

Linde Bangladesh Limited

Independent Auditor's Report and
Consolidated and Separate Financial Statements as at and
for the year ended 31 December 2021

**Rahman Rahman Huq**

Chartered Accountants

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Consolidated Independent Auditor's Report**To the Shareholders of Linde Bangladesh Limited****Report on the Audit of the Consolidated Financial Statements****Opinion**

We have audited the consolidated financial statements of Linde Bangladesh Limited and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition**See note 23 to the consolidated financial statements****The key audit matter**

Revenue recognition has significant and wide influence on consolidated financial statements.

The Group has recognised revenue when the amounts and the related costs are reliably measured, and the performance obligation is complete through passing of control to the customers. Revenue from the sale of goods is recognised at the time when the goods are dispatched for delivery to the distributor or handed over to its customers and revenue from providing services is recognised after the services are provided to customers. The Group makes sales and provide services on cash and credit basis.

The Group also has revenue from rental of cylinders and Vacuum Insulated Evaporators (VIE) for gases.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- Understanding and evaluating the design and implementation of key internal financial controls related to the Group's revenue recognition and testing the operating effectiveness of such control.
- Substantive testing of revenue recorded over the year using sampling techniques, by examining the relevant supporting documents including sales invoices with customers' signature, delivery note along with gate pass and standard price list of the Group. We also confirmed customer balances at the consolidated statement of financial position date.

Consolidated Independent Auditor's Report (continued)

1. Revenue recognition (continued)	
See note 23 to the consolidated financial statements	
The key audit matter	How the matter was addressed in our audit
<p>Revenue is measured at net of discounts and incentives earned by customers/ distributors. The estimation of discounts and incentives recognised based on sales made during the year is material and considered to be complex and judgmental.</p> <p>A substantial part of the Group's revenue is derived from retail sales through sales centers and comprises high volume of individually small transactions which increase the risk of revenue being recognised inappropriately.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>The Group has reported total revenue of BDT 5,082 million (31 December 2020: BDT 4,711 million) in current year.</p>	<ul style="list-style-type: none"> Understanding and evaluating the design and implementation of key internal financial controls related to discounts and incentives offered to customers and performance of substantive procedures to check whether discounts are recognised accurately and incentives are recognised completely and accurately. Testing the sales transactions recognised shortly before and after the consolidated statement of financial position date, including the sales returns recorded after that date, to test whether sales transactions were recorded in the correct reporting periods.
2. Existence and valuation of inventory	
See note 9 to the consolidated financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The Group had inventory of BDT 912 million (2020: BDT 873 million) at 31 December 2021, held in plants, warehouses and sales centers, and across multiple product lines.</p> <p>Inventory is kept and distributed from different locations of the Country which increases the susceptibility of lost and misappropriation of inventories. Hence existence of inventories considered as key audit matter.</p> <p>Inventory is carried in the statement of financial position at the lower of cost and net realisable value. Sales in the manufacturing industry can be extremely volatile based on significant changes in consumer demand. As a result, there is a risk that the carrying value of inventory exceeds its net realisable value.</p> <p>Moreover, the process of estimating provision for inventories is judgmental and complex. Due to high level of judgement involved and use of some manual processes in estimating the provision and net realisable value of inventories, we considered this to be a key audit matter.</p>	<p>Our audit procedures were designed to confirm the existence of inventories and to challenge the adequacy of the Group's provisions against inventory included:</p> <ul style="list-style-type: none"> Attending inventory counts to check the existence and reconciling the count results to the inventory listings to test the completeness of data; Evaluating the methodology and management judgement to determine the provision for inventories. Recalculating the provision for inventory and comparison with management calculation. Evaluating, on a sample basis, whether inventories were stated at the lower of cost or net realisable value at the reporting date by comparing sales prices of inventories sold subsequent to that date.

Consolidated Independent Auditor's Report (continued)

Other matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 8 April 2021.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance 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 International 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Consolidated Independent Auditor's Report (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Consolidated Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 2020, we also report the following:

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

The engagement partner on the audit resulting in this independent auditor's report is M Mehedi Hasan.



M Mehedi Hasan, Partner, Enrolment number: 1000
Rahman Rahman Huq, Chartered Accountants
Firm Registration Number: N/A

Dhaka, 22 MAR 2022

DVC: 2203301000AS844710



**Rahman Rahman Huq**

Chartered Accountants
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Independent Auditor's Report**To the Shareholders of Linde Bangladesh Limited****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Linde Bangladesh Limited ("the Company"), which comprise the statement of financial position as at 31 December 2021, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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1. Revenue recognition	
See note 23 to the financial statements	
The key audit matter	How the matter was addressed in our audit
Revenue recognition has significant and wide influence on financial statements.	Our audit procedures in this area included, among others:
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The Company also has revenue from rental of cylinders and Vacuum Insulated Evaporators (VIE) for gases.	

Independent Auditor's Report (continued)

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Independent Auditor's Report (continued)

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Independent Auditor's Report (continued)

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- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
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Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is M Mehedi Hasan.



M Mehedi Hasan, Partner, Enrolment number: 1000
Rahman Rahman Huq, Chartered Accountants
Firm Registration Number: N/A

Dhaka, **22 MAR 2022**


DVC: **2203301000AS844710**



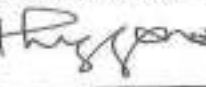
Linde Bangladesh Limited
Consolidated Statement of Financial Position


		As at 31 December	
(In thousands of Taka)	Note	2021	2020
Assets			
Property, plant and equipment	5	3,345,486	3,424,962
Intangible assets	6	181	485
Right-of-use (ROU) asset	7	34,061	12,159
Advances, deposits and prepayments	11(a)	88,505	104,811
Non-current assets		3,468,233	3,542,407
Inventories	9	912,468	873,442
Trade and other receivables	10	820,951	731,868
Advances, deposits and prepayments	11(a)	205,543	200,319
Investment in fixed deposit receipts - FDRs	12	-	1,511,202
Cash and cash equivalents	13(s)	2,998,846	1,145,026
Current assets		4,937,908	4,461,857
Total assets		8,406,141	8,004,264
Equity			
Share capital	14	152,183	152,183
Other component of equity		(47,599)	(36,479)
General reserve/retained earnings		5,914,586	5,297,610
Equity attributable to owners of the Company		6,019,070	5,413,314
Non-controlling interest		(0.11)	(0.07)
Total equity		6,019,070	5,413,314
Liabilities			
Employee benefits-non current portion	15	167,502	150,870
Deferred tax liabilities	16.2	356,465	405,533
Lease liability-non current portion	17	21,452	7,280
Other non-current liabilities	18	246,952	281,545
Non-current liabilities		794,371	825,208
Lease liability-current portion	17	10,190	4,585
Employee benefits-current portion	15	17,280	29,310
Trade and other payables	19	1,302,195	1,341,691
Provision for expenses	20(a)	138,230	191,249
Current tax liabilities	21(a)	100,960	101,144
Undivided dividend	22	23,845	97,763
Current liabilities		1,592,700	1,765,742
Total liabilities		2,387,071	2,590,950
Total equity and liabilities		8,406,141	8,004,264
Net Asset Value (NAV) per share	41(a)	395.55	355.72

These consolidated financial statements should be read in conjunction with annexed notes from 1 to 46.


Moloy Banerjee
Chairman


Sudeep Kumar Pal
Managing Director


Md. Anisuzzaman
Chief Financial Officer


Abu Mohammad Nisar
Company Secretary

As per our report of same date


Auditor

M Mehedi Hasan, Partner
Enrolment Number: 1000
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

2203301000AS844710

DVC:

Linde Bangladesh Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December

(In thousands of Taka)

	Note	2021	2020
Revenue	23	5,082,840	4,711,417
Cost of sales	24	(2,761,023)	(2,483,603)
Gross profit		2,321,817	2,227,814
Operating expenses	25(a)	(792,892)	(779,593)
Profit from operations		1,528,925	1,448,221
Net foreign exchange loss		(4,276)	(7,126)
Other income	26	25,124	1,630
Net finance income	27	23,153	78,127
Profit before contribution to WPPF		1,572,926	1,520,852
Contribution to workers' profit participation fund (WPPF)	28	(78,650)	(76,046)
Profit before tax		1,494,276	1,444,806
Income tax expenses	16	(268,569)	(371,267)
Profit after tax		1,225,707	1,073,539
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability, net of tax	15.1.1 and 16.2	(11,220)	(7,567)
Total comprehensive income for the year		1,214,487	1,065,972
Profit attributable to			
Owners of the Company		1,225,707	1,073,539
Non-controlling interests	31	-	-
		1,225,707	1,073,539
Total comprehensive income attributable to			
Owners of the Company		1,214,487	1,065,972
Non-controlling interests	31	-	-
		1,214,487	1,065,972
Earnings per share (EPS) (in Taka)	42(a)	80.54	70.54

These consolidated financial statements should be read in conjunction with annexed notes from 1 to 46.


