limited on their dedicated hard work resulting in sustained business growth under a challenging environment.

As I have said already, 2017 was an excellent year for your company. Your company's topline has grown by BDT 67 crore in one single year. The strong brand image of our existing MS Electrode brands and the market share gained by the newly launched brands helped higher revenue growth in PGP business. Bulk business soared 17% over 2016 through focus on existing and new customers in Steel rerolling, Ship Breaking, Pharmaceutical, Energy and Beverages sectors. This was facilitated by timely capital expenditure in distribution channel for import of cross boundary products. Healthcare business also saw a 12% growth over 2016 mainly from new customer acquisition in Bulk Medical Oxygen and higher revenue in pipeline.

## Business Environment and Financial Performance

The country experienced relative political stability throughout the year, providing the space for economic progress and human development. Robust GDP growth with moderate inflation contributed in fostering a conducive business environment. The country is benefitting from implementation of major infrastructure development projects such as intercity highways and the focus on building country wide connectivity through road, rail and waterways. The sustained investment in the power sector has resulted in an improved power situation, although uninterrupted, quality power supply remains a far cry. The Real Estate sector and the Ship Building industry, which had been moribund for some time, continued their recovery. The Steel rerolling sector is also showing robust growth. All these augur well for your company.

In 2017, your company pursued growth aspirations in terms of new customer acquisition, by exploring opportunities, amid a challenging external environment. The constraint the company encountered during 2017 was product shortage in Gases Business as demand rose rapidly despite lack of incremental production from own plant. The shortage was managed by cross border trunking of products with relatively higher cost base. With the commissioning of the new ASU Plant, the situation has changed. Product shortage has been largely overcome minimizing the need for import.

I am pleased to inform you that the turnover of the company registered a net increase of 16% in 2017 compared to prior year. On the other hand, profit from operations and profit before taxation achieved growth by 10% over prior year. Improvement of profit from operations resulted primarily from contribution by incremental sales, cost containment measures adopted by the company in 2017 and sourcing of raw material at competitive price from international market through e-auction and other measures. The rising international price of raw materials had been a challenge throughout the year. Interest income for the year was lower than prior year mainly because drop in interest rate compared to earlier year.

Working Capital position was slightly higher than prior year due to increase in trade receivable on account of higher volume sales but percentage of Trade Working Capital (TWC) to Sales remained almost same which reflects effective working capital management by Board. Trade creditors and other current liabilities were maintained well. The ongoing investment in major projects were managed from the Company's own resources, without availing any interest-bearing

borrowing from external sources. Surplus liquid funds were placed in fixed deposit to earn interest income.

The Directors of your Company recommended a final dividend of taka 14.00 (140%) per share for the year ended 31 December 2017. This would require a pay out of Taka 213.06 million. The total payout for the year, including interim dividend of Taka 20.00 (200%) per share, would be Taka 517.42 million and the dividend would be Taka 34.00 (340%) per share.

## Supply

Rupganj new ASU production started in September 2017, a quarter ahead of the scheduled time. Since November, the import of Oxygen & Nitrogen has been stopped. Initially, the challenge to run the new ASU was the continuous power availability. In recent days, the power situation has improved resulting in higher productivity. With the enhanced capacity at Rupganj with new ASU, the Company meets the customers demand in full. The CO2 plant was transferred to Rupganj in March 2017. The filling station at Tejgaon has been moved to newly built 'state of the art' PGP plant at Rupganj.

## Product distribution

Capex investment for distribution vehicles has significantly improved the deliverable capacity for Gases business. Cross border importation had reached its peak through comprehensive planning and coordination of the fleets at both ends of the border. After inauguration of the new ASU Plant, product trunking was synchronized to optimize the production and importation processes. Further initiatives were taken to synchronize compressing plant relocation and major maintenance of the existing ASU plants.

In the Linde environment doing business is not enough in itself, rather doing business with maintaining safety is of paramount importance. In the arena of transport safety, significant initiatives were taken in terms of contractor management, Drivers' welfare, etc. Safe transport operation was reinforced by implementing "In Cab Camera" monitoring, Digital pre-delivery check & driver briefings, Roller brake tester, Fleet control room & Dispatching activities, Quarterly driver safety award program, etc. With all these initiatives, Linde Bangladesh has successfully achieved the milestone of "Major Accident free transport operation for the whole year 2017 (600+ days)". This achievement was widely appreciated in the domestic & international levels in the organization.

In summary, the performance reflects Linde`s aptitude in managing safe, synergized and effective distribution channels throughout the year.

## Safety matters

Safety remains top most priority for all stakeholders to align with the group HSE policy " The Linde Group will avoid harm to people society & the environment" with vision of zero incident. Performance in safety for 2017 was better compared to last few years. Below table shows the safety performance of 2015-2017:

| Incident Category | FY'15 | FY'16 | FY'17 |
|---|---|---|---|
| Major incident report (MIR) | 2 | 1 | 0 |
| Severe injury & fatality (SIF) | 2 | 6 | 3 |
| Workplace injury (recordable case - medical treatment & above) | 1 | 4 | 1 |

Milestone achievement of the year is "zero major incident (MIR free year)" & " zero transport incident (no MIR & SIF in transport operations)". Linde Bangladesh Limited passed 682 days & 7 million miles commercial vehicle travelling without major incident. Still safety remains focus for all & there was three SIF with one lost time injury (LTI) cases in 2017. The workplace injury rate is 0.357 i.e. 0.357 number of recordable incident for 1 million man hours work.

The Company also achieved all the leading indicators of safety like MHRP certificate, engineering audit, corrective actions management, online & off-line training, transport safety, B-SHEQ, incident management, HSE roadmap, leadership team visit of the operational site. Also 98% achievement of safety improvement plan of 2017. Introduced mobile phone policy in 2017 as per RSE guideline & communicated to all relevant employee & contractors. Company introduced "safety spot award" to recognize & motivate safety activity through-out the organization.

Linde Bangladesh celebrated the "Linde Safety Day 2017" in all locations including 18 sales centers. Cluster Head, Country MD & country leadership team has participated in the events. This year our valued

customer joined with us in the event organized for them. The slogan was “Together we can prevent all incidents”. Company also organized the other safety awareness event like "world water day", "world environment day" and emergency mock drill at major site.

The transport safety remains in focus both for commercial & passenger vehicle. Monitoring the safety performance through ICC & VTS to improve safe driving practice. The driver award programs are also in place to encourage safe driving behavior.

## Human Resources

During 2017 our people have been at the centre of all major organizational transformation after the change of leadership at the top level. The key objectives of the leadership are to create an organization that is faster, more agile and more competitive. We want our people to think and behave in innovative ways, making them more empowered, giving them the opportunity to experiment and encouraging them to think and act like entrepreneurs and business owners. These changes will be key in attracting the right people to achieve our business goals.

The vision of Human Resources function is to create an organization that will enable high performance and profitable growth by shaping a unique culture of execution, passion and pride. To support the vision, the company has invested in various training & development programmes (both in-house & external), initiated multiple employee engagement events, such as celebration of International Womens' Day, English & Bengali New Year, Pohela Falgun, Pitha Utshob, etc. and implemented recognition and reward for a more empowered workforce.

## Information Services

Last year Linde Bangladesh information Services (IS) had made significant efforts in increasing collaboration, controls, securing information related assets and data through different projects and initiatives. Linde Bangladesh established low cost, secure and efficient remote operation center connectivity which enabled centralized management of our plant assets, by highly skilled professionals. Information Services had implemented Microsoft Office365 services for email, collaboration, and online meeting solutions which resulted faster data access, improved collaboration and communication. Many regional and global initiatives were undertaken to bring our business process up to a consistent global standard.Corporate

## Corporate social responsibly

The Linde Group`s global Corporate Responsibility guidelines focus on the sustainability and impact of the CSR projects. Our Company strives to be a silent partner in its CSR activities. In line with the CSR activities of previous years, tree plantation was undertaken in Combined Military Hospital-Chittagong and Padma Multipurpose Bridge Resettlement Area. The Company continued to provide safe driving training among drivers, helpers, and employee-owned car drivers to raise safety awareness to avoid possible road accidents. Throughout the year, the Company also engaged fresh graduates from leading public and private universities as interns in different departments. The Company also awarded scholarships among the bright and meritorious children of non-management staffs and dealers to support them to continue their studies at higher secondary and graduation level.

## Prospects

Dear Shareholders:

Since 2015, your Board has pursued a deliberate and conscious policy of consolidation and preparation for the future. This involved strategic decision to make the Company more efficient and build the capacity for continued profitable operation in the years to come. In 2015, a major restructuring of our operating model and organizational set up was implemented. I reported this in the AGM in 2016. Also major investments in production, distribution and other facilities have been made in the past three years, including the taka 120 crore new ASU plant. I reported this to you in the AGMs in 2016, 2017 and in my remarks earlier today. We envisage further major capital expenditure in 2018 and possibly 2019. All your Company’s capital expenditure is being met from the Company’s own resources, without incurring any interest bearing borrowing from external sources.

You know your Company strives to be the leader in all the business sectors in which it operates in Bangladesh, while upholding its values and principles. Like all businesses, your Company faces challenges in terms of competition in price, quality or operational excellence. I believe




Linde Bangladesh Limited receives Regional South Asia and ASEAN Safety Certificate for working 365 days without a Major incident Report and making out sites a safer place for people who work with and for Linde.




Linde Bangladesh Limited receives special citation award of Regional Excellence 2018 for early commissioning of New ASU.

that in 2018, your Company is positioned well to meet such challenges. The availability of products, the superior product quality of Linde, safety record for handling hazardous products and price competitiveness will lead to healthy revenue growth in the years to come. We can say with some confidence that today your company is poised for sustained growth. To achieve this, we have to innovate constantly, increase operational efficiency and cost effectiveness. And we must continue to make necessary and timely investments, both in people and in products and processes.

In the Annual General Meeting last year, I said that 2016 was the best ever year for your Company. Today, I am privileged to be able to say the same about 2017. My hope is to able to say the same thing about the year in review in all future AGMs. Based on the performance of 2017, I look forward to 2018 with optimism and anticipation, as we continue to advance our ambitions. I thank all who helped in achieving our 2017 results. I am grateful to the members of the Board for their counsel and guidance and the Shareholders for their support. Above all, I thank the employees of the Company. They are our most valuable asset. We are beholden to our customers, suppliers, banks, Government authorities and agencies for their cooperation and help.

Thank you ladies and gentlemen.

Thank you,

Ayub Quadri
28 February 2018

# Report of the Board of Directors.

The Board of Directors Linde Bangladesh Limited is pleased to present the Directors' Report and Auditors' Report together with the Financial Statements of the Company for the year ended 31 December 2017. The Director's report highlights the key business activities that drove the performance of the Company and presents the necessary disclosures in relation to good corporate governance.

## Industry Outlook and Possible Future Developments

The overall economy has been buoyant during the year 2017. The political stability coupled with aggressive GDP growth gives a confidence for most of the business sectors. The country has been experiencing massive infrastructural developments. The govt led mega projects and investment in energy sectors are the key areas where Linde Bangladesh explores opportunities for growth. The per capita steel consumption in Bangladesh is the lowest among the South Asian countries. Most of the steel makers have started eyeing for explosive investment in the country.

In a highly competitive business environment where formal and informal competitors continuously pursue market shares with various activities including price reduction, quality revision and other incentives, Linde has continued to sustain the existing customer base by offering superior quality products at competitive price. Leveraging The Linde Group's advanced technology, Linde Bangladesh Limited focuses on the expansion of its business with innovative and customized solutions and products for its customers to meet future challenges. Over the years, Linde Bangladesh Limited has partnered in the country's economic growth, backed by investment in process and developed own brands where lower cost base was subsequently passed on to customers.

Today, Linde Bangladesh Limited possesses a diverse product base with integrated production facilities and offices across the country. In addition, it is equipped to provide a wide range of services including purging jobs at oil fields, installation of Medical Oxygen Pipeline, supply of special gases in various industrial sectors and related engineering services. Linde Bangladesh Limited continues to invest in its people, helping them build and improve their capabilities. In addition, it has also invested in its capacities and operations such as the new PGP site, helping it deliver products and services more efficiently and effectively to its customers.

Underpinning everything Linde Bangladesh Limited does is adherence to its core values: safety, integrity, respect and sustainability and its responsibilities to the environment in which it operates and the communities where it works.

Linde Bangladesh Limited maintains a strong focus on profitable business growth, steadily enhancing its offerings to add value for its customers. To offer customers a reliable source for all Bulk and compressed gases, the construction of new 100 TPD ASU plant at Rupganj site has been completed and went for commercial production in September 2017. The higher investment in Distribution channel enabled import of more liquid products. Similarly, investment in Flux Blending equipment helped in developing Linde Bangladesh Limited brands with a competitive price for customers without compromising quality.

## Business performance

The Company continued its sustainable growth in terms of business performance. The revenue of the Company for the year 2017 was Tk. 4,942 m as against Tk. 4,271 m of 2016. The revenue is derived from following segments:

| Segments | 2017 | 2016 |
|---|---|---|
| | MBDT | MBDT |
| Bulk Gases | 529 | 452 |
| Packaged Gas and Products (PG&P) | 3,833 | 3,301 |
| Healthcare | 580 | 518 |
| | 4,942 | 4,271 |

Bulk gases comprise of liquid industrial oxygen, liquid nitrogen, liquid argon and carbon dioxide. PG&P comprise of mild steel electrodes and compressed industrial gases. Healthcare comprises of medical gases, medical equipment and medical pipeline.

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

## Bulk

Industrial liquid gases, Oxygen, Nitrogen, Argon and Carbon dioxide comprise the Bulk segment. In 2017, the overall performance of the segment has been significantly better than PY. The entire bulk business has grown 17% over last year with significant volume growth in all product portfolio. Other than Liquid Oxygen- Liquid Nitrogen, Liquid Argon & Liquid $CO_2$ volume has grown by 38%, 42% & 11% respectively. Liquid Oxygen could not achieve growth mainly due to the acute



Mr Mohsin Uddin Ahmed receives award for 'ICMAB Best Corporate Award 2016' in Manufacturing (others) category from Mr Abul Maal Abdul Muhith MP, Hon'ble Minister, Ministry of Finance.



Tree plantation program at Padma Multipurpose Bridge Resettlement Area

product shortage till Q3. The major growth segment was supported by the capacity enchantment in Q3 following new ASU operation and also from higher demand in segment like Metallurgy, Manufacturing, Livestock, Pharmaceuticals, and Petroleum industry. Nitrogen sales were maintained based on its demand for gas pipeline purging in gas projects and the livestock sales. The Company secured new contracts in beverage industry and started supplying Liquid CO2, part of which were secured by additional trunking from India. The sales growth was significant despite facing acute crisis of product availability. After Q3 in 2017, import has been continuing only for Liquid Argon.

## PG&P (packaged gas & products)

Overall revenue of PG&P segment has grown by 16% from prior year, which consists regular sales and project sales in special products. The major products contributing in growth were Hydrogen, Helium, Fire Suppression. But the regular portfolio of PGP Industrial Gases suffered in some areas where there was product shortage on all compressed gases till Q3. This also impacted DA sales. After Q3, sale of DA started growing along with Oxygen. In case of CORGON sales, a number of new accounts have been enrolled and some others are in the pipeline.

Hardgoods sales recorded a growth of 16% in 2017 over 2016. The result was achieved by innovation in new product development which helped the new Linde brands to flourish and win customer confidence. The earlier investment in state of the art flux blending facility is also helping in product development. Investment in product R&D and also in skilled workforce helped in achieving the result. Effective channel management by offering reasonable incentives to dealers, BCP & contract management with large institutions were the key areas for the success of the team.

## Healthcare

The Healthcare segment includes all services related to the supply of Medical Gases, such as Medical Oxygen, Nitrous Oxide, Medical Air, Medical Carbon di Oxide, Gas Cylinders & Accessories and supply & installation of Medical Gas Pipeline Systems.

2017 has been a good year for Healthcare Business, with improved revenue, new business wins and some renewal of contracts. The overall growth was 12% over last year mainly due to conversion of customers in Liquid Medical Oxygen from Compressed, retention of major customers and maintaining the Nitrous Oxide growth momentum. Costs were managed well through efficiency and productivity efforts. Continuing growth is anticipated in the Healthcare segment.



Rupganj 100 TPD ASU plant was commissioned

## Financial Results

The Company recorded an impressive 16% growth in Sales in 2017 compared to the previous year. This was contributed by higher sales in all business segments. It has been the best year so far, both in terms of revenue and earnings. Despite the product crisis, both Bulk and HC business managed to register higher sales by incremental trunking. Hardgoods business gained market share by product development and price reduction.

The growth in Real Estate business and the increased activities in ship breaking/ship building industries contributed to higher sales. Government's investment in Healthcare facility also provided opportunities for growth in Medical oxygen sales.



Conducted safe and Defensive Driving Training to third party drivers



Management Conference at the Royal Tulip Hotel, Cox's Bazar, Chittagong held on 9 March 2018

Gross profit was 17% higher in 2017 compared to prior year mainly due to impact of incremental sales partially offset by sales mix. The lower cost of electrode raw material achieved through e-auctions and benefits from own Flux blending facility and Fixed cost containment initiatives also contributed to higher gross profit.

All of the above resulted into a higher Operating profit in 2017 compared to previous year:

| Particulars | 2017 | 2016 |
|---|---|---|
| | MBDT | MBDT |
| Revenue | 4,942 | 4,271 |
| Cost of Sales | (2,632) | (2,290) |
| Gross Profit | 2,310 | 1,980 |
| Other Income | (19) | (3) |
| Operating Expenses | (934) | (744) |
| Profit from operations | 1,357 | 1,233 |
| Net finance income | 16 | 20 |
| Profit before contribution to WPPF | 1,373 | 1,253 |
| Contribution to WPPF | (69) | (63) |
| Profit before taxation | 1,304 | 1,191 |

## Working Capital Management

Working Capital position improved slightly. The improvement reflected a continuous monitoring of stock position and Debtors balance by Business. Trade payables were also managed well.