Moloy Banerjee
Chairman


Sajeeb Kumar Pal
Managing Director


Md. Anisuzzaman
Chief Financial Officer


Abu Mohammad Nisar
Company Secretary

As per our report of same date

Dhaka, 22 MAR 2022




Auditor
M Mehedi Hasan, Partner
Enrolment Number: 1000
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

Linde Bangladesh Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December

(In thousands of Taka)	Attributable to owners of the Company			Non-controlling interests	Total equity
	Share capital	Other component of equity	General Reserve/ Retained earnings		
Balance as at 1 January 2021	152,183	(35,475)	5,297,610	(0.07)	5,413,314
Total Comprehensive Income for the year	-	-	1,225,707	(0.04)	1,225,707
Profit for the year	-	-	1,225,707	-	1,225,707
Other comprehensive loss for the year	-	(11,220)	-	-	(11,220)
Total Comprehensive Income for the year	-	(11,220)	1,225,707	(0.04)	1,214,487
Transactions with the owners of the Company					
Contributions and Distributions	-	-	(608,731)	-	(608,731)
Issue of ordinary shares	-	-	(608,731)	-	(608,731)
Final dividend for the year 2020	-	-	(608,731)	-	(608,731)
Total contributions and distributions	-	-	(608,731)	-	(608,731)
Total transaction with the owners of the Company	-	-	(608,731)	-	(608,731)
Balance as at 31 December 2021	152,183	(47,695)	5,214,585	(0.11)	5,019,070
Balance as at 1 January 2020	152,183	(28,912)	4,955,000	(0.03)	5,108,271
Total Comprehensive Income for the year	-	-	1,073,539	(0.04)	1,073,539
Profit for the year	-	-	1,073,539	-	1,073,539
Loss on deconsolidation of BGL	-	-	(16)	-	(16)
Other comprehensive loss for the year	-	(7,567)	-	-	(7,567)
Total Comprehensive Income for the year	-	(7,567)	1,073,524	(0.04)	1,065,957
Transactions with the owners of the Company					
Contributions and Distributions	-	-	(780,914)	-	(780,914)
Issue of ordinary shares	-	-	(780,914)	-	(780,914)
Final dividend for the year 2019	-	-	(780,914)	-	(780,914)
Total contributions and distributions	-	-	(780,914)	-	(780,914)
Total transaction with the owners of the Company	-	-	(780,914)	-	(780,914)
Balance as at 31 December 2020	152,183	(36,479)	5,287,610	(0.07)	5,413,314

These consolidated financial statements should be read in conjunction with annexed notes from 1 to 46.

Dhaka, 22 MAR 2022


Md. Anisuzzaman
Chief Financial Officer


Sujat Kumar Pal
Managing Director


Md. Anisuzzaman
Chief Financial Officer


Md. Anisuzzaman
Company Secretary



Linde Bangladesh Limited
Consolidated Statement of Cash Flow

For the year ended 31 December
(In thousands of Taka)

	Note	2021	2020
A. Cash flows from operating activities			
Cash receipts from customers and others		5,016,575	4,691,298
Cash paid to suppliers and employees		(3,470,608)	(3,102,901)
Cash generated from operating activities		1,545,967	1,588,397
Income tax paid		(323,370)	(406,242)
Net cash from operating activities		1,222,597	1,182,155
B. Cash flows from investing activities			
Payment for acquisition of property, plant and equipment		(236,578)	(113,325)
Payment for acquisition of intangible assets		(10)	(129)
Proceeds from sale of property, plant and equipment		21,420	6,070
Withdrawal / (Investment) in fixed deposit receipts		1,511,202	(266,583)
Interest received		24,193	90,561
Net cash generated / (used) in investing activities		1,320,227	(283,404)
C. Cash flows from financing activities			
Dividend paid		(682,649)	(751,753)
Repayment of lease obligation		(6,355)	(6,618)
Net cash used in financing activities		(689,004)	(758,371)
D. Net increase in cash and cash equivalents (A+B+C)		1,853,820	140,380
Cash and cash equivalents at beginning of the year		1,145,026	1,004,646
Cash and cash equivalents at end of the year		2,998,846	1,145,026
Net operating cash flow per share (NOCFPS) (in Taka)	43(a)	80.34	77.68

These consolidated financial statements should be read in conjunction with annexed notes from 1 to 45.

Dhaka, 22 MAR 2022


Moloy Banerjee
Chairman


Sujeet Kumar Pai
Managing Director


Md. Anisuzzaman
Chief Financial Officer


Abu Mohammad Nisar
Company Secretary



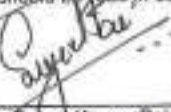


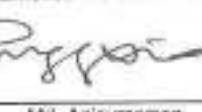
Linde Bangladesh Limited
Statement of Financial Position


(In thousands of Taka)	Note	As at 31 December	
		2021	2020
Assets			
Property, plant and equipment	5	3,345,486	3,424,952
Intangible assets	6	181	485
Right-of-use (ROU) asset	7	34,061	12,159
Investment in subsidiaries	8	20	20
Advances, deposits and prepayments	11	88,505	104,811
Non-current assets		3,468,253	3,542,427
Inventories	9	912,468	873,442
Trade and other receivables	10	820,951	731,858
Advances, deposits and prepayments	11	206,128	200,735
Investment in fixed deposit receipts - FDRs	12	-	1,511,202
Cash and cash equivalents	13	2,998,826	1,145,006
Current assets		4,938,373	4,462,252
Total assets		8,406,626	8,004,680
Equity			
Share capital	14	152,183	152,183
Other component of equity		(47,699)	(36,479)
General reserve/retained earnings		5,915,178	5,298,133
Total equity		6,019,662	5,413,837
Liabilities			
Employee benefits-non current portion	15	167,562	150,870
Deferred tax liabilities	16.2	356,465	405,533
Lease liability-non current portion	17	21,452	7,260
Other non-current liabilities	18	248,952	281,545
Non-current liabilities		794,371	825,208
Lease liability-current portion	17	10,190	4,585
Employee benefits-current portion	15	17,280	29,310
Trade and other payables	19	1,302,195	1,341,691
Provision for expenses	20	138,123	191,142
Current tax liabilities	21	100,960	101,144
Unclaimed dividend	22	23,845	97,763
Current liabilities		1,592,593	1,765,635
Total liabilities		2,386,964	2,590,843
Total equity and liabilities		8,406,626	8,004,680
Net Asset Value (NAV) per share	41	395.55	355.75

These financial statements should be read in conjunction with annexed notes from 1 to 45.

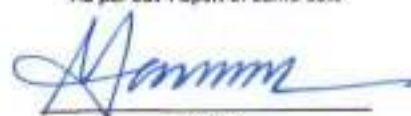

Md. Anisuzzaman
Chairman


Sudeep Kumar Paul
Managing Director


Md. Anisuzzaman
Chief Financial Officer


Abu Mohammad Hossain
Company Secretary

As per our report of same date


Auditor

Dhaka, 22 MAR 2022

M Mehedi Hasan, Partner
Enrolment Number: 1000
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

DVC: 22033010 00AS844710

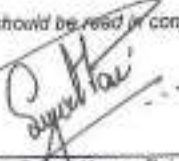
Linde Bangladesh Limited
Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December
(In thousands of Taka)

	Note	2021	2020
Revenue	23	5,082,840	4,711,417
Cost of sales	24	(2,761,023)	(2,483,603)
Gross profit		2,321,817	2,227,814
Operating expenses	25	(792,823)	(779,523)
Profit from operations		1,528,994	1,448,290
Net foreign exchange loss		(4,276)	(7,126)
Other income	26	25,124	1,630
Net finance income	27	23,153	78,127
Profit before contribution to WPPF		1,572,995	1,520,922
Contribution to workers' profit participation fund (WPPF)	28	(78,650)	(76,046)
Profit before tax		1,494,345	1,444,876
Income tax expenses	16	(268,569)	(371,267)
Profit after tax		1,225,776	1,073,609
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability, net of tax	15.1.1 and 16.2	(11,220)	(7,567)
Total comprehensive income for the year		1,214,556	1,066,042
Earnings per share (EPS) (in Taka)	42	80.55	70.55

These financial statements should be read in conjunction with annexed notes from 1 to 46.


Moloy Banerjee
Chairman


Sankar Kumar Pal
Managing Director


Md. Anisuzzaman
Chief Financial Officer


Abu-Mohammad Nisar
Company Secretary

As per our report of same date


Auditor

Dhaka, 22 MAR 2022



M Mehedi Hasan, Partner
Enrolment Number: 1000
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

DVC:

2203301000AS844710

Unile Bangladesh Limited
Statement of Changes in Equity
For the year ended 31 December

	Attributable to owners of the Company			Total equity
	Share capital	Other component of equity	General reserve/retained earnings	
(In thousands of Taka)				
Balance as at 1 January 2021	152,183	(38,479)	5,285,133	5,413,837
Total comprehensive income for the year	-	-	1,225,776	1,225,776
Profit for the year	-	(11,220)	-	(11,220)
Other comprehensive loss for the year	-	(11,220)	-	-
Total comprehensive income for the year	-	-	1,225,776	1,214,556
Transaction with owners of the Company				
Contributions and distributions	-	-	-	-
Issue of ordinary shares	-	-	-	-
Final dividend for the year 2020	-	-	(608,731)	(608,731)
Total contributions and distributions	-	-	-	-
Total transaction with the owners of the Company	-	-	(608,731)	(608,731)
Balance as at 31 December 2021	152,183	(47,699)	5,915,178	6,019,662
Balance as at 1 January 2020	152,183	(28,912)	4,985,438	5,108,709
Total comprehensive income for the year	-	-	1,073,809	1,073,809
Profit for the year	-	(7,687)	-	(7,687)
Other comprehensive loss for the year	-	(7,687)	-	-
Total comprehensive income for the year	-	-	1,073,809	1,066,122
Transaction with owners of the Company				
Contributions and distributions	-	-	-	-
Issue of ordinary shares	-	-	-	-
Final dividend for the year 2019	-	-	(760,914)	(760,914)
Total contributions and distributions	-	-	-	-
Total transaction with the owners of the Company	-	-	(760,914)	(760,914)
Balance as at 31 December 2020	152,183	(36,799)	5,268,133	5,413,837


These financial statements should be read in conjunction with annexed notes from 1 to 40.

Dhaka.

22 MAR 2022


Md. Anisuzzaman
Chief Financial Officer


Md. Anisuzzaman
Chief Financial Officer


Sujan Kumar Pal
Managing Director


Abu Mohammad Nisar
Company Secretary



Linde Bangladesh Limited

Statement of Cash Flow


For the year ended 31 December

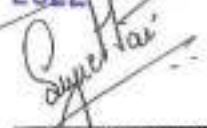
(In thousands of Taka)

	2021	2020
A. Cash flows from operating activities		
Cash receipts from customers and others	5,016,575	4,691,298
Cash paid to suppliers and employees	(3,470,539)	(3,102,584)
Cash generated from operating activities	1,546,036	1,588,714
Income tax paid	(323,370)	(406,242)
Net cash from operating activities	1,222,666	1,182,472
B. Cash flows from investing activities		
Payment for acquisition of property, plant and equipment	(236,678)	(113,325)
Payment for acquisition of intangible assets	(10)	(129)
Proceeds from sale of property, plant and equipment	21,420	6,070
Withdrawal / (Investment) in fixed deposit receipts	1,511,202	(266,583)
Interest received	24,193	90,561
Net cash generated / (used) in investing activities	1,320,227	(283,404)
C. Cash flows from financing activities		
Dividend paid	(682,649)	(751,753)
Repayment of lease obligation	(6,355)	(6,618)
Paid to subsidiary	(89)	(317)
Net cash used in financing activities	(689,073)	(758,688)
D. Net increase in cash and cash equivalents (A+B+C)	1,853,820	140,380
Cash and cash equivalents at beginning of the year	1,145,006	1,004,626
Cash and cash equivalents at end of the year	2,998,826	1,145,006
Net operating cash flow per share (NOCFPS) (in Taka)	43	80.34
		77.70

These financial statements should be read in conjunction with annexed notes from 1 to 46.

Dhaka, 22 MAR 2022


Moloy Banerjee
Chairman


Sujan Kumar Pal
Managing Director


Md. Anisuzzaman
Chief Financial Officer


Abu Mohammad Nisar
Company Secretary



1. Reporting entity

1.1 Company profile

Linde Bangladesh Limited ("the Company") is a public limited and 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 and 1996 in Dhaka Stock Exchange and Chittagong Stock Exchange respectively. The address of the registered office is 285 Tejgaon VA, 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.

A global merger of Linde AG, Germany and Praxair, Inc. USA has taken place on 31 October 2018. In this respect, Linde plc, a company incorporated in Ireland has become the new holding company of both Linde AG and Praxair, Inc. and as such Linde plc is now the new ultimate holding company of Linde Bangladesh Limited.

BOC Bangladesh Limited ("BOC") is wholly owned subsidiary of Linde Bangladesh Limited. This subsidiary is entity controlled by the Company. The subsidiary is not in operation.

These consolidated financial statements comprise the Company and its subsidiary (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 and ancillary equipment. The Company also earns rental from cylinders used by the customers and from Vacuum Insulated Evaporators (VIE) installed at customers' premises. The Company also provides services related to its products.

2. Basis of preparation of financial statements

2.1 Statement of compliance

The Financial Reporting Act, 2015 (FRA) was enacted in 2015. The Financial Reporting Council (FRC) under the FRA has been formed in 2017 but the Financial Reporting Standards (FRS) under this council are yet to be issued for public interest entities such as listed entities.

As the FRS are yet to be issued by FRC hence as per the provisions of the FRA (section-59), the financial statements (including consolidated financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act, 1994. The title and format of these financial statements (including consolidated financial statements) follow the requirements of IFRSs which are to some extent different from the requirement of the Companies Act, 1994. However, such differences are not material and in the view of management, IFRS format gives a better presentation to the shareholders.

The Company also complied with the requirements of following laws and regulations from various Government bodies:

- i. Bangladesh Securities and Exchange Ordinance, 1969;
- ii. Bangladesh Securities and Exchange Rules, 2020;
- iii. The Income Tax Ordinance, 1964; and
- iv. The Value Added Tax and Supplementary Duty Act, 2012.
- v. The Value Added Tax and Supplementary Duty Rules, 2016; and
- vi. Listing Regulations of Dhaka and Chittagong Stock Exchange; and
- vii. Other relevant local laws as applicable.

These financial statements (including consolidated financial statements) have been prepared on going concern basis. Unless otherwise specifically mentioned, historical cost principle has been followed for the purpose of these financial statements (including consolidated financial statements).



Details of the Company's accounting policies including changes during the year, if any, are included in Note 3.

Date of authorisation

Financial statements were authorised for issuance by the Company's board of directors on 10 March 2022.

2.2 Functional and presentational currency

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

2.3 Basis of measurement

These financial statements have been prepared on accrual basis following going concern concept under historical cost convention. The gratuity scheme is measured based on actuarial valuation.

2.4 Going concern

The Company has adequate resources to continue in operation for foreseeable future and hence, these financial statements have been prepared on going concern basis. As per management assessment there are no material uncertainties related to events or conditions (specifically COVID 19) which may cast significant doubt upon the Company's ability to continue as a going concern.

2.5 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 recognized prospectively.

(A) Judgments

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

Right-of-use (ROU) asset	Note - 7 & 3 (Q)
Lease liability	Note - 17 & 3 (Q)

(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 2021 is included in the following notes:

Useful life and residual value of property, plant and equipment	Note - 5 and 3 (G)
Provision for inventory obsolescence	Note - 9.1 and 3 (F)
Provision for trade receivable	Note - 10.1.1 and 3 (I)
Employee benefits	Note - 15 and 3 (M)
Deferred tax liabilities	Note - 16.2 and 3 (E)
Current tax liabilities	Note - 21 and 3 (E)
Contingent liabilities	Note - 37 and 3 (R)



3. Significant accounting policies

The Company has consistently (otherwise as stated) applied the following accounting policies to all periods presented in these financial statements.

- A Revenue from contracts with customers
- B Finance income and finance costs
- C Basis of consolidation
- D Foreign currency transactions
- E Income Tax
- F Inventories
- G Property, plant and equipment
- H Intangibles
- I Financial instruments
- J Impairment
- K Provisions
- L Workers' profit participation fund
- M Employee benefit
- N Reporting period
- O Earnings per share
- P Statement of cash flows
- Q Leases
- R Contingencies
- S Events after the reporting period
- T Segment reporting

A. Revenue from contracts with customers

Type of product and service

Industrial and medical gases, welding products and equipment, installation of Vacuum Insulated Evaporators (VIE), rental of cylinders and VIEs and other services related to its products.

Revenue recognition from sale of goods

Revenue from sale of goods is measured at fair value of the consideration received or receivable, net of returns, allowances and trade discounts at the time of delivery of goods. 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.

Invoices are usually paid instantly in case of cash sales or payable as per credit terms offered by the Company.

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.

Revenue from the rental of VIEs and cylinders is recognised over time and invoice for rental of VIE are raised monthly.

B. Finance income and finance costs

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, bank charges and interest expense on lease liabilities. All finance expenses are recognised in profit or loss.



C. 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 (except for foreign currency transaction gains or losses) 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.

D. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency (BDT) at exchange rates ruling at the dates of transactions in accordance with IAS-21 "The Effects of Changes in Foreign Exchange Rates." Exchange rate difference at the statement of financial position date are charged/credited to statement of profit or loss and other comprehensive income, to the extent that this treatment does not contradict with the Schedule XI of Companies Act 1994. This Schedule requires all exchange gains and losses arising from foreign currency borrowings, taken to finance acquisition of construction of fixed assets, to be credited/charged to the cost/value of such assets.

The financial statements are presented in BDT, which is company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated into (BDT) at the exchange rates ruling at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost, are translated into (BDT) at the exchange rate ruling at the date of transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

E. Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.



i. Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. The Company qualifies as a "Publicly Traded Company", as defined in income tax law. The applicable tax rate for the Company is 22.5%. Provision for taxation has been made on this basis which is compliant with the Finance Act 2021.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary difference in relation to right-of-use asset and a lease liability for a specific lease are regarded as net package (the lease) for the purpose of recognising deferred tax.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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 realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

F. Inventories

Inventories are measured at lower of cost and net realisable value. Net realisable value is estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Inventories consist of raw materials, spare parts, work-in-process, goods in transit and finished goods. The cost of inventories is based on weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.



G. Property, plant and equipment**i. Recognition and measurement**

Property, plant and equipment (PPE) is recognised as an asset if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the item can be measured reliably.

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. Freehold land is measured at cost. Freehold buildings and leasehold buildings are measured at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the assets, bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

If significant parts of an item of property, plant & equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant & equipment. Any gain or loss on disposal of an item of property, plant & equipment is recognised in profit or loss.

ii. Subsequent costs

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

iii. 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:

	Useful lives
Freehold buildings	25 years and 40 years
Plant, machinery and cylinders (including storage tank and vacuum insulated evaporator)	10-20 years
Motor vehicles	5 years
Furniture, fixtures and equipment	5-10 years
Computer hardware	5 years

iv. Derecognition

An asset is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Gains or losses arising from the derecognition of an asset are determined as the difference between net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

v. Asset under construction

Asset under construction represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use which is measured at cost. These are transferred to the property, plant and equipment on the completion of the projects.



H. Intangibles**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 IAS 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 increases the future economic benefits embodied in the specific asset to which it relates. 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 software are amortised at the rate of 12.50% and 33.33% respectively.

I. Financial instruments

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

Financial assets

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

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

Financial assets include cash and cash equivalents, trade receivable, long term receivables and deposits.

(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 receivables

Trade receivables represent the amounts due from customers for delivering goods or rendering services. Trade receivable is initially recognised at nominal value which is the fair value of the consideration given in return.

After initial recognition, allowances for trade receivables are calculated applying the rates under ECL method for different ageing buckets (in days) for the current year are as follows:

Ageing bucket (days)	2021	2020
Invoiced 0-30 days	71.1%	67.9%
Invoiced 31-60 days	2.6%	3.3%
Invoiced 61-90 days	0.9%	1.8%
Invoiced 91-180 days	6.6%	3.4%
Invoiced 181-365 days	6.7%	6.4%
Invoiced and above 365 days	12.1%	17.2%



(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 BOC Bangladesh Limited is presented in the financial statement at cost.

Financial liability

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, cancelled or expired.

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

J. Impairment

i. Financial assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ii) Non-financial assets

The carrying amounts of the Company's non-financial assets (other than inventories) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of impairment loss (if any).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.



Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

K. 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 and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably in accordance with IAS 37- "Provisions, Contingent Liabilities and Contingent Assets".

The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at the date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

L. Workers' profit participation fund

The Company provides 5% of its net profit before tax as a contribution to workers' profit participation fund and charges such expense in accordance with The Bangladesh Labour Act 2006 (as amended in 2018).