## Risks & Concerns

The Company has a defined business risk assessment process which has been illustrated under Corporate Governance Chapter and the notes to the Financial Statements.

## Internal Control

The Company maintains a sound internal control system which gives reasonable assurance that the Company's resources are safeguarded and the financial position of the Company is well managed. The internal control framework is regularly reviewed by the Audit Committee in each meeting and reported to the Board of Directors. Group Internal Audit team conducts audit to evaluate appropriateness of internal control. The findings and subsequent follow up with remedial status are reported to the Audit Committee and are escalated to the Group Internal Audit. This report further encloses a detailed deaccession on the Corporate Governance.

## Going Concern

The Directors are of the opinion that the Company is a going concern and there are no significant doubts upon the Company's ability to continue as a going concern. Accordingly, Financial Statements are prepared on a going concern basis.

## Remuneration to Directors

Independent and Non-Executive Directors other than Directors who are in the employment of the Linde group Companies are paid as agreed by the country management.

The remuneration, performance and related bonus of Executive Directors are reviewed and approved by the concerned management. The details of the remuneration paid to the Executive Directors during the year are given in Notes of the Financial Statements.

## Dividends

An interim dividend of Taka 20.00 (200%) per share amounting to Taka 304.36 m was paid out in the year.

With the Directors' recommendation for a final dividend of Taka 14.00 per share for the year, involving a payout of Taka 213.06 m subject to approval at the Annual General Meeting, over all dividend percentage for the year would be 340% and total dividend payout for the year would amount to Taka 517.42 m (Taka 471.77 m in 2016).

## Additional statements on regulatory disclosure

The Directors of the Company have included the other following disclosures:

- The financial statement prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;
- All deviations from the last year's operating results of the Company have been highlighted under the above Financial Results;
- The summarized key operating and financial data of at least preceding five years (2012-2017) is set out in Annexure-I.



Transport emergency mock drill 2018 was held on 15 February 2018



Linde Bangladesh Limited observe the 'Safety Day' at Rupganj Site with presence of Mr Moloy Banerjee, Managing Director of India and opening speech by our Managing Director.

- All transactions with related parties have been made on a commercial basis and the basis was the principle of "Arm's Length Transactions". Related party transactions have been presented in notes to the Financial Statements;
- There is no extra-ordinary gain or loss during the year;
- Utilization of proceeds from public issues is not applicable;
- Explanation of financial results after IPO is not applicable;
- During the year, the Company has paid a total of Tk 190,000 as Board meeting attendance fees. The remuneration of Directors has been mentioned in the Notes to the Financial Statements;

## Reserves

The Directors propose to transfer net profit for the year Taka 963.00 m to General Reserve.

## Directors

The present directors are named on pages 6 to 8 of this report.

Ms. Desiree Bacher and Mr. Indranil Bagchi shall retire from the Board by rotation at the 45 Annual General Meeting under Article 81 of the Articles of Association of the Company. All the retiring Directors, being eligible, are proposed for re-election at the 45 Annual General Meeting.

Mr Kazi Sanaul Hoq was appointed to Board as a Director of the Company in place of Mr Md Iftikhar-uz-Zaman on 24 October 2017. The Board of Directors would like to put on record its appreciation of Mr Zaman's contribution to the Company during the tenure that he was with the Company.

The Board of Directors appointed Mr Kazi Sanaul Hoq, on 24 October 2017 as a Director of the Company. Mr Hoq having been appointed to the board since the last Annual General Meeting under the provision of Article 87 also retires and being eligible, offers himself for re-election.

## Contribution to National Exchequer

Total payment of duty and taxes to National Exchequer in 2017 was Tk 1,461 m as against Tk. 1,239 m for 2016.

## Auditors

The statutory auditors of the Company, Rahman Rahman Huq, Chartered Accountants, shall retire in this Annual General Meeting. As per SEC Order No. SEC/CMRRCD/2009-193/104/Admin dated 27 July 2011, an audit firm cannot be engaged for more than three consecutive years as statutory auditors of the same Company. Rahman Rahman Huq has been the statutory auditors of the Company for last three years. In compliance with BSEC order, it is necessary to appoint new statutory auditors for the Company. Hoda Vasi Chowdhury & Co., Chartered Accountants have expressed their willingness to be appointed as statutory auditors of Linde Bangladesh Limited. The Board recommends appointment of Hoda Vasi Chowdhury & Co.,Chartered Accountants, as statutory auditors of the Company for the year 2018 subject to approval of the shareholders in the 45 Annual General Meeting and to continue till the next Annual General Meeting at a fee of BDT Taka 690,000 only.

On behalf of the Board of Directors,
28 February 2018

Mohsin Uddin Ahmed
Managing Director

Ayub Quadri
Director & Chairman

# Committees.

## Audit Committee

The Board has constituted an Audit Committee for the Company according to the conditions of BSEC guidelines. The composition of Audit Committee as at 31 December 2017 is as follows:

| | | |
|---|---|---|
| Chairperson | Ms Parveen Mahmud | Independent Director |
| Member | Mr Moloy Banerjee | Director |
| Member | Ms Desiree Bacher | Director |
| Member | Mr Waliur Rahman Bhuiyan | Director |
| Secretary | Md Anisuzzaman | Chief Financial Officer and Company Secretary |
| In Attendance | Ms Sanchita Chakraborty Das | Country Head of Internal Audit Bangladesh |

## Country Leadership Team

The Board of Directors is duly assisted by the senior management of the Company, namely the Country Leadership Team (CLT). The Managing Director leads the CLT which comprises of the following head of functions:

| | | |
|---|---|---|
| Chairman | Mr. Mohsin Uddin Ahmed | Managing Director |
| Member | Mr. Md Anisuzzaman | CFO and Company Secretary |
| Member | Ms. Saiqa Mazed | Head of Human Resources |
| Member | Mr. A K M Tareq | Head of Sales & Marketing, Hardqoods |
| Member | Mr. Syed Asgar Ali | Head of Procurement |
| Member | Mr. Khalilur Rahman | Head of SHEQ |
| Member | Mr Nurur Rahman | Head of Sales & Marketing, PG & Bulk |
| Member | Mr. Mushfique Akhter | Head of Healthcare |

## Safety Council Team

Safety Council Team, this forum works to support safety related programs and try to improve the safety performance and culture. The objective of the team is to monitor the country leading and lagging indicator of safety and also other safety related issues. The Managing Director leads the Safety Council Team which comprises of 19 members as follows:

| |
|---|
| Head of Safety, Health, Environment and Quality (SHEQ) |
| Country leadership team |
| Head of all Functions |
| Transport Safety Manager |
| On site Plant Manager |
| Operation Manager |
| Customer Engineer Service Manager |

Country leadership team.



From left to right: Mr. Syed Asgar Ali, Head of Procurement, Mr. Mushfique Akhter, Head of Healthcare, Mr. A K M Tareq, Head of Sales & Marketing, Hardqoods, Mr. Mohsin Uddin Ahmed, Managing Director, Mr. Md Anisuzzaman, Chief Financial Officer and Company Secretary, Ms. Saiqa Mazed, Head of Human Resource, Mr. Nurur Rahman, Head of Sales & Marketing, PG & Bulk, Mr. Khalilur Rahman, Head of SHEQ.

# Annexure 1.

Key operating and financial data of five years preceding the year ended 31 December 2017.

## Financial History

| | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|
| Revenue | '000 Taka | 3,817,127 | 4,056,278 | 3,984,482 | 3,933,185 | 4,270,585 | 4,941,799 |
| Profit before tax | " | 660,493 | 1,001,587 | 851,035 | 881,343 | 1,190,832 | 1,304,260 |
| EBITDA | " | 776,996 | 1,138,255 | 994,095 | 1,031,201 | 1,381,796 | 1,516,448 |
| Taxation | " | 180,575 | 225,544 | 242,659 | 213,086 | 324,114 | 171,432 |
| Deferred tax | " | (2,593) | 37,148 | (11,756) | 17,786 | –14,480 | 180,090 |
| Earnings | " | 482,511 | 738,895 | 620,132 | 650,471 | 881,198 | 952,738 |
| Final dividend proposed | " | 167,401 | 167,401 | 167,401 | 167,401 | 167,401 | 213,056 |
| Interim dividend paid | " | 304,366 | 304,366 | 304,366 | 304,366 | 304,366 | 304,366 |
| General reserve | " | 2,019,010 | 2,286,138 | 2,434,503 | 2,613,207 | 3,032,750 | 3,523,636 |
| Share capital | " | 152,183 | 152,183 | 152,183 | 152,183 | 152,183 | 152,183 |
| Revaluation reserve | " | 20,174 | 20,174 | 20,174 | 20,174 | – | – |
| Shareholder's equity | " | 2,191,367 | 2,458,495 | 2,606,860 | 2,785,564 | 3,184,933 | 3,675,819 |
| Net fixed assets | " | 1,474,836 | 1,508,991 | 1,535,145 | 1,914,405 | 2,543,935 | 3,218,638 |
| Depreciation | " | 146,144 | 157,425 | 164,531 | 162,617 | 201,863 | 219,651 |
| | | | | | | | |
| Earnings per share | Taka | 31.71 | 48.55 | 40.75 | 42.74 | 57.90 | 62.60 |
| Price earnings ratio-times | | 17 | 13 | 22 | 27 | 22 | 21 |
| Return on Capital Employed | % | 22 | 30 | 24 | 24 | 28 | 26 |
| Gross profit ratio | % | 34 | 37 | 40 | 23 | 46 | 47 |
| Debt equity ratio-times | | – | – | – | – | – | – |
| Current ratio-times | | 2.60 | 3.08 | 3.11 | 2.44 | 1.55 | 1.67 |
| Dividend per share | Taka | 31.00 | 31.00 | 31.00 | 31.00 | 31.00 | 34.00 |
| Dividend percentage | % | 310 | 310 | 310 | 310 | 310 | 340 |
| Net assets per share | Taka | 144.00 | 161.55 | 171.30 | 183.04 | 209.28 | 241.54 |
| Operating cashflow per share | " | 31.78 | 54.91 | 50.89 | 67.14 | 73.18 | 76.13 |

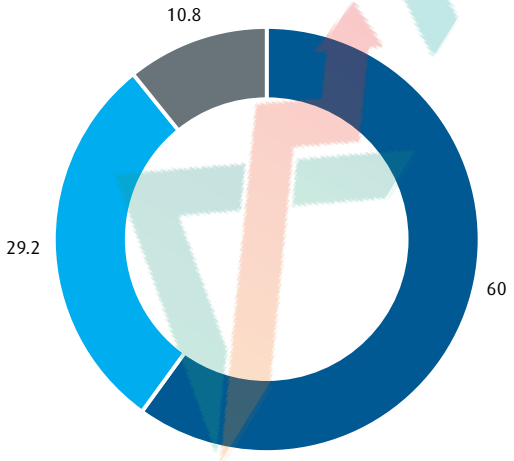
# Annexure 2.

## Shareholding Pattern

| Director's Name | | | No. of shares |
|---|---|---|---|
| | 2015 | 2016 | 2017 |
| Mr Ayub Quadri (Chairman) | 10 | 10 | 10 |
| Ms Parveen Mahmud (independent Director) | 50 | 50 | 50 |
| Mr Waliur Rahman Bhuiyan OBE (independent Director) | 44 | 44 | 44 |
| spouse (Folio # S0606) | 44 | 44 | 44 |
| | | | |
| Executive Name | | | |
| Nil | | | |
| | | | |
| 10% or above shareholding : Name | | | |
| The BOC Group Limited | 9,130,968 | 9,130,968 | 9,130,968 |
| ICB Unit Fund | 1,772,605 | 1,094,019 | 1,068,289 |
| | | | |
| Parent, Subsidiary, Associated Companies | | | |
| The BOC Group Limited | | | |
| Bangladesh Oxygen Limited | | | |
| BOC Bangladesh Limited | | | |

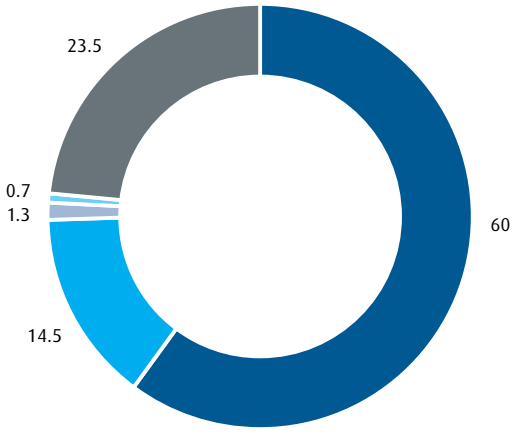
## Percentage of shareholdings – institutes & publics

- The BOC Group Limited (60.0)
- Various Institutes (29.2)
- Public (10.8)




## Percentage of shareholdings – various companies & others

- The BOC Group Limited (60.0)
- Investment Corporation of Bangladesh (14.5)
- Sadharan Bima Corporation (1.3)
- Bangladesh Fund (0.7)
- Other Shareholders (23.5)




SMARTSTOCK

# Annexure 3.

## Board meetings

**During the period the Board met five times.**

| | Name of the Directors | No. of attendees |
|---|---|---|
| 1 | Mr. Ayub Quadri-Chairman | 5 |
| 2 | Mr. Mohsin Uddin Ahmed-CEO | 5 |
| 3 | Mr. Moloy Banerjee | 4 |
| 4 | Ms. Desiree Bacher | 2 |
| 5 | Mr. Md. Iftikhar-Uz-Zaman (resigned on 31 July 2017) | 3 |
| 6 | Ms. Parveen Mahmud (independent Director) | 4 |
| 7 | Mr. Waliur Rahman Bhuiyan OBE (Independent Director) | 2 |
| 8 | Mr. Indranil Bagchi | 3 |
| 9 | Mr Kazi Sanaul Hoq (Joined 24 October 2017 in place of Mr. Md. Iftikhar-Uz-Zaman) | 1 |

## Audit Committee meetings

**There were four meetings during the period.**

| | Name of the Members | No. of attendees |
|---|---|---|
| 1 | Ms. Parveen Mahmud-Chairperson (Independent Director) | 4 |
| 2 | Mr. Moloy Banerjee Director-Corporate Investor nominated | 4 |
| 3 | Ms. Desiree Bacher-Director-Corporate Investor nominated | 1 |
| 4 | Mr. Waliur Rahman Bhuiyan OBE (Independent Director) | Nil |

AMAR STOCK

# Annexure 4.

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

| Condition No. | (Report under Condition No. 7.00) Title | Compliance Status |
|---|---|---|
| 1. | Board of Directors. | |
| 1.1 | Board's Size: Board members should not be less than 5(five) and more than 20 (twenty) | Complied |
| 1.2 | Independent Directors. | |
| 1.2(i) | At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors. | Complied |
| 1.2(ii) (a) | Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company. | Complied |
| 1.2(ii) (b) | Who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company:<br>Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members. | Complied |
| 1.2(ii) (c) | Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies. | Complied |
| 1.2(ii) (d) | Who is not a member, director or officer of any stock exchange; | Complied |
| 1.2(ii) (e) | Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market; | Complied |
| 1.2(ii) (f) | Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm; | Complied |
| 1.2(ii) (g) | Who shall not be an independent director in more than 3 (three) listed companies; | Complied |
| 1.2(ii) (h) | Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI); | Complied |
| 1.2(ii) (i) | Who has not been convicted for a criminal offence involving moral turpitude. | Complied |
| 1.2(iii) | The independent director (s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM). | Complied |
| 1.2(iv) | The post of independent director (s) can not remain vacant for more than 90 (ninety) days. | Complied |
| 1.2(v) | The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded. | Complied |
| 1.2(vi) | The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only. | Complied |
| 1.3 | Qualification of Independent Director. | |
| 1.3 (i) | Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business. | Complied |
| 1.3 (ii) | The person should be a Business Leader/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/professional experiences. | Complied |
| 1.3 (iii) | In special cases the above qualifications may be relaxed subject to prior approval of the Commission. | No such matter |
| 1.4 | Chairman of the Board and Chief Executive Officer. | |
| | The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer. | Complied |
| 1.5 | The Directors' Report to Shareholders. | |
| 1.5(i) | Industry outlook and possible future developments in the industry. | Complied |
| 1.5(ii) | Segment-wise or product-wise performance | |

| Condition No. | (Report under Condition No. 7.00) Title | Compliance Status |
|---|---|---|
| 1.5(iii) | Risks and concerns. | Complied |
| 1.5(iv) | A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin. | Complied |
| 1.5(v) | Discussion on continuity of any Extra-Ordinary gain or loss. | No such matter |
| 1.5(vi) | Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report. | Complied |
| 1.5(vii) | Utilization of proceeds from public issues, rights issues and/or through any others instruments. | No such matter |
| 1.5(viii) | An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc. | No such matter |
| 1.5(ix) | If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report. | No such matter |
| 1.5(x) | Remuneration to directors including independent directors. | Complied |
| 1.5(xi) | The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity. | Complied |
| 1.5(xii) | Proper books of account of the issuer company have been maintained. | Complied |
| 1.5(xiii) | Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment. | Complied |
| 1.5(xiv) | International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed. | Complied |
| 1.5(xv) | The system of internal control is sound in design and has been effectively implemented and monitored. | Complied |
| 1.5(xvi) | There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed. | No such matter |
| 1.5(xvii) | Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained. | Complied |
| 1.5(xviii) | Key operating and financial data of at least preceding 5 (five) years shall be summarized. | Complied |
| 1.5(xix) | If has not declared dividend for the year, the reasons given (cash or stock). | No such matter |
| 1.5(xx) | The number of Board meetings held during the year and attendance by each director shall be disclosed. | Complied |
| 1.5(xxi) (a) | Parent/Subsidiary/Associated Companies and other related parties (name wise details); | Complied |
| 1.5(xxi) (b) | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details); | Complied |
| 1.5(xxi) (c) | Executives; | Complied |
| 1.5(xxi) (d) | Shareholders holding ten percent (10%) or more voting interest in the company (name wise details). | Complied |
| 1.5(xxii) | In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders: | |
| 1.5(xxii) (a) | A brief resume of the director; | Complied |
| 1.5(xxii) (b) | Nature of his/her expertise in specific functional areas; | Complied |
| 1.5(xxii) (c) | Names of companies in which the person also holds the directorship and the membership of committees of the Board. | Complied |
| 2. | Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS). | |
| 2.1 | The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS. | Complied |
| 2.2 | The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters. | Complied |