M. Employee benefit

The Company maintains both defined contribution plan (provident fund) and a defined benefit plan (gratuity fund) for its eligible permanent employees. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Accordingly, necessary provision is made for the amount of annual leave encashment based on the latest basic salary. 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. This benefit is applicable for employees as per service rules.

i. Defined contribution plan (provident fund)

Defined contribution plan is a post employment benefit plan under which the Company provides benefits for all of its 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. This fund is recognised by the National Board of Revenue (NBR), under the First Schedule, Part B of Income Tax Ordinance 1984.

The Company recognises contribution to defined contribution plan as an expense when an employee has rendered required services. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund. Obligations are created when they are due.

ii. Defined benefit plans (gratuity scheme)

The Company operates a funded 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.

Projected Unit Credit method is used to measure the present value of defined benefit obligations and related current and past service cost and mutually compatible actuarial assumptions about demographic and financial variables are used.

iii. 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.



N. Reporting period

The financial period of the Company covers one year from 1 January to 31 December. These financial statements were prepared for twelve months from 1 January to 31 December 2021.

O. Earnings per share

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for the effect of change in number of shares for bonus issue, share split and reserve split.

P. Statement of cash flows

Statement of Cash Flows (Cash Flow Statement) is prepared under direct method in accordance with IAS-7 "Statement of Cash Flows" as required by the Bangladesh Securities and Exchange Rules 1987.

Q. Leases

The Company has initially applied IFRS 16 from 1 January 2019.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payments.



When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

Currently the Company has no such short-term lease or lease of low value asset. The Company will not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company will recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term as applicable.

ii. As a lessor

There is no such lease for which the Company is a lessor.

R. Contingencies

i. Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the statement of financial position of the Company. Moreover, contingencies arising from claims, litigations, assessments, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

ii. Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Company does not recognise contingent asset.

S. Events after the reporting period

Events after the statement of financial position date that provide additional information about the Company's position at the statement of financial position are reflected in the financial statements. Events after statement of financial position date that are non-adjusting events are disclosed in the notes when material.

T. Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services within a particular economic environment. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company regards its Board of Directors as its chief operating decision maker, as the Board is responsible for allocating resources, assesses performances, and makes strategic decision.



4. Operating segments

4.1 Basis for segmentation

The Company has following three strategic division, 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-di-oxide.
Package gases and products (PG&P)	Manufacturing and supply of industrial compressed packaged gases and welding goods which includes compressed industrial oxygen, dissolved acetylene, Nitrogen, Argon, Carbon-di-oxide and electrodes.
Healthcare	The Healthcare segments includes all services related to supply of medical gas such as medical oxygen and 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 is 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.

4.2 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.

(In thousands of Taka)	Reportable segments			Total
	Bulk gases	PG and P	Healthcare	
2021				
Revenue	867,834	3,046,359	1,366,647	5,082,840
Profit from operations	201,887	985,315	666,187	1,853,389
2020				
Revenue	609,006	3,213,530	888,850	4,711,416
Profit from operations	186,921	1,102,142	430,654	1,719,717

(In thousands of Taka)	Note	2021	2020
Reconciliation of information on reportable segments to IFRS measures			
i. Revenues			
Total revenue for reportable segments	4.2	5,082,840	4,711,416
Revenue for other segments		-	-
Elimination of inter-segment revenue		-	-
Total revenue		5,082,840	4,711,416
ii. Profit before tax			
Total profit before tax for reportable segments	4.2	1,853,389	1,719,717
Profit before tax for other segments		-	-
Elimination of inter-segment profit		-	-
Amount not related to reported segments		(324,395)	(271,427)
Total profit before tax		1,528,994	1,448,290
iii. Amount not related to reportable segments			
Other income	26	25,124	1,630
Net foreign exchange loss		(4,276)	(7,126)
Royalties and technical assistance fees	25	(49,076)	(36,503)
Net finance income	27	23,153	78,127
Contribution to workers' profit participation fund	28	(78,659)	(75,046)
Unallocated corporate overheads		(240,679)	(231,509)
		(324,395)	(271,427)

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.



Notes to the financial statements (continued)

5. Property, plant and equipment

See accounting policies in note - 3 (G)

Reconciliation of carrying amount

	Buildings				Plant		Motor vehicles		Furniture fixtures and equipment		Computer hardware		Capital work in progress	Total
	Freehold land	Freehold Buildings	leasehold	on land and machinery and cylinders	vehicles	fixtures and equipment	hardware	In progress	Total					
<i>(In thousands of Taka)</i>														
A. Cost														
Balance at 1 January 2021	75,080	757,158	106,426	4,827,441	142,613	85,391	63,397	74,802	6,132,307					
Addition during the year	-	6,250	-	204,712	7,627	4,687	1,887	218,625	443,888					
Disposal/transfer during the year	-	-	(5,691)	(51,359)	-	-	-	(225,053)	(282,112)					
Balance as at 31 December 2021	75,080	763,408	100,735	4,980,794	150,240	89,978	65,284	68,364	6,293,883					
Balance at 1 January 2020	75,080	736,931	106,426	4,569,587	158,623	90,181	60,990	311,747	6,109,565					
Addition during the year	-	20,227	-	337,393	-	3,691	2,407	126,773	480,491					
Disposal/transfer during the year	-	-	-	(79,639)	(16,010)	(8,481)	-	(383,718)	(467,748)					
Balance as at 31 December 2020	75,080	757,158	106,426	4,827,441	142,613	85,391	63,397	74,802	6,132,307					
B. Accumulated depreciation														
Balance at 1 January 2021	-	178,131	68,108	2,210,040	129,452	55,658	55,967	-	2,707,355					
Charged during the year	-	26,154	1,640	250,782	9,490	4,055	5,363	-	297,054					
Disposal/transfer during the year	-	-	(5,691)	(50,321)	-	-	-	-	(56,012)					
Balance as at 31 December 2021	-	203,285	64,057	2,410,481	138,942	70,313	61,320	-	2,948,397					
Balance at 1 January 2020	-	152,962	66,446	2,039,069	127,817	59,223	47,545	-	2,503,062					
Charged during the year	-	26,169	1,682	249,558	13,653	4,916	8,422	-	303,379					
Disposal/transfer during the year	-	-	-	(76,587)	(12,018)	(8,481)	-	-	(99,086)					
Balance as at 31 December 2020	-	178,131	68,108	2,210,040	129,452	65,658	55,967	-	2,707,355					
C. Carrying amounts (A-B)														
At 31 December 2021	75,080	560,123	36,678	2,570,313	11,298	19,655	3,964	88,364	3,345,486					
At 31 December 2020	75,080	579,028	38,318	2,617,401	13,161	19,733	7,430	74,802	3,424,952					

5.1 Allocation of depreciation

	Note	2021	2020
<i>(In thousands of Taka)</i>			
Cost of sales	24.1.1	221,031	223,893
Operating expenses	25	76,023	79,486
		297,054	303,380



6. Intangible assets

See accounting policies in note - 3 (H)

(In thousands of Taka)	Note	Amount
A. Cost		
Balance at 1 January 2021		68,493
Additions made during the year		10
Adjustment/transfer during the year		-
Balance at 31 December 2021		68,503
Balance at 1 January 2020		68,364
Additions made during the year		129
Adjustment/transfer during the year		-
Balance at 31 December 2020		68,493
B. Accumulated amortisation		
Balance at 1 January 2021		68,008
Amortisation charged during the year	25	314
Balance at 31 December 2021		68,322
Balance at 1 January 2020		63,069
Amortisation charged during the year	25	4,939
Balance at 31 December 2020		68,008
C. Carrying amounts (A-B)		
Balance as at 31 December 2021		181
Balance as at 31 December 2020		485

7. Right-of-use (ROU) asset

See accounting policies in note - 3 (Q)

(In thousands of Taka)	Note	2021	2020
At cost			
Balance at 1 January		44,811	37,171
Additions made during the year		30,130	7,840
Lease adjustment/ expired during the year		(25,842)	-
Balance as at 31 December		49,099	44,811
Accumulated depreciation			
Balance at 1 January		32,652	26,035
Charged during the year	25	6,008	6,517
Lease adjustment/ expired during the year		(23,622)	-
Balance as at 31 December		15,038	32,652
Written down value as at 31 December		34,061	12,159

8. Investment in subsidiaries

(In thousands of Taka)	Note	2021	2020
BOC Bangladesh Limited		20	20
		20	20

This represents the Company's investment in BOC Bangladesh Limited, a 99.95% owned subsidiary of Linde Bangladesh Limited. Linde Bangladesh Limited holds 1,999 ordinary shares out of 2,000 ordinary shares of BOC Bangladesh Limited for TK 10 each. Mr. Md. Anisuzzaman is acting in the role of Managing Director of BOC Bangladesh Limited

9. Inventories

See accounting policies in note - 3 (F)

(In thousands of Taka)	Note	2021	2020
Raw materials		364,512	288,500
Finished goods		401,388	472,511
Goods in transit		34,342	17,982
Maintenance spares		184,209	158,797
Provision for inventory obsolescence	9.1	(71,983)	(64,348)
		912,468	873,442



9.1 Provision for inventory obsolescence

<i>(In thousands of Taka)</i>	<i>Note</i>	2021	2020
Balance as at 1 January		64,348	61,912
Provision made/(reversed) during the year		7,635	2,436
Balance as at 31 December		71,983	64,348

In view of innumerable items of inventory and diversified units of measurement, it is not feasible to disclose quantities against each item.