| Condition No. | Title | Compliance Status |
|---|---|---|
| 3. | Audit Committee. | |
| 3(i) | The company shall have an Audit Committee as a sub-committee of the Board of Directors. | Complied |
| 3(ii) | The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. | Complied |
| 3(iii) | The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing. | Complied |
| 3.1 | Constitution of the Audit Committee. | |
| 3.1(i) | The Audit Committee shall be composed of at least 3 (three) members. | Complied |
| 3.1(ii) | The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director. | Complied |
| 3.1 (iii) | All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience. | Complied |
| 3.1(iv) | When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee. | No such matter |
| 3.1(v) | The company secretary shall act as the secretary of the Committee. | Complied |
| 3.1(vi) | The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director. | Complied |
| 3.2 | Chairman of the Audit Committee. | |
| 3.2(i) | The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director. | Complied |
| 3.2(ii) | Chairman of the audit committee shall remain present in the Annual General Meeting (AGM). | Complied |
| 3.3 | Role of Audit Committee. | |
| 3.3 (i) | Oversee the financial reporting process. | Complied |
| 3.3 (ii) | Monitor choice of accounting policies and principles. | Complied |
| 3.3 (iii) | Monitor Internal Control Risk management process. | Complied |
| 3.3 (iv) | Oversee hiring and performance of external auditors. | Complied |
| 3.3 (v) | Review along with the management, the annual financial statements before submission to the board for approval. | Complied |
| 3.3 (vi) | Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval. | Complied |
| 3.3 (vii) | Review the adequacy of internal audit function. | Complied |
| 3.3 (viii) | Review statement of significant related party transactions submitted by the management. | Complied |
| 3.3 (ix) | Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors. | Complied |
| 3.3 (x) | When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus. | No such matter |
| 3.4 | Reporting of the Audit Committee. | |
| 3.4.1 | Reporting to the Board of Directors. | |
| 3.4.1(i) | The Audit Committee shall report on its activities to the Board of Directors. | Complied |
| 3.4.1(ii) | The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:- | |
| 3.4.1(ii)(a) | Reporting of Conflicts of interest to the Board of Director; | No such matter |
| 3.4.1(ii)(b) | Suspected or presumed fraud or irregularity or material defect in the internal control system; | No such matter |
| 3.4.1(ii)(c ) | Suspected infringement of laws, including securities related laws, rules and regulations; | No such matter |
| 3.4.1(ii)(d) | Any other matter which shall be disclosed to the Board of Directors immediately. | No such matter |

| Condition No. | Title | Compliance Status |
|---|---|---|
| 3.4.2 | Reporting to the Authorities. | |
| | If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier. | No such matter |
| 3.5 | Reporting to the Shareholders and General Investors. | |
| | Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company. | Complied |
| 4. | External/Statutory Auditors. | |
| 4.(i) | Appraisal or valuation services or fairness opinions. | Complied |
| 4.(ii) | Non-engagement in designing of Financial Information System. | Complied |
| 4.(iii) | Non-engagement in Book keeping. | Complied |
| 4.(iv) | Non-engagement in Broker-dealer services. | Complied |
| 4.(v) | Non-engagement in Actuarial services. | Complied |
| 4.(vi) | Non-engagement in Internal Audit. | Complied |
| 4.(vii) | Non-engagement in any other services. | Complied |
| 4.(viii) | Non-engagement partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that Company. | Complied |
| 4.(ix) | Audit/certification services on compliance of corporate governance as required under clause (i) of condition No. 7. | Complied |
| 5. | Subsidiary Company. | |
| 5.(i) | Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company. | Complied |
| 5.(ii) | At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company. | Complied |
| 5.(iii) | The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company. | Complied |
| 5.(iv) | The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also. | Complied |
| 5.(v) | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company. | Complied |
| 6. | Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO). | |
| 6.(i)(a) | These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; | Complied |
| 6.(i) (b) | These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws. | Complied |
| 6.(ii) | There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct. | Complied |
| 7. | Reporting and Compliance of Corporate Governance. | |
| 7.(i) | The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost & Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis. | Complied |
| 7.(ii) | The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions. | Complied |

# Corporate Governance.

## Corporate governance practices

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

## Board of Directors

The Board of Linde Bangladesh Limited is responsible for managing the company and overseeing its general business activities. Its action and decisions are made in the best interests of the company, which includes the interests of shareholders, employees, customers and other stakeholder groups. Its aim is to create lasting value for stakeholders. The Board of Linde Bangladesh Limited comprises of 8 members of whom 2 members are independent directors, 1 member is executive director, 3 are Linde nominated directors, 1 ICB nominated director and rest 1 is non-executive director. The Board members include persons of high caliber with professional and academic qualification having experience in private and public sector operations. The Board of Directors reviews business performance in each meeting and approves periodical and annual financial results for publication. Board approves annual plan, capital expenditure for the year and passes resolution at meetings held on a regular basis.

## Board meeting

The Board of Linde Bangladesh Limited met five times in 2017. Board meetings were held under section # 96 of Companies Act 1994 and Bangladesh Security and Exchange Commission regulations regarding Board meeting were complied with. Director's attendance in the Board meeting is shown in the (annexure-3) of Directors report. In the Board Meeting the actions and decisions are geared towards the best interests of the Company taking into account the concern of shareholders, employees, customers and other stakeholders.

## Annual General Meeting

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

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

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

## Corporate Governance Compliance Report

In accordance of the requirement of Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013. Corporate Governance Compliance Report is attached in Annexure 1-4 on page 18-24.

## Corporate and financial reporting framework

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

## Accounting and external audit

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

## Internal control

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

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

## Internal audit

The internal audit function of Linde, Region of South and East Asia (RSE) conducts at regular intervals efficiency and effectiveness of the risk management and internal control on all activities of the Company. They also carryout internal audit on all functions of the Company like, Operations, Distributions, Sales and Marketing, Finance, Treasury system, Information Service. Internal Auditor submits their observation on weaknesses and non compliance of company's practices and statutory provisions. Each observation states the facts, weaknesses and recommendations for improvement. A direct responsible individual (DRI) is made for each observation and followed up by the Group internal auditor till recommendations are implemented. Internal audit activity is reviewed by the Audit Committee.

## Risk management

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

## Audit Committee

The Audit Committee reviews financial reporting process, system of internal control and management of business and financial risks, the audit process and the company's process for monitoring compliance with relevant laws and regulation and its own code of business ethics. The Audit Committee consist of four members, of which two are independent directors and rest are Group nominated directors. The Chairperson of the Audit Committee is an independent director. Audit Committee meets four times in a year. It is a subcommittee of Board of directors. Only committee members are entitled to attend the meeting. However, Managing Director, Chief Financial Officer and Internal Auditor are invited in the meeting. External auditor is invited in the meeting of the committee in which Annual Financial Statement is reviewed. Duties and Responsibilities of Audit Committee stated in Audit Committee Charter are as below:

- Oversee the financial reporting process.
- Monitor choice of accounting policy.
- Monitor internal control and Risk management process.
- Oversee hiring and performance of external auditor.
- Review annual financial statement before submission to the board for approval.

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- Review periodical financial statement before submission to the board for approval.
- Review adequacy of internal audit function.
- Review statement of related party transactions.
- Review Management letter issued by statutory auditor.

## Employee

Total number of employees in the Linde Bangladesh Limited at 31 December 2017 was 317 (31 December 2016 321). The Company paid salary and wages Taka 531 million (31 December 2016 Taka 444 million) during the year under review. The strategy of Company is to attract, develop and promote the best employee, build long term loyalty to the Company which is the most important prerequisite for long term success of the Company. Training arrangements were made throughout the year for people development. Through occupational safety and health protection measures, Linde Bangladesh Limited help its employee to stay healthy and protects them from risks that might arise from the work they perform for the Company.

## Compliance with laws

Company respects the provisions of the law and complies with those in business practices. Each employee of the Company must learn provisions of the law that applies to their job. The Board of the Company ensures that all provisions of the law are complied with in a timely manner. Any non compliance is immediately addressed.

## Code of Ethics

The Code of Ethics is structured to reflect the expectation of all stakeholders of the Company. Each employee of the Company must learn and comply with the standards and laws that applies to their job. Company actively monitors standards set out in the code. Code of Ethics covers:

- Making ethical decision.
- Dealing with customers, suppliers and markets.
- Dealing with shareholders.
- Dealing with employees.
- Dealing with the public.

## Corporate website

The Company developed an information website under corporate governance responsibility, where public information related to the Company is placed for interested group like shareholders, employees, customers and other stakeholders.

Information which are hosted in Company website are shown below:

- Annual Financial Statements.
- Periodical Financial Statements.
- Half Yearly Financial Statements.
- Price Sensitive information.
- Notifications etc.

The link of company website is www.linde.com.bd.

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# Statement of Directors' Responsibilities.

## Financial statements and accounting records

Linde Bangladesh Limited Directors are responsible for approving the Annual Report and its financial statements for the year ended 31 December 2017 in accordance with applicable law and regulations.

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

The Directors are legally responsible for ensuring fair presentation of financial statements, which comprises of the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes and related consolidated financial statements of Linde Bangladesh Limited and its subsidiaries.

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements including consolidated financial statements have been prepared and presented to ensure that:

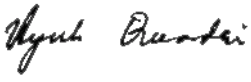
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- These statements together, present a true and fair view of the company's state of affairs and are in compliance with existing accounting standards and applicable laws.
- No transactions entered into by the company during the year, which are fraudulent, illegal, or violation of the company's code of ethics.

The Auditors of the Company have examined financial statements made available by the Board of Directors together with all relevant financial records and express their opinion in their report in page 31-32 of the Annual Report.

The financial statements were approved by the board of directors on 28 February 2018 and are signed on its behalf by:



Mohsin Uddin Ahmed
Managing Director



Ayub Quadri
Chairman

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# Audit Committee Report.

The Audit Committee of Linde Bangladesh Limited is appointed by the Board of Directors, as recommended by Bangladesh Securities and Exchange Commission (BSEC) notification. The Audit Committee consist of four members, of which two are independent directors, and rest are Group nominated directors. Meetings of the Committee were attended by the Managing Director, Chief Financial Officer and Internal Auditor of the company on invitation.

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

| | |
|---|---|
| Ms. Parveen Mahmud | Chairperson |
| Mr. Moloy Banerjee | Member |
| Ms. Desiree Bacher | Member |
| Mr. Waliur Rahman Bhuiyan | Member |

Four (4) meetings of Audit Committee were held during the year under review. In all meetings internal auditor gave presentation to the committee which covered internal audit plan, number of audit carried out during the year, audit observations, audit recommendations and status of its implementation. Audit Committee also met external auditor to discuss their observations on statutory audit and their recommendations for improvement. The Committee also reviewed the Financial Statements of both the subsidiary companies i) BOC Bangladesh Limited and ii) Bangladesh Oxygen Limited.

## Role of Audit Committee

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

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

## Meeting and attendance

The Committee holds 4 meetings in a year. The quorum shall be not less than two directors, one of whom, at least, shall be independent director.

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

## Activities carried out by the Audit Committee:

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

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

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

On behalf of the Audit Committee.



Parveen Mahmud
Chairperson, Audit Committee
28 February 2018

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# Compliance Certificate to the Shareholders.

We have examined the compliance of conditions of corporate governance guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by Linde Bangladesh Limited (the "Company") for the year ended 31 December 2017 as stipulated in clause 7(i) of the BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012.

The compliance of conditions of corporate governance guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the Company's management. Our examination for the purpose of issuing this certification was limited to the checking of procedures and implementations thereof, adopted by the Company for ensuring the compliance of conditions of corporate governance and correct reporting of compliance status on the attached statement on the basis of evidence gathered and representation received.

To the best of our information and according to the explanations given to us, we certify that, as reported on the attached status of compliance statement, the Company has complied with the conditions of corporate governance stipulated in the above mentioned BSEC notification dated 7 August 2012.

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Dhaka, 28 February 2018



Hoda Vasi Chowdhury & Co.
Chartered Accountants

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# Consolidated Independent Auditors' Report to the Shareholders.

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Linde Bangladesh Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

## Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- in our opinion, proper books of account as required by law have been kept by the Group so far as it appeared from our examination of those books;
- the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and
- the expenditure incurred was for the purposes of the Group's business.

Dhaka, 28 February 2018

Rahman Rahman Huq
Chartered Accountants

DMARSTOCK

# Independent Auditors' Report to the Shareholders.

## Report on the Financial Statements

We have audited the accompanying financial statements of Linde Bangladesh Limited ("the Company"), which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

## Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

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

Dhaka, 28 February 2018



Rahman Rahman Huq
Chartered Accountants

WARSTOCK

# Consolidated Statement of Financial Position.

| | | As at 31 December | |
|---|---|---|---|
| | | 2017 | 2016 |
| | Notes | '000 Taka | '000 Taka |
| **Assets** | | | |
| Property, plant and equipment | 21 | 3,218,638 | 2,543,935 |
| Intangible assets | 22 | 18,699 | 26,412 |
| Advances, deposits and prepayments | 17 | 80,500 | 74,390 |
| **Non-current assets** | | 3,317,837 | 2,644,737 |
| | | | |
| Inventories | 15 | 683,575 | 728,622 |
| Trade and other receivables | 16 | 608,505 | 487,824 |
| Advances, deposits and prepayments | 17 | 180,886 | 217,181 |
| Investment | 18 | 10,535 | 10,299 |
| Current tax assets | 28(a) | 11,113 | – |
| Cash and cash equivalents | 19(a) | 1,132,356 | 1,391,223 |
| **Current assets** | | 2,626,970 | 2,835,149 |
| **Total assets** | | 5,944,807 | 5,479,886 |
| | | | |
| **Equity** | | | |
| Share capital | 23 | 152,183 | 152,183 |
| General reserve/retained earnings | | 3,523,474 | 3,032,714 |
| **Equity attributable to owners of the Company** | | 3,675,657 | 3,184,897 |
| Non- controlling interest | 39 | 2 | 2 |
| **Total equity** | | 3,675,659 | 3,184,899 |
| | | | |
| **Liabilities** | | | |
| Employee benefits | 24 | 161,342 | 139,007 |
| Deferred tax liabilities | 14.2 | 299,171 | 115,776 |
| Other non-current liabilities | 25 | 235,499 | 215,861 |
| **Non-current liabilities** | | 696,012 | 470,644 |
| | | | |
| Trade and other payables | 26(a) | 1,411,322 | 1,469,399 |
| Provision for expenses | 27(a) | 161,814 | 136,355 |
| Current tax liabilities | 28(a) | – | 218,589 |
| **Current liabilities** | | 1,573,136 | 1,824,343 |
| **Total liabilities** | | 2,269,148 | 2,294,987 |
| **Total equity and liabilities** | | 5,944,807 | 5,479,886 |

The notes on pages 41 to 65 are an integral part of these consolidated financial statements.

Dhaka, 28 February 2018

As per our report of same date

| | | | |
|---|---|---|---|
| Ayub Quadri | Mohsin Uddin Ahmed | Md Anisuzzaman | Rahman Rahman Huq |
| Chairman | Managing Director | Chief Financial Officer & Company Secretary | Chartered Accountants |

# Consolidated Statement of Profit or Loss and other Comprehensive Income.

| | | For the year ended 31 December | |
|---|---|---|---|
| | | 2017 | 2016 |
| | Notes | '000 Taka | '000 Taka |
| **Revenue** | 6 | 4,941,799 | 4,270,585 |
| Cost of sales | 7 | (2,632,227) | (2,290,426) |
| **Gross profit** | | 2,309,572 | 1,980,159 |
| **Other income/(loss)** | 9 | (18,847) | (3,085) |
| Operating expenses | 8(a) | (933,955) | (743,510) |
| Operating profit | | 1,356,770 | 1,233,564 |
| | | | |
| Net finance income | 10 | 16,009 | 19,833 |
| **Profit before contribution to WPPF** | | 1,372,779 | 1,253,397 |
| | | | |
| Contribution to WPPF | 12 | (68,645) | (62,675) |
| **Profit before tax** | | 1,304,134 | 1,190,722 |
| Income tax expenses | 14 | (351,522) | (309,634) |
| **Profit** | | 952,612 | 881,088 |
| | | | |
| **Other comprehensive income** | | | |
| Other comprehensive income/(loss) | | 13,220 | (13,220) |
| Other comprehensive income/(loss) related tax | | (3,305) | 3,305 |
| **Other comprehensive income/(loss), net of tax** | | 9,915 | (9,915) |
| **Total comprehensive income** | | 962,527 | 871,173 |
| | | | |
| **Profit attributable to:** | | | |
| Owners of the Company | | 952,612 | 881,088 |
| Non- controlling interests | 39 | – | – |
| | | 952,612 | 881,088 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 962,527 | 871,173 |
| Non-controlling interests | 39 | – | – |
| | | 962,527 | 871,173 |
| | | | |
| **Earnings per share:** | | | |
| Basic and diluted earnings per share (par value Tk 10) in Taka | 11(a) | 62.60 | 57.90 |

The notes on pages 41 to 65 are an integral part of these consolidated financial statements.

Dhaka, 28 February 2018

As per our report of same date

| | | | |
|---|---|---|---|
| Ayub Quadri | Mohsin Uddin Ahmed | Md Anisuzzaman | Rahman Rahman Huq |
| Chairman | Managing Director | Chief Financial Officer & Company Secretary | Chartered Accountants |

# Consolidated Statement of Changes in Equity.

| | Attributable to owners of the Company | | | | | |
|---|---|---|---|---|---|---|
| | Share capital | Revaluation reserve | General reserve/ retained earnings | Total | Non-controling interests | Total equity |
| | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| Balance at 1 January 2016 | 152,183 | 20,174 | 2,613,281 | 2,785,638 | 2 | 2,785,640 |
| **Total comprehensive income for the year** | | | | | | |
| Profit for the year | – | – | 881,088 | 881,088 | – | 881,088 |
| Other comprehensive income/(loss) for the year | – | – | (9,915) | (9,915) | – | (9,915) |
| Transferred to general reserve/retained earnings | – | (20,174) | 20,027 | (147) | – | (147) |
| **Total comprehensive income for the year** | – | **(20,174)** | **891,200** | **871,026** | – | **871,026** |
| **Transactions with owners of the Company** | | | | | | |
| **Contributions and distributions** | | | | | | |
| Final dividend for the year 2015 | – | – | (167,401) | (167,401) | – | (167,401) |
| Interim dividend for the year 2016 | – | – | (304,366) | (304,366) | – | (304,366) |
| **Total transactions with owners of the Company** | – | – | **(471,767)** | **(471,767)** | – | **(471,767)** |
| **Balance at 31 December 2016** | 152,183 | – | 3,032,714 | 3,184,897 | 2 | 3,184,899 |
| | | | | | | |
| At 1 January 2017 | 152,183 | | 3,032,714 | 3,184,897 | 2 | 3,184,899 |
| **Total comprehensive income for the year** | | | | | | |
| Profit for the year | – | – | 952,612 | 952,612 | – | 952,612 |
| Other comprehensive income/(loss) for the year | – | – | 9,915 | 9,915 | – | 9,915 |
| Transferred to general reserve/retained earnings | – | – | - | - | – | - |
| **Total comprehensive income for the year** | – | – | **962,527** | **962,527** | – | **962,527** |
| **Transactions with owners of the Company** | | | | | | |
| **Contributions and distributions** | | | | | | |
| Final dividend for the year 2016 | – | – | (167,401) | (167,401) | – | (167,401) |
| Interim dividend for the year 2017 | – | – | (304,366) | (304,366) | – | (304,366) |
| **Total transactions with owners of the Company** | – | – | **(471,767)** | **(471,767)** | – | **(471,767)** |
| **Balance at 31 December 2017** | 152,183 | – | 3,523,474 | 3,675,657 | 2 | 3,675,659 |

The notes on pages 41 to 65 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flow.

| | Notes | For the year ended 31 December 2017 '000 Taka | 2016 '000 Taka |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Cash receipts from customers | | 4,828,248 | 4,241,518 |
| Other (payments)/receipts | | 40,909 | (67,686) |
| Cash paid to suppliers and employees | | (3,309,553) | (2,872,351) |
| **Cash generated from operating activities** | | 1,559,604 | 1,301,481 |
| Income tax paid | | (401,134) | (187,775) |
| Interest paid | | (20) | (116) |
| Net cash from operating activities | | 1,158,450 | 1,113,590 |
| | | | |
| **Cash flow from investing activities** | | | |
| Payment for acquisition of property, plant and equipment | | (969,008) | (778,632) |
| Payment for acquisition of intangible assets | | (833) | (728) |
| Proceeds from sale of property, plant and equipment | | 1,176 | 5,875 |
| Advance receipt against sale of property, plant and equipment | | – | 664,125 |
| Investment in fixed deposit receipts | | (236) | 49,701 |
| Interest received | | 17,813 | 19,075 |
| **Net cash used in investing activities** | | (951,088) | (40,584) |
| | | | |
| **Cash flow from financing activities** | | | |
| Dividend paid | | (466,229) | (466,970) |
| **Net cash used in financing activities** | | (466,229) | (466,970) |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | (258,867) | 606,036 |
| Cash and cash equivalents as at 1 January | 19(a) | 1,391,223 | 785,187 |
| **Cash and cash equivalents as at 31 December** | | 1,132,356 | 1,391,223 |

The notes on pages 41 to 65 are an integral part of these consolidated financial statements.

AMAR STOCK

# Statement of Financial Position.

| | Notes | As at 31 December 2017 '000 Taka | 2016 '000 Taka |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 21 | 3,218,638 | 2,543,935 |
| Intangible assets | 22 | 18,699 | 26,412 |
| Investment in subsidiaries | 20 | 40 | 40 |
| Advances, deposits and prepayments | 17 | 80,500 | 74,390 |
| **Non-current assets** | | 3,317,877 | 2,644,777 |
| | | | |
| Inventories | 15 | 683,575 | 728,622 |
| Trade and other receivables | 16 | 608,505 | 487,824 |
| Advances, deposits and prepayments | 17 | 180,886 | 217,181 |
| Investment | 18 | 10,535 | 10,299 |
| Current tax assets | 28 | 11,118 | – |
| Cash and cash equivalents | 19 | 1,132,336 | 1,391,203 |
| **Current assets** | | 2,626,955 | 2,835,129 |
| **Total assets** | | 5,944,832 | 5,479,906 |
| | | | |
| **Equity** | | | |
| Share capital | 23 | 152,183 | 152,183 |
| General reserve/retained earnings | | 3,523,636 | 3,032,750 |
| **Total equity** | | 3,675,819 | 3,184,933 |
| | | | |
| **Liabilities** | | | |
| Employee benefits | 24 | 161,342 | 139,007 |
| Deferred tax liabilities | 14.2 | 299,171 | 115,776 |
| Other non-current liabilities | 25 | 235,499 | 215,861 |
| **Non-current liabilities** | | 696,012 | 470,644 |
| | | | |
| Trade and other payables | 26 | 1,411,487 | 1,469,690 |
| Provision for expenses | 27 | 161,514 | 136,055 |
| Current tax liabilities | 28 | – | 218,584 |
| **Current liabilities** | | 1,573,001 | 1,824,329 |
| **Total liabilities** | | 2,269,013 | 2,294,973 |
| **Total equity and liabilities** | | 5,944,832 | 5,479,906 |

The notes on pages 41 to 65 are an integral part of these consolidated financial statements.

Dhaka, 28 February 2018

As per our report of same date

**Ayub Quadri**
Chairman

**Mohsin Uddin Ahmed**
Managing Director

**Md Anisuzzaman**
Chief Financial Officer &
Company Secretary

**Rahman Rahman Huq**
Chartered Accountants

# Statement of Profit or Loss and other Comprehensive Income.

| | | For the year ended 31 December | |
|---|---|---|---|
| | | 2017 | 2016 |
| | Notes | '000 Taka | '000 Taka |
| Revenue | 6 | 4,941,799 | 4,270,585 |
| Cost of sales | 7 | (2,632,227) | (2,290,426) |
| **Gross profit** | | 2,309,572 | 1,980,159 |
| Other income/(loss) | 9 | (18,847) | (3,085) |
| Operating expenses | 8 | (933,829) | (743,400) |
| **Operating profit** | | 1,356,896 | 1,233,674 |
| | | | |
| Net finance income | 10 | 16,009 | 19,833 |
| **Profit before contribution to WPPF** | | 1,372,905 | 1,253,507 |
| | | | |
| Contribution to WPPF | 12 | (68,645) | (62,675) |
| **Profit before tax** | | 1,304,260 | 1,190,832 |
| Income tax expenses | 14 | (351,522) | (309,634) |
| **Profit** | | 952,738 | 881,198 |
| | | | |
| **Other comprehensive income** | | | |
| Other comprehensive income/(loss) | | 13,220 | (13,220) |
| Other comprehensive income/(loss) related tax | | (3,305) | 3,305 |
| **Other comprehensive income/(loss), net of tax** | | 9,915 | (9,915) |
| **Total comprehensive income** | | 962,653 | 871,283 |
| | | | |
| **Earnings per share:** | | | |
| Basic and diluted earnings per share (par value Tk 10) in Taka | 11 | 62.60 | 57.90 |

The notes on pages 41 to 65 are an integral part of these consolidated financial statements.

Dhaka, 28 February 2018

As per our report of same date

| | | | |
|---|---|---|---|
| Ayub Quadri | Mohsin Uddin Ahmed | Md Anisuzzaman | Rahman Rahman Huq |
| Chairman | Managing Director | Chief Financial Officer & Company Secretary | Chartered Accountants |

# Statement of Changes in Equity.

| | Share capital | Revaluation reserve | General reserve/ retained earnings | Total equity |
|---|---|---|---|---|
| | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| Balance at 1 January 2016 | 152,183 | 20,174 | 2,613,207 | 2,785,564 |
| **Total comprehensive income for the year** | | | | |
| Profit for the year | – | – | 881,198 | 881,198 |
| Other comprehensive income/(loss) for the year | – | – | (9,915) | (9,915) |
| Transferred to general reserve/retained earnings | – | (20,174) | 20,027 | (147) |
| **Total comprehensive income for the year** | – | **(20,174)** | **891,310** | **871,136** |
| **Transactions with owners of the Company** | | | | |
| **Contributions and distributions** | | | | |
| Final dividend for the year 2015 | – | – | (167,401) | (167,401) |
| Interim dividend for the year 2016 | – | – | (304,366) | (304,366) |
| **Total transactions with owners of the Company** | – | – | **(471,767)** | **(471,767)** |
| **Balance at 31 December 2016** | 152,183 | – | 3,032,750 | 3,184,933 |
| | | | | |
| At 1 January 2017 | 152,183 | – | 3,032,750 | 3,184,933 |
| **Total comprehensive income for the year** | | | | |
| Profit for the year | – | – | 952,738 | 952,738 |
| Other comprehensive income/(loss) for the year | – | – | 9,915 | 9,915 |
| Transferred to general reserve/retained earnings | – | – | – | – |
| **Total comprehensive income for the year** | – | – | **962,653** | **962,653** |
| **Transactions with owners of the Company** | | | | |
| **Contributions and distributions** | | | | |
| Final dividend for the year 2016 | – | – | (167,401) | (167,401) |
| Interim dividend for the year 2017 | – | – | (304,366) | (304,366) |
| **Total transactions with owners of the Company** | – | – | **(471,767)** | **(471,767)** |
| Balance at 31 December 2017 | 152,183 | – | 3,523,636 | 3,675,819 |

The notes on pages 41 to 65 are an integral part of these consolidated financial statements.

AMARSTOCK

# Statement of Cash Flow.

| | Notes | For the year ended 31 December 2017 '000 Taka | 2016 '000 Taka |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Cash receipts from customers | | 4,828,248 | 4,241,518 |
| Other (payments)/receipts | | 40,909 | (67,686) |
| Cash paid to suppliers and employees | | (3,309,427) | (2,872,251) |
| **Cash generated from operating activities** | | 1,559,730 | 1,301,581 |
| Income tax paid | | (401,134) | (187,775) |
| Interest paid | | (20) | (116) |
| **Net cash from operating activities** | | 1,158,576 | 1,113,690 |
| | | | |
| **Cash flow from investing activities** | | | |
| Payment for acquisition of property, plant and equipment | | (969,008) | (778,632) |
| Payment for acquisition of intangible assets | | (833) | (728) |
| Proceeds from sale of property, plant and equipment | | 1,176 | 5,875 |
| Advance receipt against sale of property, plant and equipment | | – | 664,125 |
| Investment in fixed deposit receipts | | (236) | 49,701 |
| Interest received | | 17,813 | 19,075 |
| **Net cash used in investing activities** | | (951,088) | (40,584) |
| | | | |
| **Cash flow from financing activities** | | | |
| Paid to subsidiary | | (126) | (100) |
| Dividend paid | | (466,229) | (466,970) |
| **Net cash used in financing activities** | | (466,355) | (467,070) |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | (258,867) | 606,036 |
| Cash and cash equivalents as at 1 January | | 1,391,203 | 785,167 |
| **Cash and cash equivalents as at 31 December** | 19 | 1,132,336 | 1,391,203 |

The notes on pages 41 to 65 are an integral part of these consolidated financial statements.

AMARSTOCK

# Notes to the Financial Statements.

## 1. Reporting entity

### 1.1 Company profile

Linde Bangladesh Limited (the "Company") is a listed Company, limited by shares and was incorporated in Bangladesh in 1973 under the Companies Act 1913 (replaced by the Companies Act 1994). The Company became a listed entity in the year 1976 & 1996 in Dhaka Stock Exchange and Chittagong Stock Exchange respectively. The address of the registered office is 285 Tejgaon I/A, Dhaka-1208, Bangladesh. The Company is a subsidiary of The BOC Group Limited of United Kingdom which is fully owned by Linde AG of Germany.

Bangladesh Oxygen Limited ("BOL") and BOC Bangladesh Limited ("BOC") are wholly owned subsidiaries of Linde Bangladesh Limited. These subsidiaries are entities controlled by the Company. Both of the subsidiaries are not in operation. These consolidated financial statements comprise the Company and it's subsidiaries (together referred to as the "Group").

### 1.2 Nature of business

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

## 2. Basis of accounting

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

The Financial Reporting Act 2015 (FRA) has been enacted during 2015. Under the FRA, the Financial Reporting Council (FRC) was formed and it has the authority to issue financial reporting standards for public interest entities such as listed companies. However, financial reporting standards are yet to be issued by FRC, hence, the financial statements of the Company continue to be prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and the Companies Act 1994.

Financial statements were authorised for issue by the Company's board of directors on 28 February 2018. Details of the Company's accounting policies, including changes during the year, if any, are included in Notes 43 and 44.

## 3. Functional and presentational currency

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

## 4. Use of judgments and estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

### (a) Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

Note 38: Operating leases - leases as lessee

### (b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2018 is included in the following notes:

Note 14.2 : Movement in deferred tax balances
Note 15.1 : Provision for inventory obsolescence
Note 16.1.1 : Provision for trade receivable
Note 21 : Useful life and residual value of property, plant and equipment
Note 24.1 : Provision for gratuity
Note 28.1 : Provision for tax

## 5. Operating segments

### (a) Basis for segmentation

The Company has following three strategic divisions, which are its reportable segments. These divisions offer different products and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

| Reportable segments | Operations |
|---|---|
| Bulk gases | Manufacturing and supply of industrial liquid gases, oxygen, nitrogen, argon and Carbon dioxide. |
| Package gases and products (PG&P) | Manufacturing and supply of industrial compressed packaged gases and wielding goods which includes compressed industrial oxygen, dissolved acetylene, nitrogen, argon, Carbon dioxide and electrodes. |
| Healthcare | The Healthcare segments includes all services related to supply of medical gas such as medical oxygen & nitrous oxide, cylinders and accessories, supply and installation of medical gas pipeline system and maintenance of medical equipment. |

These three reportable segments are the strategic business units of the Company and are managed separately based on the Company's management and internal reporting structure. For each of the strategic business units, the management reviews internal management report on at least quarterly basis. Performance is measured based on segment profit from operation, as included in the internal management reports. Segment revenue and operating profit are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

### (b) Information about reportable segments

Information related to each reportable segment is set out below. Segment profit from operation is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

| | Reportable segments | | | |
|---|---|---|---|---|
| | Bulk gases | PG&P | Healthcare | Total |
| | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| 2017 | | | | |
| Revenue | 529,161 | 3,832,567 | 580,071 | 4,941,799 |
| Profit from operations | (22,815) | 1,461,384 | 224,162 | 1,662,731 |
| 2016 | | | | |
| Revenue | 451,742 | 3,300,538 | 518,305 | 4,270,585 |
| Profit from operations | 27,242 | 1,239,724 | 211,761 | 1,478,727 |

### (c) Reconciliation of information on reportable segments to BFRS measures

| | Note | 2017 | 2016 |
|---|---|---|---|
| **i. Revenue** | | '000 Taka | '000 Taka |
| Total revenue for reportable segments | 5 (b) | 4,941,799 | 4,270,585 |
| Revenue for other segments | | – | – |
| Elimination of inter-segment revenue | | – | – |
| Total revenue | | 4,941,799 | 4,270,585 |
| | | | |
| **ii. Profit before tax** | | | |
| Total profit before tax for reportable segments | 5 (b) | 1,662,731 | 1,478,727 |
| Profit before tax for other segments | | – | – |
| Elimination of inter-segment profit | | – | – |
| Amount not related to reported segments | | (358,471) | (287,895) |
| Total profit before tax | | 1,304,260 | 1,190,832 |
| | | | |
| **iii. Amount not related to reportable segments** | | | |
| Other income/(loss) | 9 | (18,847) | (3,085) |
| Technical assistence fees | 8 | (29,829) | (25,891) |
| Net finance income | 10 | 16,009 | 19,833 |
| Contribution to Workers' Profit Participation Fund | 12 | (68,645) | (62,675) |
| Unallocated corporate overheads | | (257,159) | (216,077) |
| **Total amount not related to reportable segments** | | (358,471) | (287,895) |

Considering the current size and operations of the Company, segmental assets and liabilities are not considered to be critical for regular review by the management. Accordingly no disclosure is made regarding the segmental assets and liabilities.