10. Trade and other receivables

See accounting policies in note - 3 (f)

<i>(In thousands of Taka)</i>	<i>Note</i>	2021	2020
Trade receivables	10.1	780,577	690,578
Inter company receivables		9,792	9,888
Interest receivable		475	427
Other receivables		30,107	30,975
		820,951	731,868

10.1 Trade receivables

<i>(In thousands of Taka)</i>	<i>Note</i>	2021	2020
Gases		167,046	143,172
Welding		98,005	85,603
Healthcare		618,865	547,110
Trade receivables		883,916	775,885
Provision for trade receivables	10.1.1	(103,339)	(85,307)
		780,577	690,578

10.1.1 Provision for trade receivables

<i>(In thousands of Taka)</i>	<i>Note</i>	2021	2020
Balance as at 1 January		85,307	26,077
Provision made for trade receivables		18,632	58,230
Balance as at 31 December		103,339	85,307

11. Advances, deposits and prepayments

<i>(In thousands of Taka)</i>	<i>Note</i>	2021	2020
Loans and advances to employees		58,759	68,616
Advances to suppliers		370	353
Deposits and prepayments		230,806	227,407
VAT current account		4,213	8,754
Current account with subsidiaries	11.1	485	416
		294,633	305,546

Advances, deposits and prepayments are segregated as follow:

Non-current	88,505	104,811
Current	206,128	200,735
	294,633	305,546

11(a) Advances, deposits and prepayments (consolidated)

Non-current	88,505	104,811
Current	205,643	200,319
	294,148	305,130



11.1 Current account with subsidiaries

(In thousands of Taka)	2021	2020
BOC Bangladesh Limited	485	416
	485	416

Above amounts are unsecured, but considered good.

12. Investment in fixed deposit receipts - FDRs

See accounting policies in note - 3 (i)

(In thousands of Taka)	2021	2020
Investment in fixed deposit receipts - FDRs	-	1,511,202
	-	1,511,202

13. Cash and cash equivalents

See accounting policies in note - 3 (i)

(In thousands of Taka)	2021	2020
Cash in hand	265	368
Cash at bank	658,561	365,944
Fixed deposits with banks*	2,340,000	778,694
	2,998,826	1,145,006

*There were long-term fixed deposits of BDT 1,511 million in 2020 which were classified as investment in FDRs. The fixed deposits matured and deposited for short-term in 2021. There is lien on one fixed deposit of BDT 10,000,000.

13.1 Reconciliation of net operating cash flows

(In thousands of Taka)	Note	2021	2020
Net profit before tax		1,494,345	1,444,876
Add: Items not involving movement of cash			
Depreciation on property, plant and equipment	5	297,054	303,380
Amortization on intangible assets	6	314	4,938
Gain on disposal of property, plant and equipment	26	(20,382)	(1,126)
Finance cost	27	-	1
Interest income	27	(24,241)	(78,808)
Provision for workers profit participation fund (WPPF)	28.1	78,650	76,046
Provision for gratuity	15.1.1	26,621	30,777
		358,016	335,208
A. Cash generated from operations before changes in working capital		1,852,361	1,780,084
Changes in working capital:			
(Increase)/decrease in inventories		(39,025)	(41,642)
(Increase) in trade and other receivables		(89,035)	(29,516)
(Increase)/decrease in advances, deposits and prepayments		10,982	(71,510)
Increase in other non current liability		(12,593)	12,706
(Decrease)/increase in accrued employee benefit		(11,934)	(28,188)
Increase/(decrease) in trade and other payables		(21,543)	56,986
Increase in provision for expenses		(45,113)	12,775
B. Total changes in working capital		(208,261)	(86,389)
C. Cash generated from operating activities (A+B)		1,644,100	1,693,695
Less: Payments made during the year			
Tax paid		(323,370)	(406,242)
Interest paid		-	(1)
Workers profit participation fund (WPPF) paid		(76,046)	(87,420)
Gratuity paid	15.1.1	(22,018)	(17,560)
D. Total payment		(421,434)	(511,223)
Net cash inflows from operating activities (C+D)		1,222,666	1,182,472



13(a) Cash and cash equivalents (consolidated)

(In thousands of Taka)	2021	2020
Linde Bangladesh Limited	2,998,826	1,145,006
BOC Bangladesh Limited	20	20
	<u>2,998,846</u>	<u>1,145,026</u>

13(aa) Reconciliation of net operating Cash flows (consolidated)

(In thousands of Taka)	Note	2021	2020
Net profit before tax		1,494,345	1,444,876
Add: Items not involving movement of cash			
Depreciation on property, plant and equipment		297,054	303,380
Amortization on intangible assets		314	4,938
Gain on disposal of property, plant and equipment		(20,382)	(1,128)
Finance cost		-	1
Interest income		(24,241)	(78,808)
Provision for workers profit participation fund (WPPF)		78,650	76,046
Provision for gratuity		26,621	30,777
		<u>358,016</u>	<u>335,206</u>
A. Cash generated from operations before changes in working capital		1,852,361	1,780,082
Changes in working capital:			
(Increase)/decrease in inventories		(39,025)	(41,642)
Increase in trade and other receivables		(89,035)	(29,518)
(Increase)/decrease in advances, deposits and prepayments		10,913	(71,510)
Increase in other non current liability		(12,593)	12,706
(Decrease)/increase in other employee benefit		(11,934)	(26,188)
Increase/(decrease) in trade and other payables		(21,543)	56,669
Increase in provision for expenses		(45,113)	12,775
B. Total changes in working capital		(208,330)	(86,706)
C. Cash generated from operating activities (A+B)		1,644,031	1,693,376
Less: Payments made during the year			
Tax paid		(323,370)	(406,242)
Interest paid		-	(1)
Workers profit participation fund (WPPF) paid		(76,046)	(87,420)
Gratuity paid	15.1.1	(22,018)	(17,560)
D. Total payment		(421,434)	(511,223)
Net cash inflows from operating activities (C+D)		1,222,597	1,182,153



Notes to the financial statements (continued)

14. Equity attributable to owners of the company/share capital

14.1 Authorised capital	2021	2020
(In thousands of Taka)		
20,000,000 ordinary shares of Taka 10 each	200,000	200,000

14.2 Issued, subscribed and paid up capital	2021	2020
(In thousands of Taka)		
3,616,902 ordinary shares of Taka 10 each issued for cash	36,169	36,169
999,498 ordinary shares of Taka 10 each issued for consideration other than cash	9,995	9,995
10,601,880 bonus shares of Taka 10 each	106,019	106,019
	152,183	152,183

14.3 Percentage of shareholdings

Name of Shareholders	% of shareholdings		In thousands of Taka	
	2021	2020	2021	2020
The BOC Group Limited	60.0	60.0	91,310	91,310
Investment Corporation of Bangladesh (ICB)	14.3	15.0	21,741	22,818
LankaBangla Investments Ltd.	1.3	0.7	2,010	1,005
LankaBangla Securities Limited	0.4	0.9	560	1,412
Sadharan Bima Corporation (SBC)	1.3	1.3	2,047	2,047
Pubali Bank Limited	1.1	1.1	1,733	1,633
Pubali Bank Securities Limited	1.3	1.3	1,987	2,042
Other shareholders	20.2	19.7	30,795	29,916
	100	100	152,183	152,183

14.4 Classification of shareholders by holding

Holdings	Number of holders		Total holding (%)	
	2021	2020	2021	2020
Less than 500 shares	7,605	6,443	3.8	3.3
500 to 5,000 shares	656	440	5.8	3.9
5,001 to 10,000 shares	45	40	2.2	2.0
10,001 to 20,000 shares	40	30	3.8	3.0
20,001 to 30,000 shares	11	9	1.8	1.4
30,001 to 40,000 shares	4	7	1.0	1.6
40,001 to 50,000 shares	3	7	0.9	2.1
50,001 to 100,000 shares	6	8	2.4	3.9
100,001 to 1,000,000 shares	7	6	10.8	9.0
Over 1,000,000 shares	2	2	67.6	69.7
	8,379	6,992	100	100

15. Employee benefits

See accounting policies in note - 3 (M)

(In thousands of Taka)	Note	2021	2020
Gratuity scheme	15.1	184,782	180,180
(In thousands of Taka)		2021	2020
Employee benefits-non current portion		167,502	150,870
Employee benefits-current portion		17,280	29,310
Employee benefits in the statement of financial position at 31 December		184,782	180,180



15.1 Gratuity scheme

<i>(In thousands of Taka)</i>	2021	2020
Amount recognised in the statement of financial positions		
Defined benefit obligation	184,820	180,180
Fair value of plan assets*	(38)	-
	184,782	180,180

* Gratuity scheme was unfunded in 2020 and a fund has been formed in 2021 when approval from NBR was received on 15 July 2021. The Company has maintained the plan asset through separate bank account in Standard Chartered Bank.

15.1.1 Movement in defined benefit obligation

<i>(In thousands of Taka)</i>	2021	2020
Net defined benefit liability at the end of prior period	180,180	166,953
Service cost	9,363	9,300
Interest cost	11,587	13,910
Actuarial remeasurement (gain)/loss recognised in OCI	5,671	7,567
Benefit paid during the year	(22,018)	(17,560)
Net defined benefit liability at the end of this period	184,783	180,180

15.2 Significant actuarial assumptions

Rate	2021	2020
Discount rate	6.8%	7.0%
Salary escalation rate	6.0%	6.0%
Withdrawal rate	Age 20-50 years: 3%; 1% thereafter	7.5%
Mortality rate	* Indian Assured Lives Mortality (2006-2008) Ultimate	

* Willis Towers Watson is appointed as the actuary for Linde Bangladesh Limited. Actuary considered this table as no such mortality statistics is available for Bangladesh.

15.3 Expected cash flow for following year

<i>(In thousands of Taka)</i>	2021	2020
Expected employer's contribution for next year	17,280	9,360
Expected benefit payments for the year ended		
Year 1	17,280	29,310
Year 2	24,970	20,190
Year 3	20,450	31,660
Year 4	17,110	25,020
Year 5	26,580	21,380
Next 5 years	117,910	111,000



15.4 Sensitivity analysis

A change of 0.5% in discount rate or future salary escalation rate will result a variation in Defined Benefit Obligation as below, considering that the other conditions will remain constant:

<i>(In thousands of Taka)</i>	2021	2020
Increase of discount rate	(5,850)	(4,310)
Increase in future salary growth	6,270	4,570
Decrease of discount rate	6,250	4,540
Decrease in future salary growth	(5,930)	(4,370)

15.5 Summary of principal rules of the plan

Plan sponsor	Linde Bangladesh Limited
Nature of benefit	Defined benefit plan
Applicable salary	Last drawn monthly basic salary
Vesting schedule	5 months
Normal retirement age	60 years
Maximum limit	Not applicable
Benefits formula	Service length
More than 5 months and less than 10 years	30 days basic for each year
10 years and above	45 days basic for each year
In case an employee completes 11 year of services and attains 57 years of age, he/she will be entitled to 2 basic x no of year in services	60 days basic for each year



Notes to the financial statements (continued)

16. Income tax expense		2021		2020	
See accounting policies in note - 3 (E)					
(In thousands of Taka)		Note			
Amounts recognised in profit or loss					
Income tax expense				323,186	340,865
Current tax expense				(54,617)	30,002
Deferred tax (income) / expense	16.2			268,569	371,267
16.1 Reconciliation of effective tax rate					
(In thousands of Taka)					
Profit before income tax			1,494,345		1,444,876
Income tax		22.60%	336,228	25%	361,219
Factors affecting the tax charge for current period					
Non-deductible expenses		1.83%	27,419	1.85%	26,692
Admissible expenses		-1.37%	(20,461)	-3.27%	(47,250)
Prior year provision released due to changes in tax rate during the year		-1.34%	(20,000)	0.00%	-
Movement of temporary differences	16.2	-3.65%	(54,617)	2.12%	30,802
Total income tax expense		17.97%	268,569	25.70%	371,267
16.2 Deferred tax liabilities					
See accounting policies in note - 3 (E)					
(In thousands of Taka)					
Closing balance				(356,465)	(405,533)
Balance at beginning of the year				(405,533)	(374,831)
Recognised in other comprehensive income				5,549	-
Recognised in profit or loss	16.3			(54,617)	30,802



Notes to the financial statements (continued)

16.3 Movement in deferred tax balances

Deferred tax liabilities have been recognised and measured in accordance with the provision of IAS 12 Income Taxes.

	Balance as at 31 December				
(In thousands of Taka)	Net balance at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Net	Deferred tax assets Deferred tax liabilities
For the year ended 31 December 2021					
Property, plant and equipment	(487,221)	(44,576)	-	(442,845)	-
Intangible assets	6,296	1,139	-	5,157	-
Provision for inventory obsolescence	11,417	(4,779)	-	16,196	-
Impairment loss allowance on trade receivables	23,019	(232)	-	23,251	-
Employee benefits	34,131	(6,169)	-	40,300	-
Deferred tax on OCI	6,825	-	5,549	1,276	-
Net deferred tax assets (liabilities)	(405,533)	(54,617)	5,549	(355,465)	(442,845)
For the year ended 31 December 2020					
Property, plant and equipment	(442,320)	44,501	-	(487,221)	-
Intangible assets	5,853	(443)	-	6,296	-
Inventories	13,786	2,349	-	11,417	-
Trade receivables	8,212	(14,807)	-	23,019	-
Employee benefits	32,733	(1,396)	-	34,131	-
Deferred tax on OCI	6,825	-	-	6,825	-
Net deferred tax assets (liabilities)	(374,931)	30,602	-	(405,533)	(487,221)



17. Lease obligation - leases as lessee

See accounting policies in note - 3 (Q)

(In thousands of Taka)	Note	2021	2020
Lease liability-non current portion		21,452	7,260
Lease liability-current portion		10,190	4,585
Lease liabilities in the statement of financial position at 31 December		31,642	11,845

ii) Amounts recognized in profit or loss

Interest on lease obligation	27	1,088	680
Depreciation expense	25	6,008	6,617
		7,096	7,297

iii) Amounts recognized in statement of cash flows

Total cash outflows for leases	(6,355)	(6,208)
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iv) Movement in lease payable

At 1 January	11,845	9,733
Additions	25,064	7,640
Interest accrued	1,088	680
Repayment	(6,355)	(6,208)
	31,642	11,845

(v) Maturity analysis of lease

Non-cancellable operating lease rentals are payable as follows:

No later than one year	10,190	4,585
Between two and five years	13,337	6,965
More than five years	8,115	285
	31,642	11,845

The Company had entered into lease agreements for office space of sales centres and debulking station at Benapole. The leases typically run for a period of 3-10 years, with an option to renew the lease after its expiry.

18. Other non-current liabilities

See accounting policies in note - 3 (I)

(In thousands of Taka)	Note	2021	2020
Cylinder security deposit		248,952	261,545

Cylinder security deposit from customers is a liability of continuing nature raised through daily business operation.

19. Trade and other payables

See accounting policies in note - 3 (I)

(In thousands of Taka)	Note	2021	2020
Trade payables		241,150	253,530
Inter company payables		277,971	297,285
Payables for capital items		31,286	49,239
Advances from customers		90,813	72,785
Others*		660,975	668,852
		1,302,195	1,341,691

* The Board of Directors of Linde Bangladesh Limited, at a meeting held on 27 April 2016, approved the transfer of lease entitlement of land at Tejgaon site, Dhaka measuring 2.31 acres. The money has already been received and now waiting for transfer through execution of transfer deed which is in process.



20. Provision for expenses

See accounting policies in note - 3 (K)

(In thousands of Taka)	Note	2021	2020
Accrued expenses		36,166	79,855
Accrued employee benefits		23,293	35,227
Workers' profit participation fund	20.1	78,664	76,080
		138,123	191,142

20(a) Provision for expenses (consolidated)

Accrued expenses		36,273	79,962
Accrued employee benefits		23,293	35,227
Workers' profit participation fund	20.1	78,664	76,080
		138,230	191,249

20.1 Workers' profit participation fund

See accounting policies in note - 3 (L)

(In thousands of Taka)	Note	2021	2020
Balance as at 1 January		76,060	87,434
Add: Provision made during the year	28	78,650	76,046
		154,710	163,480
Less: Payment during the year		(76,046)	(87,420)
Balance as at 31 December		78,664	76,060

21. Current tax liabilities

See accounting policies in note - 3 (E)

(In thousands of Taka)	Note	2021	2020
Provision for tax	21.1	358,671	360,874
Advance income tax	21.2	(257,711)	(259,730)
		100,960	101,144

21(a) Current tax liabilities (consolidated)

(In thousands of Taka)	Note	2021	2020
Provision for tax	21.1	358,671	360,874
Advance income tax	21.2	(257,711)	(259,730)
		100,960	101,144

21.1 Provision for tax

(In thousands of Taka)	Note	2021	2020
Balance as at 1 January		360,874	392,654
Add: Provision made during the year	16	323,186	340,665
		684,060	733,319
Less: Adjustment during the year		(325,389)	(372,445)
Balance as at 31 December		358,671	360,874

21.2 Advance income tax

(In thousands of Taka)	Note	2021	2020
Balance as at 1 January		259,730	225,933
Payment made u/s- 64 and 74		163,897	282,850
Withholding tax		159,473	123,392
Tax adjusted for prior years		(325,389)	(372,445)
Balance as at 31 December		257,711	259,730



22. Unclaimed dividend

<i>(In thousands of Taka)</i>	<i>Note</i>	<i>2021</i>	<i>2020</i>
The ageing of unclaimed dividend at the reporting date was:			
Within 1 year		8,390	10,222
Upto 1 year to 2 years		8,976	7,235
Upto 2 years to 3 years		6,479	5,751
Above 3 years*		-	74,555
		23,845	97,763

*As per the Directive No. BSEC/CMRRCD/2021-385/03 and Bangladesh Securities and Commission Rules (Capital Market Stabilisation Fund) Rules, 2021, if cash dividend remains unpaid or unclaimed for a period of three years from the date of declaration or approval or record date, shall be transferred to CMS F (Capital market Stabilisation Fund). The Company transferred the dividend of BDT 78,433,703.69 that was unclaimed for more than 3 years to CMSF.



23. Revenue

See accounting policies in note - 3 (A)

	UDM	2021		2020	
		Quantity '000	Taka '000	Quantity '000	Taka '000
ASU gases	M ³	33,587	1,626,827	26,780	1,233,547
Dissolved acetylene	M ³	138	91,680	136	76,736
Electrodes	M. Ton	18	2,663,534	20	2,861,313
Others			700,799		539,821
			5,082,840		4,711,417

24. Cost of sales

	Note	2021	2020
(In thousands of Taka)			
Opening inventories of manufactured products		204,960	144,685
Cost of goods manufactured	24.1	2,600,837	2,458,562
Closing inventories of manufactured products		(150,173)	(204,960)
Cost of sales of manufactured products		2,655,624	2,398,287
Cost of trading products		105,399	85,316
		2,761,023	2,483,603

24.1 Cost of goods manufactured

	Note	2021	2020
(In thousands of Taka)			
Raw and packing materials consumed	24.1.2	1,770,234	1,677,015
Manufacturing overhead	24.1.1	589,547	571,260
Fuel and power		241,056	210,286
		2,600,837	2,458,562

24.1.1 Manufacturing overhead

	Note	2021	2020
(In thousands of Taka)			
Salaries, wages and staff welfare		228,183	213,765
Depreciation	5.1	221,031	223,893
Repairs to machinery		79,961	77,027
Repairs to building		13,619	14,475
Maintenance		1,921	993
Insurance		8,324	6,394
Rent, rates and taxes		546	475
Travelling and conveyance		877	577
Training expenses		272	264
Vehicle running expenses		7,074	7,083
Telephone, telex and fax		772	689
Printing, postage, stationery and office supplies		2,008	1,749
Consultancy fees		2,569	2,243
Inventory written off		8,927	11,832
Provision made/(reversal) for inventory obsolescence		7,635	2,436
Sundry factory expenses		5,828	7,364
		589,547	571,260



Notes to the financial statements (continued)