### 6. Revenue

| See accounting policies in Note 44(m). | Unit | 2017 | | 2016 | |
|---|---|---|---|---|---|
| | | Quantity | Amount | Quantity | Amount |
| | | '000 | '000 Taka | '000 | '000 Taka |
| ASU gases | M3 | 18,941 | 847,868 | 16,745 | 715,360 |
| Dissolved acetylene | M3 | 219 | 122,334 | 228 | 126,022 |
| Electrodes | M. Ton | 25 | 3,333,742 | 22 | 2,837,288 |
| Others | | | 637,855 | | 591,915 |
| | | | 4,941,799 | | 4,270,585 |

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | '000 Taka | '000 Taka |
| **7. Cost of sales** | | | |
| Opening inventories of manufactured products | | 138,159 | 165,724 |
| Cost of goods manufactured | 7.1 | 2,523,820 | 2,174,893 |
| Closing inventories of manufactured products | | (124,146) | (138,159) |
| Cost of sales of manufactured products | | 2,537,833 | 2,202,458 |
| Cost of trading products | | 94,394 | 87,968 |
| | | 2,632,227 | 2,290,426 |
| **7.1 Cost of goods manufactured** | | | |
| Raw and packing materials consumed | 7.1.1 | 1,856,172 | 1,570,079 |
| Fuel and power | | 209,103 | 145,693 |
| | | 2,065,275 | 1,715,772 |
| Manufacturing overhead: | | | |
| Salaries, wages and staff welfare | | 195,618 | 191,815 |
| Depreciation | 21.1 | 140,502 | 136,463 |
| Repairs to machinery | | 104,805 | 69,835 |
| Repairs to building | | 9,122 | 15,781 |
| Maintenance | | 4,048 | 9,995 |
| Insurance | | 4,228 | 2,605 |
| Rent, rates and taxes | | 602 | – |
| Travelling and conveyance | | 757 | 1,032 |
| Training expenses | | 352 | 132 |
| Vehicle running expenses | | 4,542 | 1,409 |
| Telephone, telex and fax | | 823 | 845 |
| Printing, postage, stationery and office supplies | | 3,746 | 4,562 |
| Consultancy fees | | 861 | 103 |
| Inventory written off | | 21,834 | – |
| Provision for inventory obsolescence | 15.1 | (48,488) | 11,334 |
| Sundry factory expenses | | 15,193 | 13,210 |
| | | 458,545 | 459,121 |
| | | 2,523,820 | 2,174,893 |

**7.1.1 Raw and packing materials consumed**

| | Unit of measurement | Opening stock | | Purchase | | Closing stock | | Consumption | | % of total consumption |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Quantity | Cost | Quantity | Cost | Quantity | Cost | Quantity | Cost | |
| | | | '000 Taka | | '000 Taka | | '000 Taka | | '000 Taka | |
| Calcium carbide | M. Ton | 407 | 29,375 | 450 | 33,385 | 73 | 5,021 | 784 | 57,739 | 3.11 |
| Wire | M. Ton | 3,040 | 128,422 | 18,028 | 858,834 | 528 | 27,642 | 20,540 | 959,614 | 51.70 |
| Blended powder | M. Ton | 1,578 | 130,853 | 4,932 | 411,093 | 1,937 | 151,627 | 4,573 | 390,319 | 21.03 |
| Others* | | | 117,640 | | 452,837 | | 121,977 | | 448,500 | 24.16 |
| 2017 | | | 406,290 | | 1,756,149 | | 306,267 | | 1,856,172 | 100.00 |
| 2016 | | | 291,101 | | 1,685,268 | | 406,290 | | 1,570,079 | 100.00 |

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

| | Note | 2017 '000 Taka | 2016 '000 Taka |
|---|---|---|---|
| **8. Operating expenses*** | | | |
| Salaries, wages and staff welfare | | 335,861 | 252,026 |
| Depreciation | 21.1 | 79,149 | 65,400 |
| Amortisation of intangible assets | | 8,546 | 8,934 |
| Fuel and power | | 2,520 | 1,736 |
| Repairs to building | | 2,284 | 2,918 |
| Maintenance | | 6,182 | 8,943 |
| Insurance | | 656 | 1,573 |
| Delivery expenses | | 312,636 | 236,573 |
| Rent, rates and taxes | | 11,259 | 9,282 |
| Travelling and conveyance | | 8,509 | 12,218 |
| Training expenses | | 737 | – |
| Telephone, telex and fax | | 11,557 | 12,230 |
| Global information service | | 33,817 | 28,911 |
| Outsourcing service charge | | 10,969 | 13,536 |
| Printing, postage, stationery and office supplies | | 4,965 | 4,380 |
| Trade journal and subscription | | - | 3,051 |
| Advertising and promotion | | 20,424 | 8,674 |
| Provision (reversal)/ made for trade receivable | | 9,097 | (706) |
| Bad debts written off | | 1,899 | 2,085 |
| Legal and professional charge | | 16,390 | 14,908 |
| Technical assistance fee | | 29,829 | 25,891 |
| Audit fees | 8.1 | 890 | 825 |
| Bank charges | | 8,248 | 7,547 |
| Entertainment | | 648 | 525 |
| Management meeting and conference | | – | 13,623 |
| Sundry office expenses | | 16,757 | 8,317 |
| | | 933,829 | 743,400 |

*Operating expenses for the year 2017 consist of distribution expenses of Tk 363,105 thousand (2016: Tk 275,549 thousand) and administrative, selling & marketing expenses of Tk 570,724 thousand (2016: Tk 467,851 thousand).

| | | | |
|---|---|---|---|
| **8(a) Operating expenses (Consolidated)** | | | |
| Salaries, wages and staff welfare | | 335,861 | 252,026 |
| Depreciation | | 79,149 | 65,400 |
| Amortisation of intangible assets | | 8,546 | 8,934 |
| Fuel and power | | 2,520 | 1,736 |
| Repairs to building | | 2,284 | 2,918 |
| Maintenance | | 6,182 | 8,943 |
| Insurance | | 656 | 1,573 |
| Delivery expenses | | 312,636 | 236,573 |
| Rent, rates and taxes | | 11,259 | 9,282 |
| Travelling and conveyance | | 8,509 | 12,218 |
| Training expenses | | 737 | – |
| Telephone, telex and fax | | 11,557 | 12,230 |
| Global information service | | 33,817 | 28,911 |
| Outsourcing service charge | | 10,969 | 13,536 |
| Printing, postage, stationery and office supplies | | 4,965 | 4,380 |
| Trade journal and subscription | | - | 3,051 |
| Advertising and promotion | | 20,424 | 8,674 |
| Provision (reversal)/ made for trade receivable | | 9,097 | (706) |
| Bad debts written off | | 1,899 | 2,085 |
| Legal and professional charge | | 16,482 | 14,988 |
| Technical assistance fee | | 29,829 | 25,891 |
| Audit fees | | 924 | 855 |

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| | Note | 2017<br>'000 Taka | 2016<br>'000 Taka |
|---|---|---|---|
| Bank charges | | 8,248 | 7,547 |
| Entertainment | | 648 | 525 |
| Management meeting and conference | | – | 13,623 |
| Sundry office expenses | | 16,757 | 8,317 |
| | | 933,955 | 743,510 |
| **8.1 Audit fees** | | | |
| Statutory audit | | 690 | 625 |
| Other audit | | 200 | 200 |
| | | 890 | 825 |
| **9. Other income/(loss)** | | | |
| Gain on disposal of property, plant and equipment | 9.1 | 941 | 1,082 |
| Net foreign exchange gain/(loss) | | (19,788) | (4,167) |
| | | (18,847) | (3,085) |
| **9.1 Gain on disposal of property, plant and equipment** | | | |
| Proceeds from sales of property, plant and equipment | 31 | 1,176 | 5,875 |
| Less: Carrying amount: | | | |
| Cost of the property, plant and equipment | 31 | 6,119 | 34,150 |
| Less: Accumulated depreciation | 31 | 5,884 | 29,357 |
| Carrying amount | | 235 | 4,793 |
| Gain on disposal of property, plant and equipment | | 941 | 1,082 |
| **10. Net finance income**<br>See accounting policies in Note 44(a,n). | | | |
| Finance income | | 16,029 | 19,949 |
| Finance cost | | (20) | (116) |
| | | 16,009 | 19,833 |
| **11. Earnings per share**<br>See accounting policies in Note 44(p). | | | |
| **11.1 Basic earnings per share** | | | |
| The computation of earnings per share is given below: | | | |
| Earnings attributable to the ordinary shareholders ('000 Taka) | | 952,738 | 881,198 |
| Number of ordinary shares outstanding during the year ('000) | | 15,218 | 15,218 |
| Basic earnings per share (EPS) (Taka) | | 62.60 | 57.90 |

**11.2 Diluted earnings per share**

No diluted earnings per share is required to be calculated for the year as there was no potentially dilutive ordinary shares during the year. So both basic and diluted earning per share are same.

| **11(a) Consolidated earnings per share** | | | |
|---|---|---|---|
| Earnings attributable to the ordinary shareholders ('000 Taka) | | 952,612 | 881,088 |
| Number of ordinary shares outstanding during the year ('000) | | 15,218 | 15,218 |
| Basic earnings per share (EPS) (Taka) | | 62.60 | 57.90 |
| **12. Contribution to workers profit participation fund (WPPF)**<br>See accounting policies in Note 44(k). | | | |
| Contribution to WPPF | 12.1 | 68,645 | 62,675 |

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| | Note | 2017 '000 Taka | 2016 '000 Taka |
|---|---|---|---|
| **12.1 Computation of contribution to WPPF** | | | |
| Profit before contribution to WPPF | | 1,372,905 | 1,253,507 |
| Applicable contribution rate | | 5% | 5% |
| Amount of contribution to WPPF | | 68,645 | 62,675 |
| **13. Directors' remuneration** | | | |
| Fees | | 190 | 170 |
| Salaries and benefits | | 14,745 | 15,599 |
| Accommodation | | 1,200 | 1,450 |
| Provident fund contribution | | 468 | 397 |
| Retirement benefits | | 297 | 862 |
| | | 16,900 | 18,478 |

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

**14. Income tax expense**

See accounting policies in Note 44(j).

| | | | |
|---|---|---|---|
| **Amounts recognised in profit or loss** | | | |
| **Current tax expense** | | | |
| Current year | | 171,432 | 325,888 |
| Prior years adjustment | | – | (1,774) |
| | | 171,432 | 324,114 |
| **Deferred tax (income)/expense** | | | |
| Origination/(reversal) of temporary differences | 14.2 | 180,090 | (14,480) |
| | | 180,090 | (14,480) |
| Income tax expense | | 351,522 | 309,634 |

| | | |
|---|---|---|
| **14.1. Reconciliation of effective tax rate** | | |
| Profit before income tax | 1,304,260 | 1,190,832 |
| Applicable tax rate | 25% | 25% |
| Income tax | 326,065 | 297,708 |
| **Factors affecting the tax charge for current period:** | | |
| (Excess)/short of fiscal depreciation & amortization over that of accounting | (167,504) | 4,846 |
| Provision for stock obsolescence | (6,664) | 2,834 |
| Excess of gratuity provision over payment of gratuity | (1,551) | 4,538 |
| Provision for trade receivable charge/(written back) | 2,274 | (177) |
| Inadmissible expenses | 19,046 | 15,241 |
| Admissible expenses | – | – |
| Excess of tax gain/(short) over that of accounting from sale property, plant & equipment | (94) | 1,198 |
| Tax free income | (140) | (300) |
| Prior years adjustment | – | (1,774) |
| Movement of temporary differences: (credit)/charge as above | 180,090 | (14,480) |
| Total income tax expense | 351,522 | 309,634 |
| Effective Tax Rate (ETR) | 26.95% | 26.00% |

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### 14.2 Movement in deferred tax balances

| 2017 | Net balance at 1 January | Recognised in profit or loss | Recognised in other comprehensive income or loss | Balance as at 31 December | | |
|---|---|---|---|---|---|---|
| | | | | Net | Deferred tax assets | Deferred tax liabilities |
| | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| Property, plant and equipment | (184,530) | (168,676) | – | (353,206) | – | (353,206) |
| Intangible assets | 2,840 | 1,172 | – | 4,012 | 4,012 | – |
| Provision for inventory obsolescence | 22,850 | (12,122) | – | 10,728 | 10,728 | – |
| Provision for trade receivable | 5,008 | 2,275 | – | 7,283 | 7,283 | – |
| Employee benefits | 34,751 | (2,739) | – | 32,012 | 32,012 | – |
| Deferred tax on OCI | 3,305 | – | (3,305) | – | – | – |
| Net deferred tax assets /(liabilities) | (115,776) | (180,090) | (3,305) | (299,171) | 54,035 | (353,206) |
| 2016 | | | | | | |
| Property, plant and equipment | (190,910) | 6,380 | – | (184,530) | – | (184,530) |
| Intangible assets | 1,656 | 1,184 | – | 2,840 | 2,840 | – |
| Provision for inventory obsolescence | 20,017 | 2,833 | – | 22,850 | 22,850 | – |
| Provision for trade receivable | 5,185 | (177) | – | 5,008 | 5,008 | – |
| Employee benefits | 30,491 | 4,260 | – | 34,751 | 34,751 | – |
| Deferred tax on OCI | – | – | 3,305 | 3,305 | 3,305 | – |
| Net deferred tax assets /(liabilities) | (133,561) | 14,480 | 3,305 | (115,776) | 68,754 | (184,530) |

| | Note | 2017 '000 Taka | 2016 '000 Taka |
|---|---|---|---|
| **15. Inventories** | | | |
| See accounting policies in Note 44(f). | | | |
| Raw materials | | 306,267 | 406,290 |
| Finished goods | | 245,929 | 229,380 |
| Goods in transit | | 17,514 | 26,245 |
| Maintenance spares | | 156,778 | 158,108 |
| Provision for inventory obsolescence | 15.1 | (42,913) | (91,401) |
| | | 683,575 | 728,622 |
| **15.1 Provision for Inventory obsolesence** | | | |
| Balance as at 1 January | | 91,401 | 80,067 |
| Provision made during the year | | (48,488) | 11,334 |
| Balance as at 31 December | | 42,913 | 91,401 |
| In view of innumerable items of inventory and diversified units of measurement, it is not feasible to disclose quantities against each item. | | | |
| **16. Trade and other receivables** | | | |
| See accounting policies in Note 44(e) (ii). | | | |
| Trade receivables | 16.1 | 516,527 | 402,976 |
| Inter company receivable | | 53,516 | 46,639 |
| Inerest receivable | | 2,065 | 3,849 |
| Other receivables | | 36,397 | 34,360 |
| | | 608,505 | 487,824 |
| **16.1 Trade receivables** | | | |
| Gases | | 214,229 | 116,713 |
| Welding | | 59,075 | 66,239 |
| Healthcare | | 272,352 | 240,056 |
| | | 545,656 | 423,008 |
| Provision for trade receivable | 16.1.1 | (29,129) | (20,032) |
| | | 516,527 | 402,976 |

| | 2017 | 2016 |
|---|---|---|
| | '000 Taka | '000 Taka |
| **16.1.1 Provision for trade receivable** | | |
| Balance as at 1 January | 20,032 | 20,738 |
| Provision (reversal)/ made for trade receivable | 9,097 | (706) |
| Balance as at 31 December | 29,129 | 20,032 |

| | | |
|---|---|---|
| **17. Advances, deposits and prepayments** | | |
| Loans and advances to employees | 61,196 | 60,395 |
| Advances to suppliers | 1,056 | 4,737 |
| Deposits and prepayments | 93,470 | 103,936 |
| VAT current account | 105,664 | 120,589 |
| Advance to Rajbari Enterprise Limited | - | 1,914 |
| | 261,386 | 291,571 |
| | | |
| Non-current | 80,500 | 74,390 |
| Current | 180,886 | 217,181 |
| | 261,386 | 291,571 |

Above amounts are unsecured, but considered good.

**18. Investment**
See accounting policies in Note 44(e) (iii).

| | | |
|---|---|---|
| Investment in fixed deposit receipts | 10,535 | 10,299 |

**19. Cash and cash equivalents**
See accounting policies in Note 44(e) (i).

| | | |
|---|---|---|
| Cash in hand | 2,757 | 3,025 |
| Cash at bank | 458,889 | 421,835 |
| Fixed deposits with banks | 670,690 | 966,343 |
| | 1,132,336 | 1,391,203 |

| | | |
|---|---|---|
| **19(a). Cash and cash equivalents (Consolidated)** | | |
| Linde Bangladesh Limited | 1,132,336 | 1,391,203 |
| Bangladesh Oxygen Limited | – | – |
| BOC Bangladesh Limited | 20 | 20 |
| | 1,132,356 | 1,391,223 |

| | | |
|---|---|---|
| **20. Investment in subsidiaries** | | |
| Bangladesh Oxygen Limited | 20 | 20 |
| BOC Bangladesh Limited | 20 | 20 |
| | 40 | 40 |

This represents the Company's holding of 199 ordinary shares (out of 200 issued ordinary shares) of Tk 100 each in Bangladesh Oxygen Limited and 1,999 ordinary shares (out of 2,000 issued ordinary shares) of Tk 10 each in BOC Bangladesh Limited. The above noted subsidiaries suffered net loss amounted to Tk 63,250 each for the year ended 31 December 2017.