24.1.2 Raw and packing materials consumed

Particulars	Unit of measurement (UOM)	Opening stock		Purchase		Closing stock		Consumption		% of total consumption
		Quantity MT '000	Cost Taka '000	Quantity MT '000	Cost Taka '000	Quantity MT '000	Cost Taka '000	Quantity MT '000	Cost Taka '000	
For the year ended 31 December 2021										
Calcium carbide	M. Ton	69	6,056	436	38,497	14	1,701	491	42,852	2.42
Wire	M. Ton	259	15,657	13,178	919,678	542	42,288	12,895	893,047	80.45
Blended powder	M. Ton	683	88,913	1,000	122,400	732	91,139	951	120,174	6.79
Others*			177,875		765,670		229,384		714,161	40.34
Total 2021			288,500		1,846,245		384,512		1,770,234	100.00
For the year ended 31 December 2020										
Calcium carbide	M. Ton	90	7,717	456	37,835	59	5,056	487	39,496	2.35
Wire	M. Ton	605	33,277	16,046	862,833	259	15,657	16,393	880,253	52.49
Blended powder	M. Ton	1,252	156,461	683	81,552	683	88,913	1,253	159,100	9.48
Others*			203,289		572,771		177,875		598,165	35.67
Total 2020			400,724		1,564,791		288,500		1,677,015	100.00

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



25. Operating expenses

(In thousands of Taka)	Note	2021	2020
Salaries, wages and staff welfare		247,542	264,145
Depreciation on property, plant and equipment	5.1	76,023	79,486
Depreciation on right-of-use asset	7	6,008	6,617
Amortisation of intangible assets	6	314	4,938
Fuel and power		604	666
Repairs to building		1,332	463
Maintenance		4,903	3,589
Insurance		567	145
Delivery expenses		264,190	213,973
Rent, rates and taxes	25.2	6,203	4,309
Travelling and conveyance		5,356	3,455
Training expenses		26	140
Telephone, telex and fax		4,273	4,503
Global information service		30,726	30,986
Outsourcing service charge		6,879	8,095
Printing, postage, stationery and office supplies		5,187	5,721
Advertising and promotion		10,456	17,208
Provision made for trade receivable	10.1.1	18,032	59,230
Bad debts written off		15,499	2,499
Legal and professional charge		24,715	16,199
Royalties and technical assistance fees		49,076	36,503
Audit fees	25.1	800	850
Bank charges		5,043	4,901
Entertainment		139	87
Sundry office expenses		8,930	10,813
		792,823	779,523

25(a) Operating expenses (consolidated)

Salaries, wages and staff welfare		247,542	264,145
Depreciation on property, plant and equipment	5.1	76,023	79,486
Depreciation on right-of-use asset	7	6,008	6,617
Amortisation of intangible assets	6	314	4,938
Fuel and power		604	666
Repairs to building		1,332	463
Maintenance, others		4,903	3,589
Insurance		567	145
Delivery expenses		264,190	213,973
Rent, rates and taxes	25.2	6,203	4,309
Travelling and conveyance		5,356	3,455
Training expenses		26	140
Telephone, telex and fax		4,273	4,503
Global information service		30,726	30,986
Outsourcing service charge		6,879	8,095
Printing, postage, stationery and office supplies		5,187	5,721
Advertising and promotion		10,456	17,208
Provision made for trade receivable	10.1.1	18,032	59,230
Bad debts written off		15,499	2,499
Legal and professional charge		24,715	16,199
Royalties and technical assistance fees		49,076	36,503
Audit fees	25.1	869	919
Bank charges		5,043	4,901
Entertainment		139	87
Sundry office expenses		8,930	10,813
		792,892	779,593



Notes to the financial statements (continued)

25.1 Audit fees

<i>(In thousands of Taka)</i>	2021	2020
Statutory audit	600	650
Other audit	200	200
	800	850

25.2 Rent, rates and taxes

House rent and VAT on rent of sales center against which no input tax credit is allowed are BDT 4.27 million.

26. Other income

<i>(In thousands of Taka)</i>	Note	2021	2020
Gain on disposal of property, plant and equipment	26.1	20,382	1,126
Compensation received from insurance company		4,310	-
Rental income from house property		432	504
		25,124	1,630

26.1 Gain on disposal of property, plant and equipment

<i>(In thousands of Taka)</i>	Note	2021	2020
A. Proceeds from sales of property, plant and equipment	39	21,420	6,070
B. Carrying amount			
Cost of the property, plant and equipment		57,050	104,030
Accumulated depreciation		(56,012)	(99,086)
		1,038	4,945
C. Gain on disposal (A-B)		20,382	1,126

27. Net finance income

See accounting policies in note - 3 (B)

<i>(In thousands of Taka)</i>	2021	2020
Finance income	24,241	78,808
Finance cost	-	(1)
Interest expenses for lease	(1,088)	(680)
	23,153	78,127

28. Contribution to workers' profit participation fund (WPPF)

See accounting policies in note - 3 (L)

<i>(In thousands of Taka)</i>	Note	2021	2020
Contribution to workers' profit participation fund	28.1	78,650	75,046

28.1 Computation of contribution to WPPF

<i>(In thousands of Taka)</i>	2021	2020
Profit before contribution to WPPF	1,572,995	1,520,922
Applicable contribution rate	5%	5%
	78,650	75,046

29. Directors' remuneration

<i>(In thousands of Taka)</i>	2021	2020
Fees	370	200
Salaries and benefits	14,228	7,566
	14,598	7,766



Notes to the financial statements (continued)

30. Financial instruments - Fair values and risk management

30.1 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.

(in thousands of Taka)	Carrying amount							
	Note	Fair value - hedging instruments	Mandatorily at FVTPL-Others	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortised cost	Other financial liabilities	Total amount
31 December 2021								
Financial assets not measured at fair value								
Investment in subsidiaries	8	-	-	-	-	20	-	20
Trade and other receivables	10	-	-	-	-	820,951	-	820,951
Investment in fixed deposit receipts - FDRs	12	-	-	-	-	-	-	-
Cash and cash equivalents	13	-	-	-	-	2,993,826	-	2,993,826
		-	-	-	-	3,819,797	-	3,819,797
Financial liabilities not measured at fair value								
Other non-current liabilities	18	-	-	-	-	-	248,952	248,952
Trade and other payables*	19	-	-	-	-	-	538,070	538,070
		-	-	-	-	-	887,022	887,022
31 December 2020								
Financial assets not measured at fair value								
Investment in subsidiaries	8	-	-	-	-	20	-	20
Trade and other receivables	10	-	-	-	-	731,868	-	731,868
Investment in fixed deposit receipts - FDRs	12	-	-	-	1,511,202	-	-	1,511,202
Cash and cash equivalents	13	-	-	-	-	1,145,006	-	1,145,006
		-	-	-	1,511,202	1,876,894	-	3,388,096
Financial liabilities not measured at fair value								
Other non-current liabilities	18	-	-	-	-	-	261,545	261,545
Trade and other payables*	19	-	-	-	-	-	677,566	677,566
		-	-	-	-	-	677,566	677,566

* Advances against transfer of lease entitlement as referred in note number 19 is not of financial liabilities nature.

The Company has not disclosed the fair values for financial instruments such as trade and other receivables, cash and cash equivalents, investment in subsidiaries, trade and other payables, and other non-current liabilities because their carrying amounts are a reasonable approximation of fair values.



30.2 Financial risk management

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and control and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk (Note - 30.2.1)
- Liquidity risk (Note - 30.2.2)
- Market risk (Note - 30.2.3)

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.

30.2.1 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, 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 (High Performance Organisation) 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 in alignment of its Group Policy. This represents the Company's estimate of incurred losses of trade receivables. The Company provides for ECL (Expected Credit Loss) rate of trade receivables which are overdue less than 365 days and 100% of trade receivables which are more than 365 days for gases 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 2,998,828 thousand at 31 December 2021 (2020: Taka 1,445,006 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:

(in thousands of Taka)	Note	2021	2020
Trade receivables	10.1	883,916	775,885
Provision for trade receivable	10.1.1	(103,339)	(85,307)
		780,577	690,578
Cash at bank	13	2,998,561	1,144,638
Investment in fixed deposit receipts - FDRs	12	-	1,511,202
		3,779,138	3,346,418



Notes to the financial statements (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by product category was:

Gases	167,046	143,172
Welding	98,005	85,803
Healthcare	618,865	547,110
	10.1	883,916
		775,885

b) Ageing of trade receivables

(in thousands of Taka)	Note	2021	2020
The ageing of gross trade receivables at the reporting date was			
Invoiced 0-30 days		628,312	526,966
Invoiced 31-60 days		22,952	25,325
Invoiced 61-90 days		8,120	14,153
Invoiced 91-180 days		58,606	26,438
Invoiced 181-365 days		58,923	49,751
Invoiced and above 365 days		107,004	133,252
	10.1	883,917	775,885

Movement in the provision for doubtful debts during the year was as follows:

Opening balance		85,307	26,077
Provision made during the year	10.1.1	18,032	59,230
Closing balance		103,339	85,307

30.2.2 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) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses for periods which the Company thinks appropriate, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters. Moreover, the group seeks to maintain short term lines of credit with scheduled commercial banks 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 flows					
(In thousands of Taka)	Carrying amount	Total	6 months or less	6 months to 12 months	1 year to 2 years	2 years to 5 years	More than 5 years
As at 31 December 2021							
Non-derivative financial liabilities							
Trade payables	241,150	241,150	241,150	-	-	-	-
Inter company payables	277,971	277,971	277,971	-	-	-	-
Payables for capital items	31,286	31,286	31,286	-	-	-	-
	550,407	550,407	550,407	-	-	-	-
Derivative financial liabilities							
	-	-	-	-	-	-	-
	550,407	550,407	550,407	-	-	-	-
As at 31 December 2020							
Non-derivative financial liabilities							
Trade payables	253,530	253,530	253,530	-	-	-	-
Inter company payables	297,285	297,285	297,285	-	-	-	-
Payables for capital items	49,239	49,239	49,239	-	-	-	-
	600,054	600,054	600,054	-	-	-	-
Derivative financial liabilities							
	-	-	-	-	-	-	-
	600,054	600,054	600,054	-	-	-	-



30.2.3 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.