## 21. Property, plant and equipment

See accounting policies in Note 44(b,d)

Reconciliation of carrying amount:

| Particulars | Freehold land | Freehold Buildings | Buildings on leasehold land | Plant machinery and cylinders | Motor vehicles | Furniture fixtures and equipment | Computers hardware | Capital work in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| (a) Cost | | | | | | | | | |
| Balance at 1 January 2016 | 35,534 | 353,265 | 108,378 | 2,752,878 | 93,186 | 75,351 | 49,146 | 440,521 | 3,908,259 |
| Addition | 3,869 | 3,236 | 136 | 73,458 | 69,751 | 6,906 | 10,815 | 842,410 | 1,010,581 |
| Disposal/transfer | – | (6,527) | (573) | (6,399) | (7,098) | (729) | (12,824) | (174,248) | (208,398) |
| Adjustments | – | (86) | 86 | – | – | – | – | – | – |
| Balance at 31 December 2016 | 39,403 | 349,888 | 108,027 | 2,819,937 | 155,839 | 81,528 | 47,137 | 1,108,683 | 4,710,442 |
| | | | | | | | | | |
| Balance at 1 January 2017 | 39,403 | 349,888 | 108,027 | 2,819,937 | 155,839 | 81,528 | 47,137 | 1,108,683 | 4,710,442 |
| Addition | 35,677 | 349,268 | – | 1,467,350 | 12,796 | 11,157 | 12,857 | 894,588 | 2,783,693 |
| Disposal/transfer | – | – | – | (718) | (5,401) | – | – | (1,889,105) | (1,895,224) |
| Adjustments | – | – | – | – | – | – | – | – | – |
| Balance at 31 December 2017 | 75,080 | 699,156 | 108,027 | 4,286,569 | 163,234 | 92,685 | 59,994 | 114,166 | 5,598,911 |
| | | | | | | | | | |
| Accumulated depreciation | | | | | | | | | |
| Balance at 1 January 2016 | – | 79,609 | 33,417 | 1,723,640 | 60,323 | 60,576 | 36,457 | – | 1,994,022 |
| Depreciation | – | 9,188 | 31,179 | 132,454 | 17,991 | 4,471 | 6,559 | – | 201,842 |
| Disposal/transfer during the year | – | (2,964) | (573) | (5,471) | (7,098) | (426) | (12,824) | – | (29,356) |
| Adjustments | – | 2,530 | (2,560) | 29 | – | – | – | – | (1) |
| Balance at 31 December 2016 | – | 88,363 | 61,463 | 1,850,652 | 71,216 | 64,621 | 30,192 | – | 2,166,507 |
| | | | | | | | | – | |
| Balance at 1 January 2017 | – | 88,363 | 61,463 | 1,850,652 | 71,216 | 64,621 | 30,192 | – | 2,166,507 |
| Depreciation | – | 18,034 | 1,984 | 162,077 | 26,180 | 4,345 | 7,031 | – | 219,651 |
| Disposal/transfer during the year | – | – | – | (484) | (5,401) | – | – | – | (5,885) |
| Adjustments | – | – | – | – | – | – | – | – | - |
| Balance at 31 December 2017 | – | 106,397 | 63,447 | 2,012,245 | 91,995 | 68,966 | 37,223 | – | 2,380,273 |
| | | | | | | | | | |
| (b) Revaluation | | | | | | | | | |
| Balance at 1 January 2016 | 147 | 176 | 19,851 | – | – | – | – | – | 20,174 |
| Addition | – | – | – | – | – | – | – | – | – |
| Disposal/transfer | (147) | (176) | (19,851) | – | – | – | – | – | (20,174) |
| Balance at 31 December 2016 | – | – | – | – | – | – | – | – | – |
| Balance at 31 December 2017 | – | – | – | – | – | – | – | – | – |
| | | | | | | | | | |
| Accumulated depreciation | | | | | | | | | |
| Balance at 1 January 2016 | – | 155 | 19,851 | – | – | – | – | – | 20,006 |
| Depreciation | – | 21 | - | – | – | – | – | – | 21 |
| Disposal/transfer during the year | – | (176) | (19,851) | – | – | – | – | – | (20,027) |
| Balance at 31 December 2016 | – | – | – | – | – | – | – | – | – |
| Balance at 31 December 2017 | – | – | – | – | – | – | – | – | – |
| | | | | | | | | | |
| Carrying amounts (A+B) | | | | | | | | | |
| At 1 January 2016 | 35,681 | 273,677 | 74,961 | 1,029,238 | 32,863 | 14,775 | 12,689 | 440,521 | 1,914,405 |
| At 31 December 2016 | 39,403 | 261,525 | 46,564 | 969,285 | 84,623 | 16,907 | 16,945 | 1,108,683 | 2,543,935 |
| At 31 December 2017 | 75,080 | 592,759 | 44,580 | 2,274,324 | 71,239 | 23,719 | 22,771 | 114,166 | 3,218,638 |
| Cost of sales | | | | | | | | 140,502 | 136,463 |
| Operating expense | | | | | | | | 79,149 | 65,400 |
| | | | | | | | | 219,651 | 201,863 |

## 22. Intangible assets

See accounting policies in Note 44(c)

| | Software | Capital work in progress | Total |
|---|---|---|---|
| | '000 Taka | '000 Taka | '000 Taka |
| **Cost** | | | |
| Balance at 1 January 2016 | 66,539 | – | 66,539 |
| Addition | 728 | 728 | 1,456 |
| Transfer | – | (728) | (728) |
| Balance at 31 December 2016 | 67,267 | – | 67,267 |
| Balance at 1 January 2017 | 67,267 | – | 67,267 |
| Addition | 833 | 833 | 1,666 |
| Transfer | – | (833) | (833) |
| Balance at 31 December 2017 | 68,100 | – | 68,100 |
| **Accumulated amortisation** | | | |
| Balance at 1 January 2016 | 31,921 | – | 31,921 |
| Amortisation | 8,934 | – | 8,934 |
| **Balance at 31 December 2016** | 40,855 | – | 40,855 |
| Balance at 1 January 2017 | 40,855 | – | 40,855 |
| Amortisation | 8,546 | – | 8,546 |
| Balance at 31 December 2017 | 49,401 | – | 49,401 |
| **Carrying amounts** | | | |
| At 1 January 2016 | 34,618 | – | 34,618 |
| At 31 December 2016 | 26,412 | – | 26,412 |
| At 31 December 2017 | 18,699 | – | 18,699 |

| | 2017 | 2016 |
|---|---|---|
| | '000 Taka | '000 Taka |
| **23. 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: | % | | Value ('000 Taka) | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| The BOC Group Limited | 60.0 | 60.0 | 91,310 | 91,310 |
| Investment Corporation of Bangladesh (ICB) | 14.5 | 13.6 | 22,120 | 20,690 |
| Sadharan Bima Corporation (SBC) | 1.3 | 1.3 | 2,047 | 2,047 |
| Bangladesh Fund (BF) | 0.7 | 0.7 | 1,016 | 996 |
| Other shareholders | 23.5 | 24.4 | 35,690 | 37,140 |
| | 100 | 100 | 152,183 | 152,183 |

| Classification of shareholders by holding: | Number of holders | | Total holding (%) | |
|---|---|---|---|---|
| **Holdings** | 2017 | 2016 | 2017 | 2016 |
| Less than 500 shares | 6,183 | 6,765 | 3.34 | 3.70 |
| 500 to 5,000 shares | 526 | 603 | 4.92 | 5.47 |
| 5,001 to 10,000 shares | 50 | 63 | 2.42 | 3.10 |
| 10,001 to 20,000 shares | 38 | 38 | 3.65 | 3.71 |

| Classification of shareholders by holding: | Number of holders | | Total holding (%) | |
|---|---|---|---|---|
| Holdings | 2017 | 2016 | 2017 | 2016 |
| 20,001 to 30,000 shares | 11 | 10 | 1.76 | 1.70 |
| 30,001 to 40,000 shares | 6 | 6 | 1.27 | 1.36 |
| 40,001 to 50,000 shares | 5 | 6 | 1.48 | 1.79 |
| 50,001 to 100,000 shares | 3 | 3 | 1.24 | 1.49 |
| 100,001 to 1,000,000 shares | 7 | 5 | 12.90 | 10.49 |
| Over 1,000,000 shares | 2 | 2 | 67.02 | 67.19 |
| | 6,831 | 7,501 | 100 | 100 |

| | Note | 2017 '000 Taka | 2016 '000 Taka |
|---|---|---|---|
| **23.1. Dividends** | | | |
| **The following dividends were declared by the Company for the year:** | | | |
| Taka 34 per qualifying ordinary share (2016: Taka 31) | | 517,422 | 471,767 |
| After the reporting date, the following dividends were proposed by the Board of Directors. The dividends have not been recognised as liabilities and there are no tax consequences. | | | |
| Taka 14 per qualifying ordinary share (2016: Taka 11) | | 213,056 | 167,401 |
| **24. Employee benefits** See accounting policies in Note 44(l) | | | |
| Gratuity scheme | 24.1 | 128,049 | 134,254 |
| Other employee benefits | | 33,293 | 4,753 |
| | | 161,342 | 139,007 |
| **24.1 Gratuity scheme** | | | |
| Balance as at 1 January | | 134,254 | 116,104 |
| Provision made during the year | | 9,556 | 21,513 |
| | | 143,810 | 137,617 |
| Paid during the year | | (15,761) | (3,363) |
| Balance as at 31 December | | 128,049 | 134,254 |
| **25. Other non-current liabilities** See accounting policies in Note 44(e) | | | |
| Cylinder security deposit | | 235,499 | 215,861 |
| Cylinder security deposit from customers is a liability of a continuing nature. | | | |
| **26. Trade and other payables** See accounting policies in Note 44(e) | | | |
| Trade payables | | 98,614 | 229,320 |
| Inter company payables | | 423,434 | 276,604 |
| Payables for capital items | | 53,196 | 127,616 |
| Advances from customers | | 73,574 | 68,123 |
| Unpaid dividend | | 80,320 | 74,782 |
| Current account with subsidiaries | 26.(a) | 165 | 291 |
| Others (including advance against sale of property, plant and equipment*) | | 682,184 | 692,954 |
| | | 1,411,487 | 1,469,690 |

* The Board of Directors of Linde Bangladesh Limited, at a meeting held on 27 April 2016, approved the sale of a portion of land at Tejgoan site, Dhaka measuring 2.31 acres.

| | Note | 2017 '000 Taka | 2016 '000 Taka |
|---|---|---|---|
| **26(a) Current account with subsidiaries** | | | |
| Bangladesh Oxygen limited | | 380 | 443 |
| BOC Bangladesh Limited | | (215) | (152) |
| | | 165 | 291 |
| **26.1 Trade and other payables (consolidated)** | | | |
| See accounting policies in Note 44(e) | | | |
| Trade payables | | 98,614 | 229,320 |
| Inter company payables | | 423,434 | 276,604 |
| Payables for capital items | | 53,196 | 127,616 |
| Advances from customers | | 73,574 | 68,123 |
| Unpaid dividend | | 80,320 | 74,782 |
| Others | | 682,184 | 692,954 |
| | | 1,411,322 | 1,469,399 |
| **27. Provision for expenses** | | | |
| See accounting policies in Note 44(h). | | | |
| Accrued expenses | | 56,558 | 28,766 |
| Accrued employee benefits | | 36,297 | 44,600 |
| Workers' profit participation fund | 27.1 | 68,659 | 62,689 |
| | | 161,514 | 136,055 |
| **27(a) Provision for expenses (consolidated)** | | | |
| Accrued expenses | | 56,858 | 29,066 |
| Accrued employee benefits | | 36,297 | 44,600 |
| Workers' profit participation fund | 27.1 | 68,659 | 62,689 |
| | | 161,814 | 136,355 |
| **27.1 Workers' profit participation fund** | | | |
| Balance as at 1 January | | 62,689 | 386 |
| Provision made during the year | | 68,645 | 62,675 |
| | | 131,334 | 63,061 |
| Paid during the year | | (62,675) | (372) |
| Balance as at 31 December | | 68,659 | 62,689 |
| **28. Current tax liabilities** | | | |
| Provision for tax | 28.1 | 506,141 | 334,709 |
| Advance income tax | 28.2 | (517,259) | (116,125) |
| | | (11,118) | 218,584 |
| **28.(a) Current tax liabilities (consolidated)** | | | |
| Provision for tax | | 506,146 | 334,714 |
| Advance income tax | 28.2 | (517,259) | (116,125) |
| | | (11,113) | 218,589 |
| **28.1 Provision for tax** | | | |
| Balance as at 1 January | | 334,709 | 216,871 |
| Tax Expenses | | | |
| Current year | 14 | 171,432 | 325,888 |
| Prior year | 14 | – | (1,774) |
| Tax adjusted for the AY: 2016- 2017 | | – | (206,276) |
| Balance as at 31 December | | 506,141 | 334,709 |

| | Note | 2017 '000 Taka | 2016 '000 Taka |
|---|---|---|---|
| 28.2 Advance income tax | | | |
| Balance as at 1 January | | 116,125 | 134,626 |
| Payment made u/s- 64 and 74 | | 250,282 | 71,650 |
| Withholding tax | | 150,852 | 116,125 |
| Tax adjusted for the AY: 2016-2017 | | – | (206,276) |
| Balance as at 31 December | | 517,259 | 116,125 |

## 29. Financial instruments - Fair values and risk management

### 29.1 Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

| | | Carrying amount | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note | Held-for trading | Designated at fair value | Fair value hedging instruments | Held to maturity | Loans and receivables | Available for sale | Other financial liabilities | Total amount |
| 31 December 2017 | | | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| Financial assets not measured at fair value | | | | | | | | | |
| Trade and other receivables | 16 | – | – | – | – | 608,505 | – | – | 608,505 |
| Investment | 18 | – | – | – | 10,535 | -- | – | – | 10,535 |
| Cash and cash equivalents | 19 | – | – | – | – | 1,132,336 | – | – | 1,132,336 |
| Investment in subsidiaries | 20 | – | – | – | – | – | 40 | – | 40 |
| | | – | – | – | 10,535 | 1,740,841 | 40 | – | 1,751,416 |
| Financial liabilities not measured at fair value | | | | | | | | | |
| Trade and other payables* | 26 | – | – | – | – | – | – | 1,337,913 | 1,337,913 |
| Other non-current liabilities | 25 | – | – | – | – | – | – | 235,499 | 235,499 |
| | | – | – | – | – | – | – | 1,573,412 | 1,573,412 |
| Financial assets not measured at fair value | | | | | | | | | |
| Trade and other receivables | 16 | – | – | – | – | 487,824 | – | – | 487,824 |
| Investment | 18 | – | – | – | 10,299 | – | – | – | 10,299 |
| Cash and cash equivalents | 19 | – | – | – | – | 1,391,203 | – | – | 1,391,203 |
| Investment in subsidiaries | 20 | – | – | – | – | – | 40 | – | 40 |
| | | – | – | – | 10,299 | 1,879,027 | 40 | – | 1,889,366 |
| Financial liabilities not measured at fair value | | | | | | | | | |
| Trade and other payables* | 26 | – | – | – | – | – | – | 1,401,567 | 1,401,567 |
| Other non-current liabilities | 25 | – | – | – | – | – | – | 215,861 | 215,861 |
| | | – | – | – | – | – | – | 1,617,428 | 1,617,428 |

* Advances from customer are not financial liabilities ( amount of Taka 73,574 thousand in 2017 and Taka 68,123 thousand in 2016 ) are not included.

### 29.2 Financial risk management

**Risk management framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks arising from financial instruments: • Credit risk (see 29.2.1); • Liquidity risk (see 29.2.2); and • Market risk (see 29.2.3).

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

### 29.2.1 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of customer, including the default risk of the industry and financial strength of the customer, as these factors may have an influence on credit risk. Geographically there is no concentration of credit risk.

The Debtors Management Review Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's payment and delivery terms and conditions are offered. Credit limits are established for each customer, which represents the maximum outstanding amount of credit sale without requiring approval from the Committee; these limits are reviewed as per HPO guideline of Linde Group in each quarter. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a cash/deposit scheme basis.

The Company has established a provision policy for doubtful debts. This represents the Company's estimate of incurred losses of trade receivables. The Company provides for 50% of trade receivables which are 90 days overdue but less than 180 days and 100% of trade receivables which are 180 days overdue for gas and welding product customers. Loss rate for healthcare customers is applied on gross trade receivable to work out provisions.

The Company held cash and cash equivalents of Taka 1,132,336 thousand at 31 December 2017 (2016 : Taka 1,391,203 thousand), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with different banks which are rated from AA3 to AAA, based on ratings by Credit Rating Agency of Bangladesh (CRAB) and Credit Rating Information and Services Limited (CRISL).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

#### (a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | Note | 2017<br>'000 Taka | 2016<br>'000 Taka |
|---|---|---|---|
| Trade receivables | 16.1 | 545,656 | 423,008 |
| Provision for trade receivable | 16.1.1 | (29,129) | (20,032) |
| | | 516,527 | 402,976 |
| Cash and cash equivalents | 19 | 1,129,579 | 1,388,178 |
| | | 1,646,106 | 1,791,154 |
| The maximum exposure to credit risk for trade receivables at the reporting date by product category was: | | | |
| Gases | | 214,229 | 116,713 |
| Welding | | 59,075 | 66,239 |
| Healthcare | | 272,352 | 240,056 |
| | | 545,656 | 423,008 |
| **(b) Ageing of trade receivables** | | | |
| The ageing of gross trade receivables at the reporting date was: | | | |
| Invoiced 0-30 days | | 446,398 | 331,611 |
| Invoiced 31-60 days | | 21,452 | 23,518 |
| Invoiced 61-90 days | | 11,708 | 10,776 |
| Invoiced 91-180 days | | 17,678 | 13,354 |
| Invoiced 181-365 days | | 32,154 | 15,273 |
| Invoiced and above 365 days | | 16,266 | 28,476 |
| | | 545,656 | 423,008 |
| Movement in the provision for doubtful debts during the year was as follows: | | | |
| Opening balance | | 20,032 | 20,738 |
| Provision (reversed)/made during the year | | 9,097 | (706) |
| Closing balance | | 29,129 | 20,032 |

### 29.2.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses for periods which the Company thinks appropriate; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters. Moreover, the group seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment.

The following are the contractual maturities of financial liabilities:

| | | Contractual Cash Flow | | | | | |
|---|---|---|---|---|---|---|---|
| As at 31 December 2017 | Carrying amount '000 Taka | Total '000 Taka | 6 months or less '000 Taka | 6–12 months '000 Taka | 1–2 years '000 Taka | 2–5 years '000 Taka | More than 5 years '000 Taka |
| Non-derivative financial liabilities: | | | | | | | |
| Trade payables | 98,614 | 98,614 | 98,614 | – | – | – | – |
| Inter company payables | 423,434 | 423,434 | 423,434 | – | – | – | – |
| Payables for capital items | 53,196 | 53,196 | 53,196 | – | – | – | – |
| | 575,244 | 575,244 | 575,244 | – | – | – | – |
| Derivative financial liabilities | – | – | – | – | – | – | – |
| As at 31 December 2016 | | | | | | | |
| Non-derivative financial liabilities: | | | | | | | |
| Trade payables | 229,320 | 229,320 | 229,320 | – | – | – | – |
| Inter company payables | 276,604 | 276,604 | 276,604 | – | – | – | – |
| Payables for capital items | 127,616 | 127,616 | 127,616 | – | – | – | – |
| | 633,540 | 633,540 | 633,540 | – | – | – | – |
| Derivative financial liabilities | – | – | – | – | – | – | – |

29.2.3 Market risk

Market risk is the risk that any change in market conditions, such as foreign exchange rates, interest rates and commodity prices that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) Currency risk

The Company is exposed to currency risk on certain revenues and purchases that are denominated in foreign currencies. Majority of the company's foreign currency transactions are denominated in USD, Euro, SGD and GBP and relate to procurement of raw materials, capital items from abroad. The Company also has exposure in foreign currencies relating to some services. The Company also earns foreign currencies from export and deemed export of goods and services.

At 31 Decemeber, the summary quantitative data about the Company's exposure to currency risk is as follows.

| i) Exposure to currency risk | As at 31 December 2017 | | | | | | | As at 31 December 2016 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | '000 BDT | '000 USD | '000 EUR | '000 GBP | '000 INR | '000 PHP | '000 SGD | '000 BDT | '000 USD | '000 EUR | '000 GBP | '000 INR | '000 PHP | '000 SGD |
| Trade receivable | 516,527 | – | – | – | – | – | – | 7,548 | 96 | – | – | – | – | – |
| Intercompany receivable | 50,716 | – | 19 | – | – | 47 | – | 46,639 | 590 | – | – | – | – | – |
| | 567,243 | – | 19 | – | – | 47 | – | 54,187 | 686 | – | – | – | – | – |
| Trade payables | 98,614 | – | – | – | – | - | – | – | – | – | – | – | – | – |
| Inter company payables | (147,326) | (1,767) | (1,316) | – | (1,746) | (88) | – | (276,604) | (700) | (1,008) | (1,408) | – | – | (4) |
| | (48,712) | (1,767) | (1,316) | – | (1,746) | (88) | – | (276,604) | (700) | (1,008) | (1,408) | – | – | (4) |
| Net exposure | 518,531 | (1,767) | (1,297) | – | (1,746) | (41) | – | (222,417) | (14) | (1,008) | (1,408) | – | – | (4) |

The following significant exchange rates have been applied:

| | Average rate | | Year end spot rate | |
|---|---|---|---|---|
| Exchange rate at taka | 2017 | 2016 | 2017 | 2016 |
| US Dollar 1 | 80.91 | 78.58 | 82.78 | 79.04 |
| Great Britain Pound (GBP) 1 | 104.70 | 106.58 | 111.87 | 97.53 |
| EURO (EUR) 1 | 91.22 | 87.02 | 99.31 | 83.12 |
| Singapore Dollar 1 | 58.23 | 57.08 | 61.89 | 54.58 |

ii) Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar, sterling, euro or Singapore dollar against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| | Profit or loss | | Equity | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| 31 December 2017 | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| USD (10% movement) | (146,263) | 146,263 | 109,698 | (109,698) |
| EURO (9% movement) | (128,809) | 128,809 | 96,607 | (96,607) |
| GBP (8% movement) | – | – | – | – |
| INR (6% movement) | (2,264) | 2,264 | 1,698 | (1,698) |
| PHP (5% movement) | (67) | 67 | 51 | (51) |
| SGD (3% movement) | – | – | – | – |
| 31 December 2016 | | | | |
| USD (10% movement) | (1,107) | 1,107 | 830 | (830) |
| EURO (9% movement) | (83,785) | 83,785 | 62,839 | (62,839) |
| GBP (8% movement) | (137,322) | 137,322 | 102,992 | (102,992) |
| INR (6% movement) | – | – | – | – |
| PHP (5% movement) | – | – | – | – |
| SGD (3% movement) | (218) | 218 | 164 | (164) |

| | 2017 | 2016 |
|---|---|---|
| | '000 Taka | '000 Taka |
| iii) Foreign exchange gain/(loss) | | |
| Foreign exchange gain/(loss) | (19,788) | (4,167) |

b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates. Foreign currency liabilities of the Company are not significantly affected by fluctuations in interest rates. The Company has not entered into any agreement involving derivative instrument at the reporting date.

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

| | Nominal amount | |
|---|---|---|
| | 2017 | 2016 |
| | '000 Taka | '000 Taka |
| Fixed rate instruments | | |
| Financial assets | | |
| Fixed deposits with banks | 670,690 | 966,343 |
| Investment | 10,535 | 10,299 |
| Financial liabilities | – | – |
| | 681,225 | 976,642 |
| Variable-rate instruments | – | – |
| Financial assets | – | – |
| Financial liabilities | – | – |

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at FVTPL, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

c) Commodity risk

Commodity risk refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. As the Company purchases MS wire, blended powder, calcium carbide and other raw materials, it is exposed to risks arising from the purchase of these materials for use in production. Commodity price risk is managed by supply contracts with suppliers.

29.3 Capital management

Capital management refers to implementing policies and measures to maintain sufficient capital, assessing Company's internal capital adequacy to ensure Company's operation as a going concern. Capital consists of share capital, general reserve and revaluation reserve. All major investment and operational decisions with exposure to certain amount are evaluated and approved by the board. The Board of Directors monitors the level of dividends to ordinary shareholders.

| | 2017 | 2016 |
|---|---|---|
| | '000 Taka | '000 Taka |
| **30. Capital expenditure commitment** | | |
| Contracted but not provided for in these accounts | 63,500 | 807,656 |

**31. Proceeds from sale of property, plant and equipment**

| | Cost | Accumulated depreciation | Carrying amount | Sales proceeds |
|---|---|---|---|---|
| | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| Freehold buildings | – | – | – | – |
| Buildings on leasehold land | – | – | – | – |
| Plant & machineries | – | – | – | – |
| Cylinders: | | | | |
| Sold | 377 | 325 | 52 | 304 |
| Condemned | 341 | 158 | 183 | – |
| Motor vehicles | 5,401 | 5,401 | – | 872 |
| Furniture, fixtures and equipment | – | – | – | – |
| Computer hardware | – | – | – | – |
| 2017 | 6,119 | 5,884 | 235 | 1,176 |
| 2016 | 34,150 | 29,357 | 4,793 | 5,875 |

**32. Number of employees**

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk 36,000 and above were 317 (Year 2016: 321).

**33. Production capacity**

| Major products | Unit of measurement | Normal capacity for the year | Production for the year | Remarks |
|---|---|---|---|---|
| ASU Gases | 000 $M^3$ | 30,200 | 11,903 | Normal capacity increased due to installation of new ASU plant during 2017. |
| Dissolved Acetylene | 000 $M^3$ | 1,150 | 214 | Low production due to low demand of customers. |
| Electrodes | M. Ton | 31 | 25 | Additional capacity to meet future demand. |

**34. Remittance made in foreign currency**

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | '000 FC | '000 Taka | '000 FC | '000 Taka |
| Dividend paid to The BOC Group, UK (GBP) | 2,418.0 | 254,754 | 2,347.0 | 254,754 |
| Service Chg Linde Gas Asia Pte Ltd- ROHQ, Philippines (USD) | 128.2 | 10,477 | 388.0 | 30,506 |
| Global IS Fees to Linde AG, Germany (EUR) | – | – | 618.2 | 54,158 |
| Gas analysis, Atlantic Analytical Lab. Inc USA (USD) | 3.4 | 269 | 5.4 | 426 |
| Crown Relocations Limited Hong Kong (EUR) | – | – | 0.2 | 16 |
| Linde AG, Engineering Division, Germany (EUR) | – | – | 8.0 | 713 |
| New Delhi Lab. Pvt. Ltd, India (USD) | 5.6 | 447 | – | – |
| Linde Engineering India Pvt Ltd, India (USD) | – | – | 11.0 | 891 |
| Linde Treasury Asia Pacific PTE LTD, Singapore (SGD) | 8.6 | 507 | 19.8 | 1,163 |
| Deloitte, Germany (EUR) | 2.0 | 172 | – | – |
| PricewaterhouseCoopers, Germany (EUR) | 1.1 | 93 | 3.0 | 279 |
| UL AG, USA (USD) | – | – | 4.0 | 296 |
| TAF paid to The BOC Group, UK (GBP) | 208.5 | 22,176 | – | – |
| | 2,775.4 | 288,895 | 3,404.6 | 343,202 |

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 2017 includes interim dividend of GBP 1,554 thousand for the year 2017 (in 2016: GBP 1,563 thousand).

## 35. Receipt in foreign currency

| Name of customer/vendor | Nature of receipt | 2017 | | 2016 | |
|---|---|---|---|---|---|
| | | '000 FC | '000 Taka | '000 FC | '000 Taka |
| Uniglory Cycle Component Ltd.(USD) | Deemed export | 65 | 5,151 | 57 | 4,415 |
| Uniglory Cycle Industries Ltd. (USD) | Deemed export | 69 | 5,470 | 41 | 3,201 |
| Steris Corporation, USA (USD) | Sales commission | 10 | 805 | 5 | 353 |
| Linde Malaysia Sdn Bhd (USD) | Service charge | 3 | 202 | 2 | 136 |
| BOC Australia (USD) | Service charge | – | – | 1 | 91 |
| Linde Gas Singapore (USD) | Service charge | 1 | 96 | | |
| Linde Gas Asia PTE Ltd (USD) | IS cost recharge | 78 | 6,198 | 16 | 1,268 |
| Richard Bay Mining (USD) | Price rebate | – | – | 9 | 702 |
| The Nanjing Lincoln Ele Co Ltd (USD) | Service charge | – | – | 6 | 500 |
| Total | | 226 | 17,922 | 137 | 10,666 |

| | 2017 | 2016 |
|---|---|---|
| | '000 Taka | '000 Taka |
| **36. Value of imports calculated on CIF basis** | | |
| Raw materials | 1,602,001 | 1,352,504 |
| Components and spare parts | 76,626 | 46,037 |
| Capital goods | 759,360 | 422,874 |
| | 2,437,987 | 1,821,415 |
| **37. Contingent liabilities** | | |
| These includes bank guarantees to third parties, shipping guarantees, others guarantee, utility guarantee, performance bond, security bond, import bill, import receivables and bank acceptance. | 122,689 | 62,041 |
| Outstanding letters of credit | 724,598 | 1,056,620 |
| Writ petition No. 2226 of 2016 filed by the Company against the Government of Bangladesh and others challenging demand as tax (VAT) and is pending for hearing. | 12,996 | 12,996 |
| **37.1 Credit facilities available as at 31 December** | | |
| Standard Chartered Bank (SCB) | 1,600,000 | 1,600,000 |
| The Hong Kong & Shanghai Banking Corporation Ltd. (HSBC) | 679,000 | 481,200 |
| | 2,279,000 | 2,081,200 |

Agreement with HSBC (Credit facility)

As per renewed agreement executed on 31 October 2017 between Linde Bangladesh Limited and HSBC, the Company has been availing credit facilities. The terms and conditions are as follows:

Facility limit: EUR 7.00 million (seven million) in equivalent local currency.

Purpose: Working capital

Overdraft Interest Rate: 8.00%

Security: Demand promissory note, letter of continuation for BDT 679 million and letter of comfort from Linde AG.

Agreement with Standard Chartered Bank Bangladesh (Credit facility)

As per agreement executed on 3 August 2017 between Linde Bangladesh Limited and Standard Chartered Bank Bangladesh, the Company has been availing credit facility. The terms and conditions are as follows:

Facility limit: BDT 1,600 million (BDT sixteen hundred million)

Purpose: Working capital

Overdraft Interest Rate: 9.00%

Security: Demand promissory note and letter of continuation for BDT 1,600 million.

| | | |
|---|---|---|
| **38. Operating leases - Leases as lessee** | | |
| Non-cancellable operating lease rentals are payable as follows: | | |
| No later than one year | 7,922 | 6,955 |
| Between two and five years | 20,705 | 21,993 |
| More than five years | 7,637 | 5,867 |
| | 36,264 | 34,815 |

The Company leases a number of sales centre and office facilities under operating leases. The leases typically run for a period of 1-15 years, with an option to renew the lease after its expiry.

## 39. Non-controlling interest (NCI)

The following table summarises the information relating to each of the Group's subsidiaries:

| | BOC | BOL | Intra-group eliminations | Total | '000 Taka |
|---|---|---|---|---|---|
| **31 December 2017** | | | | | |
| NCI percentage | 0.05% | 0.50% | | | |
| Non-current assets | – | – | | | |
| Current assets | 20,000 | 493,348 | | | |
| Non-current liabilities | – | – | | | |
| Current liabilities | (198,000) | (199,000) | | | |
| **Net assets** | (178,000) | 294,348 | | | |
| Net assets attributable to NCI | (89) | 1,472 | – | 1,383 | 2 |
| Revenue | – | – | – | – | – |
| Loss | (63,250) | (63,250) | – | (126,500) | (127) |
| OCI | – | – | – | – | – |
| **Total comprehensive income** | (63,250) | (63,250) | | (126,500) | (127) |
| Loss allocated to NCI | (32) | (316) | – | (348) | – |
| OCI allocated to NCI | – | – | – | – | – |

| | BOC | BOL | Intra-group eliminations | Total | '000 Taka |
|---|---|---|---|---|---|
| Cash flows from operating activities | – | – | – | – | – |
| Cash flows from investing activities | – | – | – | – | – |
| Cash flows from financing activities | – | – | – | – | – |
| **Net increase/(decrease) in cash and cash equivalents** | – | – | – | – | – |

| | | | | | |
|---|---|---|---|---|---|
| **31 December 2016** | | | | | |
| NCI percentage | 0.05% | 0.50% | | | |
| Non-current assets | – | – | | | |
| Current assets | 20,000 | 443,348 | | | |
| Non-current liabilities | – | – | | | |
| **Current liabilities** | (253,000) | (204,000) | | | |
| **Net assets** | (233,000) | 239,348 | | | |
| Net assets attributable to NCI | (117) | 1,197 | – | 1,080 | 2 |
| Revenue | – | – | – | – | |
| Loss | (55,000) | (55,000) | – | (110,000) | (110) |
| **OCI** | – | – | – | – | |
| Total comprehensive income | (55,000) | (55,000) | | (110,000) | (110) |
| Loss allocated to NCI | (28) | (275) | – | (303) | – |
| OCI allocated to NCI | | | | | |
| Cash flows from operating activities | | | | | |
| Cash flows from investing activities | – | – | | | |
| Cash flows from financing activities | – | – | | | |
| **Net increase/(decrease) in cash and cash equivalents** | – | – | | | |

## 40. Events after the reporting date

See accounting policies in Note 44(s).

– –

The Board of Directors of Linde Bangladesh Limited, at its 242 board meeting held on 28 February 2018 proposed Tk 14.00 per share, amounting to a total of Tk 213,056 thousand as final dividend for the year ended 31 December 2017, which represents 140% of the paid up capital. Total dividend for the year ended 31 December 2017 including the interim dividend comes to Tk 34.00 per share, amounting to a total of Tk 517,422 thousand, which represents 340% (140% final dividend + 200% interim dividend) of the paid up capital. These dividends are subject to final approval by the shareholders at the forthcoming Annual General Meeting of the Company.

## 41. Related party transaction

### 41.1 Parent and ultimate controlling party

BOC Group Limited of United Kingdom (UK) has 60% shareholding of the Company which is fully owned by Linde AG of Germany. As a result, the ultimate controlling party of the company is Linde AG of Germany.

| | Note | 2017 '000 Taka | 2016 '000 Taka |
|---|---|---|---|
| 41.2 Transaction with key management personnel | | | |
| Key management personnel compensation: | | | |
| Directors' remuneration | 13 | 16,900 | 18,478 |

| 41.3 Other related party transactions | | | | | | |
|---|---|---|---|---|---|---|
| | | | 2017 | 2016 | 31 December 2017 | 31 December 2016 |
| Name of party | Nature of relationship | Nature of transactions | Transaction for the year | | Balance outstanding as at | |
| Intercompany payables | | | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| BOC Gases, Technical Supply Centre | Fellow Subsidiary | Service fee | – | – | – | – |
| BOC Gases, Technical Supply Centre | Fellow Subsidiary | Purchase of goods | 902 | 1,911 | – | – |
| BOC Group Ltd. | Holding Company | Technical Assistance Fee | 29,829 | 25,891 | 142,498 | 137,308 |
| BOC Group Ltd. | Holding Company | Dividend | 254,754 | 283,060 | – | – |
| Linde AG, Linde Gas Headquarters | Ultimate Holding Company | Global IS fee | 33,558 | 29,731 | 130,126 | 83,744 |
| Linde Gas Asia Pte. Ltd. | Fellow Subsidiary | Recharges cost received | – | – | 1,018 | 1,005 |
| Linde Gas Asia Pte. Ltd.- ROHQ | Fellow Subsidiary | Service fee | 11,589 | 12,588 | 11,026 | 12,802 |
| Linde Gas Singapore Pte. Ltd. | Fellow Subsidiary | Purchase of goods | 3,361 | 7,081 | – | – |
| Linde India Ltd. | Fellow Subsidiary | Purchase of goods and assets | 815,641 | 481,264 | 131,266 | 33,055 |
| Linde Malaysia Sdn Bhd | Fellow Subsidiary | Purchase of goods and assets | 18,578 | 19,801 | 8,206 | 8,487 |
| Linde Treasury Asia Pacific Pte. Ltd. | Fellow Subsidiary | Service fee | 254 | 626 | | 203 |
| Thai Industrial Gases PLC | Fellow Subsidiary | Recharges cost received | – | – | – | – |
| Linde Thailand | Fellow Subsidiary | Purchase of goods | – | 957 | – | – |
| Linde AG, Engineering Division | Fellow Subsidiary | Service fee | – | – | – | – |
| BOC Australia | Fellow Subsidiary | Purchase of cylinders | – | 9,529 | – | – |
| Linde Engineering India Pvt Ltd | Fellow Subsidiary | Service fee | – | 1,112 | – | – |
| Bangladesh Oxygen limited | Subsidiary | Payment of expenses | 63 | 50 | 380 | 443 |
| Intercompany receivables | | | | | | |
| Linde Gases Singapore Pte. Ltd. | Fellow Subsidiary | Recovery of expenses | – | – | – | 96 |
| Linde Gas Asia Pte. Ltd.- ROHQ | Fellow Subsidiary | Recovery of expenses | 29 | 47 | 205 | 174 |
| Linde Gas Asia Pte. Ltd. | Fellow Subsidiary | Recovery of expenses | 12,201 | 13,067 | 49,521 | 43,423 |
| Linde Korea Co. Limited | Fellow Subsidiary | Recovery of expenses | – | – | 454 | 454 |
| Linde Malaysia Sdn Bhd | Fellow Subsidiary | Recovery of expenses | – | – | – | 202 |
| BOC India Limited | Fellow Subsidiary | Recovery of expenses | – | – | 88 | 88 |
| Linde Pakistan Limited | Fellow Subsidiary | Recovery of expenses | – | – | – | 525 |
| Linde Ecuador S.A. | Fellow Subsidiary | Sale of product | 1,360 | – | 1,360 | – |
| Linde AG, Linde Gas Headquarters | Ultimate Holding Company | Recovery of expenses | – | 1,677 | 1,887 | 1,677 |
| BOC Bangladesh Limited | Subsidiary | Payment of expenses | 63 | 51 | 215 | 152 |

## 42. Basis of measurement

The financial statements of the Company have been prepared on historical cost basis except for forward contact for which the measurement basis is fair value.

## 43. Standards issued but not yet effective

In January 2018, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this recent adoption will not have any impact on the financial statements of the Company for annual periods beginning on or after 1 January 2018.

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. However, the Company has not early applied the following new standards in preparing these financial statements.

The following standards are expected to have no impact on the Company's financial statements in the period initial application.

**A. Estimated impact of the adoption of IFRS 9 and IFRS 15**

Linde Bangladesh Limited has adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from 1 January 2018. The Company has assessed the estimated impact as at 1 January 2018 on its financial statements resulting from the application these standards and impact on reserve and retained earnings are stated below:

| | | Estimated impact of adoption of IFRS 9 and IFRS 15 | | |
|---|---|---|---|---|
| | | Estimated adjustments | Estimated adjustments | Estimated adjusted |
| | As reported at | due to | due to | opening |
| | 31 December | adoption of | adoption of | balance at |
| | 2017 | IFRS 9 | IFRS 15 | 1 January 2018 |
| | '000 Taka | '000 Taka | '000 Taka | '000 Taka |
| General reserve/retained earnings | 3,523,636 | – | – | 3,523,636 |

**B. IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

**C. IFRS 15 Revenue from Contracts with Customers**

IFRS 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue and IAS 11 Construction Contracts.

## 44. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.
Certain comparative amounts in the statement of financial position and statement of profit or loss and other comprehensive income have been reclassified for better presentation purpose, where necessary.
Set out below is an index of the significant accounting policies, the details of which are available on the following pages:

(a) Foreign currency
(b) Property, plant and equipment
(c) Intangible assets
(d) Leased assets
(e) Financial instruments
(f) Inventories
(g) Impairment
(h) Provisions
(i) Contingencies
(j) Income tax
(k) Workers' profit participation fund (WPPF)
(l) Employee benefit
(m) Revenue recognition
(n) Finance income and expenses
(o) Basis of consolidation
(p) Earnings per share
(q) Cash flow statement
(r) General reserve
(s) Events after the reporting date

### a) Foreign currency

Foreign currencies are translated into Taka at the rates ruling on the transaction dates. Monetary assets and liabilities are reconverted at the rates prevailing at the reporting date. Non-monetary assets and liabilities are reported using the historical exchange rate. Differences arising on conversion are charged or credited to the Statement of profit or loss and other comprehensive income.

### b) Property, plant and equipment

#### Recognition and measurement

Items of property, plant and equipment, excluding freehold land, freehold building and leasehold building, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is measured at cost. Freehold buildings and leasehold buildings are measured at cost less accumulated depreciation. Revaluation model was followed in few years before last year erroneously .To be consistent with the parent company's accounting policy cost model has been followed from last year. Impact of following cost model in stead of revaluation model was immaterial. 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 cost directly attributable to bring the assets to the location and condition necessary for it to be capable of operating in the intended manner.

#### Subsequent costs

The cost of replacing or upgrading part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### Depreciation

Linde Bangladesh Limited uses the month placed in service depreciation convention for all property, plant and equipment. Using this convention, depreciation begins in the month the asset is placed in service

regardless of which day within the month the asset is placed in service. All purchased items are placed in service and being depreciated from the month of capitalisation. In case of disposals, depreciation is charged up to the immediate previous month of disposal.
No depreciation is charged on freehold land and capital work in progress. Depreciation is charged on all other items of property, plant and equipment on straight line method. The rates of depreciation vary according to the estimated useful lives of the items of property, plant and equipment. The estimated useful lives for depreciation are as follows:

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

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

### Gains or losses on disposal

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amounts and are recognised on net basis.

### c) Intangible assets

### 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.

### 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 profit or loss, when incurred.

### Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of the intangible assets, from the month they are available for use. Enterprise Resource Plan (ERP) software and other softwares are amortised at the rate of 12.50% and 25% respectively.

### d) 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.

### e) Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

The Company initially recognises receivables on the date that they are originated. All other financial assets are recognised initially on the date at which the company becomes a party to the contractual provisions of the transaction.

The Company derecognises a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.
Financial assets include cash and cash equivalents, trade and other receivables and investment in subsidiaries.

### (i) 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.

### (ii) Trade and other receivables

Trade receivables represent the amounts due from customers for delivering goods or rendering services. Trade and other receivables are initially recognised at cost which is the fair value of the consideration given in return. After initial recognition these are carried at cost less impairment losses due to non-collectability of any amount so recognised.

### (iii) Investment

Investment comprise of fixed deposit maturity of more than three months which are available for use by the company without any restriction. The Company has positive intent and ability to hold FDR investment to maturity, and such financial assets are classified as held to maturity. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using effective interest method.

(iv) Investment in subsidiaries

Investment in subsidiaries represent investment in the equity of Bangladesh Oxygen Limited and BOC Bangladesh Limited.

Financial liabilities

A financial liability is recognised when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits. The Company initially recognises financial liabilities on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include trade and other payables, and other non-current liabilities.

f) Inventories

Inventories, except goods in transit are measured at lower of cost and estimated net realisable value (NRV). The cost of inventories is measured by using weighted average cost formula and includes expenditure incurred for acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. Inventories consist of raw materials, finished goods, goods in transit and maintenance spares.

g) Impairment

The carrying amounts of the Company's assets, other than inventories are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in profit or loss.

h) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

i) Contingencies

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

j) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except income tax expense relating to other comprehensive income which is recognised in other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. The Company qualifies as a "Publicly Traded Company". The effective rate of taxation is 25%. Provision for taxation has been made on the basis of Finance Act 2017.

As per the applicable tax law, the Company has to pay tax at the rate applicable to the Company subject to a minimum tax at the rate of 0.6% of the amount representing such Company's gross receipts from all sources for that year. Since the subsidiary company had no receipts from any sources during the year, no tax was provided for the subsidiaries company.

Deferred tax

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

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

k) Workers' profit participation fund (WPPF)

The Company provides 5% of its profit before charging such expense as WPPF .

l) 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.

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 13.5% of their basic salary to the provident fund and the Company also makes equal contribution.

The Company recognises contribution to defined contribution plan as an expense when an employee has rendered services in exchange for such contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

Defined benefit plans

(i) Gratuity scheme

The Company operates an unfunded gratuity scheme for its permanent employees, under which an employee is entitled to the benefits depending on the length of services and last drawn basic salary. The Company calculated the provisions for maximum exposures as at the reporting date for all eligible employees. No actuarial valuation was made for this scheme after 2016. During 2017, provision for gratuity scheme was made based on the recommendation of actuarial valuation repot of 2016. 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.

(ii) Short-term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. Provision is made for leave accrued during the year but not availed by employees. The amount is arrived at with reference to the latest basic salary of each employee and unutilised leave.

m) Revenue recognition

Revenue arising from sale of goods

(i) 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.

(ii) Cash on delivery sales

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

Services

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

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.

n) Finance income and expenses

Finance income comprises of interest income on funds placed in fixed deposit. Interest income is recognised on accrual basis.

Finance expenses comprise of interest expense on overdraft and bank charges. All finance expenses are recognised in profit or loss.

o) Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii. Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.
Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

iv. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

p) Earnings per share

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

Basic earnings per share

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

q) Cash flow statement

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

r) General reserve/retained earnings

Traditionally the Company transfers all of it's profit to general reserve/ retained earnings which can be used for any purpose (e.g. distribution of dividend etc.). During the year the Company replaced the term "general reserve" by "general reserve/retained earnings".

s) Events after the reporting date

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

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# Locations.

## Registered Office

**Corporate Office**
285 Tejgaon I/A
Dhaka – 1208
Phone +88 02 8870322–27
Fax +88 02 8870329/8870336

## Factories

**Rupganj**
P.O. Dhuptara, P.S. Rupganj, Narayanganj
Mobile +88 01711563317/01713099673

**Shitalpur**
Shitalpur, Sitakund, Chittagong
Phone +88 031 2780205

## Sales Centres

**Tejgaon**
285 Tejgaon Industrial Area, Dhaka 1208
Phone +88 02 8870341–44
Fax +88 02 8870357
Mobile +88 01713099652

**Rupganj**
P.O. Dhuptara, P.S. Rupganj, Narayanganj
Mobile +88 01711563317/01713099673

**Tipu Sultan Road**
57–58 Tipu Sultan Road, P.S : Sutrapur, Dhaka
Phone +88 02 7163768
Mobile +88 01713099655

**Tongi**
241 Tongi Industrial Area, Millgate, Gazipur
Phone +88 02 9812402
Mobile +88 01713099654

**Narayanganj**
72 Sirajuddowla Road, Narayanganj
Phone +88 02 7632942
Mobile +88 01713099656

**Mymensingh**
28/1Kha, K C Roy Road, Mymensingh
Phone +88 09 152558
Mobile +88 01713099657

**Noakhali**
Contractor Masjid, (Maijdee Road ), Alipur
Begumganj, Noakhali
Phone +88 03 2152023
Mobile +88 01713099660

**Khulna**
Off Rupsha Strand Road, Labonchora, Khulna
Phone +88 041 721206/723076
Mobile +88 01713099663

**Barisal**
Holding No. 7641, Alekanda, Kotwali, Barisal
Phone +88 0431 2173190
Mobile +88 01713099665

**Rajshahi**
149 Balia Pukur, Ghoramara
Boalia, Rajshahi
Phone +88 0721 750242
Mobile +88 01713099668

**Shitalpur**
Shitalpur, Sitakund, Chittagong
Phone +88 031 2780205

**Sagorika**
68/V Sagorika Road, Pahartali
P.O. Customs House, Chittagong
Phone +88 031 752122/752776/750839
Mobile +88 01713099659

**Comilla**
Sreemantapur, Chandpur Road
Ahmednagar, Comilla
Mobile +88 01713099661

**Sylhet**
Nishat Plaza Shopping Complex
Mominkhola, Sylhet
Phone +88 0821 841681
Mobile +88 01713099662

**Jessore**
Jessore Khulna Highway
(Near Bokchar Primary School)
Bokchar, Jessore
Phone +88 0421 68596/66426
Mobile +88 01713099672

**Bogra**
Charmatha, Rangpur Road, Nishindara, Bogra
Phone +88 051 64327
Mobile +88 01713099666

**Rangpur**
R.K. Road, Ulipur Market
South Goneshpur, Rangpur-5400
Phone +88 0521 63608
Mobile +88 01713099667

**Faridpur**
Rajbari Road mor
(Near Komorpur Filling Station)
Dhaka–Faridpur Highway
Brakhonkanda, Faridpur
Phone +88 0631 65345
Mobile +88 01713099664

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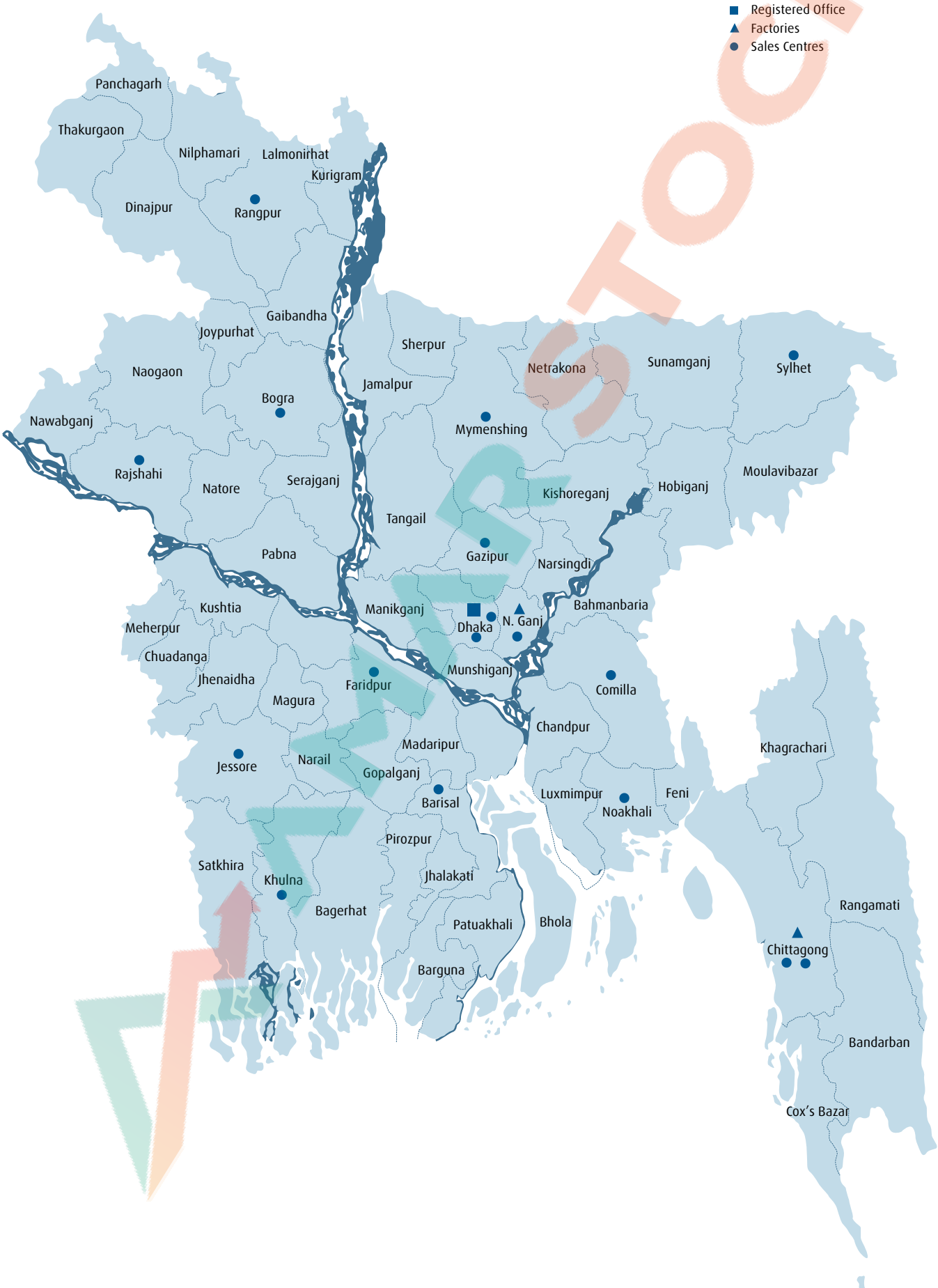
# Linde Bangladesh Sites.



# Range of Products and Services.



## Industrial gases

- Liquid oxygen
- Liquid nitrogen
- Liquid argon
- Liquid carbon dioxide
- Compressed oxygen
- Compressed nitrogen
- Compressed argon
- CORGON (Shielding Gas)
- Lamp gas
- Dissolved acetylene
- Carbon dioxide
- Dry ice
- Hydrogen
- Compressed air
- Refrigerant gases
- Fire suppression gas & system
- Helium
- Sulphur hexafluoride
- Sulphur dioxide
- Special gases & gas mixtures
- Any other gas on request

## Hardgoods Filler Materials & Equipment

- Mild steel electrodes
- Low hydrogen/low alloy electrodes
- Cast iron electrodes
- Hard surfacing electrodes
- Stainless steel electrodes
- AC Arc welding equipment & accessories
- DC Arc welding equipment & accessories
- Gas welding and cutting equipment & accessories
- MIG welding equipment & accessories
- TIG welding equipment & accessories
- Gas welding rod & flux
- Gas welding and cutting equipment & accessories

## Medical gases & equipment

- Medical oxygen liquid
- Medical oxygen compressed
- Nitrous oxide
- Entonox
- Sterilizing gases
- Medical Carbon-di-Oxide
- Medical Compressed Air
- Medical Gases Cylinders
- Oxytherapy Set
- Oxygen Concentrator
- Humidifier
- Medical Gases Pipeline Items
- Other Medical Gases on Request

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Linde









# Linde Bangladesh Limited. Form of Proxy.

I/We ..... (name)

of ..... (address)

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

* Mr/Mrs/Miss ..... (name)

of ..... (address)

as my proxy, to attend on my/our behalf at the 45th Annual General Meeting of the Company to be held on 26 April 2018 at 11:00 am 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 ..... 2018

| ..... | ..... | ..... | ..... |
|---|---|---|---|
| Signed (shareholder/s) | Folio/BO ID # | Signed (Proxy) | Folio BO ID # |

Affix revenue stamp Tk.20.00
(Also see notes on reverse)

## Linde Bangladesh Limited

**Shareholder's attendance slip**
I hereby record my presence at the 45th Annual General Meeting of Linde Bangladesh Limited on 26 April 2018.

| ..... | ..... | ..... |
|---|---|---|
| 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 11.00 am on Monday 23 April 2018.

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