As at 31 December, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

(In thousands of Taka)	BDT	USD	INR	THB	GBP	EUR	SGD
i) Exposure to currency risk							
As at 31 December 2021							
A. Foreign currency denominated assets							
Trade receivable	-	-	-	-	-	-	-
Intercompany receivable	-	-	-	-	-	-	-
B. Foreign currency denominated liabilities							
Trade payables	(4,649)	(54)	-	-	-	-	-
Intercompany payables	(124,575)	(827)	-	-	-	(296)	(382)
	(129,224)	(881)	-	-	-	(296)	(382)
C. Net exposure (A-B)	(129,224)	(881)	-	-	-	(296)	(382)
As at 31 December 2020							
A. Foreign currency denominated assets							
Trade receivable	-	-	-	-	-	-	-
Intercompany receivable	2,097	-	-	-	-	20	-
	2,097	-	-	-	-	20	-
B. Foreign currency denominated liabilities							
Trade payables	-	-	-	-	-	-	-
Intercompany payables	(160,620)	(1,250)	(3,331)	-	-	(492)	-
	(160,620)	(1,250)	(3,331)	-	-	(492)	-
C. Net exposure (A-B)	(158,523)	(1,250)	(3,331)	-	-	(472)	-

The following significant exchange rates have been applied during the year:

Exchange rate in Taka	Average rate		Year end spot rate	
	2021	2020	2021	2020
US Dollar (USD) 1	85.77	84.76	86.09	84.69
Great Britain Pound (GBP) 1	114.15	114.00	116.50	115.77
EURO (EUR) 1	96.95	103.17	97.88	103.45
INR 1	1.14	1.15	1.16	1.16
SGD 1	62.90	-	63.82	-



ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A reasonably possible (assume 5%) strengthening/weakening of foreign currencies against functional currency as 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.

(In thousands of Taka)	Profit or loss		Equity	
	Strengthening	Weakening	Strengthening	Weakening
Year 2021				
USD	(3,792)	3,792	2,939	(2,939)
EUR	(1,449)	1,449	1,123	(1,123)
SGD	(1,220)	1,220	945	(945)
Year 2020				
USD	(5,293)	5,293	3,970	(3,970)
EUR	(2,440)	2,440	1,830	(1,830)
INR	(193)	193	145	(145)

iii) Foreign exchange loss

(In thousands of Taka)	2021	2020
Foreign exchange loss	(4,276)	(7,126)

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:

A. Fixed rate instruments

(In thousands of Taka)	Note	2021	2020
Financial assets			
Investment in fixed deposit receipts	12	-	1,511,202
Fixed deposits with banks	13	2,340,000	778,696
		2,340,000	2,289,896
Financial liabilities			
		2,340,000	2,289,896

B. Floating rate instruments

Financial assets	-	-
Financial liabilities	-	-
	-	-
C. Carrying amount (A-B)	2,340,000	2,289,896

c) Commodity risk

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

30.3 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.



Non-controlling interest (NCI)

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

	BOC	Intra-group eliminations	Total	In thousands of Taka
31 December 2021				
NCI percentage	0.05%			
Non-current assets	-	-	-	-
Current assets	20,000	-	20,000	20
Non-current liabilities	-	-	-	-
Current liabilities	(592,250)	-	(592,250)	(592)
Net assets	(572,250)	-	(572,250)	(572)
Net assets attributable to NCI	(286)	-	(286)	(0.29)
Revenue	-	-	-	-
Loss	(69,000)	-	(69,000)	(69)
OCI	-	-	-	-
Total comprehensive income	(69,000)	-	(69,000)	(69)
Loss allocated to NCI	(35)	-	(35)	(0.04)
OCI allocated to NCI	-	-	-	-
Cash flows from operating activities	-	-	-	-
Cash flows from investing activities	-	-	-	-
Cash flows from financing activities	-	-	-	-
Net increase in cash and cash equivalents	-	-	-	-
31 December 2020				
NCI percentage	0.05%			
Non-current assets	-	-	-	-
Current assets	20,000	-	20,000	20
Non-current liabilities	-	-	-	-
Current liabilities	(523,250)	-	(523,250)	(523)
Net assets	(503,250)	-	(503,250)	(503)
Net assets attributable to NCI	(252)	-	(252)	(0.25)
Revenue	-	-	-	-
Loss	(69,000)	-	(69,000)	(69)
OCI	-	-	-	-
Total comprehensive income	(69,000)	-	(69,000)	(69)
Loss allocated to NCI	(35)	-	(35)	(0.04)
OCI allocated to NCI	-	-	-	-
Cash flows from operating activities	-	-	-	-
Cash flows from investing activities	-	-	-	-
Cash flows from financing activities	-	-	-	-
Net increase in cash and cash equivalents	-	-	-	-



Notes to the financial statements (continued)

32. Related party transaction

32.1 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. In 2018, Linde AG of Germany has merged with Praxair, Inc. USA and a new company Linde Plc has been incorporated in Ireland and as such Linde plc is the new ultimate holding company of Linde Bangladesh Limited.

32.2 Transaction with key management personnel

(In thousands of Taka)

Key management personnel compensation

Directors' remuneration

29

14,428

7,765

32.3 Other related party transactions

(In thousands of Taka)

(In thousands of Rupee)

Name of party	Nature of relationship	Nature of transactions	Transaction for the year		Balance outstanding	
			2021	2020	2021	2020
Intercompany payables						
BOC Gases, Technical Supply Centre	Fellow Subsidiary	Purchase of goods	(356)	-	-	356
BOC Group Ltd.	Holding Company	Technical Assistance Fee	49,076	36,503	154,907	95,036
BOC Group Ltd.	Holding Company	Dividend	385,239	410,884	-	-
Linde AG, Linde Gas Headquarters	Holding Company of BOC Group Ltd.	Global IS fee	28,779	30,988	29,429	48,311
Linde Gas Asia Pte. Ltd.	Fellow Subsidiary	Recharges cost received	24,232	(1,354)	24,232	-
Linde Gas Asia Pte. Ltd. - ROHQ	Fellow Subsidiary	Service fee	638	-	-	-
Linde Gas Singapore Pte. Ltd.	Fellow Subsidiary	Purchase of goods	81	3,892	507	1,722
Linde India Ltd.	Fellow Subsidiary	Purchase of goods and assets	141,081	150,579	48,351	120,143
Linde Malaysia Sdn Bhd	Fellow Subsidiary	Purchase of goods and assets	(45)	4,290	20,367	23,590
Thai Industrial Gases PLC	Fellow Subsidiary	Recharges cost received	64	-	(110)	-
Linde Engineering India Pvt Ltd	Fellow Subsidiary	Service fee	1,181	1,058	-	85
LINDE ROC SDN BHD	Fellow Subsidiary	Service fee	-	(410)	-	-
Linde Business Solutions Center	Fellow Subsidiary	Service fee	7,065	7,744	-	7,744
Praxair (Thailand)	Fellow Subsidiary	Service fee	-	704	297	297
Bangladesh Oxygen limited	Subsidiary	Payment of expenses	231	18	-	231
Intercompany receivables						
Linde Gas Asia Pte. Ltd.	Fellow Subsidiary	Recovery of expenses	3,245	(4,037)	3,184	-
BOC India Limited	Fellow Subsidiary	Recovery of expenses	1,532	-	1,620	206
Linde South Asia Support	Fellow Subsidiary	Recovery of expenses	(7,883)	7,883	-	7,883
Linde AG, Linde Gas Headquarters	Holding Company of BOC Group Ltd.	Recovery of expenses	-	-	-	1,799
Praxair India Private Ltd	Fellow Subsidiary	Recovery of expenses	4,978	-	4,978	-
BOC Bangladesh Limited	Subsidiary	Payment of expenses	69	69	485	416



33. Remittance made in foreign currency

Name of parties	Currency	2021		2020	
		FC '000	Taka '000	FC '000	Taka '000
Dividend paid to The BOC Group, UK	USD/GBP	4,302	365,239	3,826	410,894
Service Chg Linde Gas Asia Pte Ltd- ROHQ, Philippines	USD	6	514	42	3,615
EFRAO, India	USD	11	941	-	-
Linde India Ltd, India	USD	114	9,713	142	12,057
Linde AG, Germany	EUR	382	38,319	-	-
UL AG, USA	USD	4	370	5	385
Praxair (Thailand) Co., Ltd.	USD	-	-	5	407
LINDE ROC SDN BHD, Malaysia	USD	-	-	1	105
WILLIS TOWER WATSON, India	USD	3	255	2	204
Thai Industrial Gases PLC, (Linde Thailand) Thailand	USD	1	110	1	103
TAF paid to The BOC Group, UK	GBP	-	-	1,016	113,998
Cerebrus, India	USD	7	552	-	-
Crown Relocations, Hong Kong	EUR	1	113	-	-
ESAB AB, Sweden	EUR	10	985	-	-
LBSC, Philippines	USD	139	11,880	-	-
Siemens LTD, India	USD	7	394	-	-
Smart Gas, Singapore	USD	29	2,492	-	-
		6,017	431,877	5,041	541,767

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 2021 includes final dividend of USD 4,302 thousand for the year 2020 (GBP 3,826 thousand was paid in 2020).

34. Receipt in foreign currency

Name of customers/vendors	Nature of receipt	2021		2020	
		USD '000	Taka '000	USD '000	Taka '000
Uniglory Cycle Component Ltd.	Deemed expo	191	16,199	120	10,209
Uniglory Cycle Industries Ltd.	Deemed expo	-	-	73	6,242
Meghna Alloytech Ltd.	Deemed expo	166	14,094	110	9,377
Linde Gas Asia PTE Ltd (Singapore)	Is cost recharge	1	51	81	6,906
Linde Gas Asia PTE Ltd (Philippines)	Cost recharge	-	-	2	203
BOC Holdings, UK	Cost recharge	-	-	15	1,251
ZTE Corporation	Service charge	-	-	198	16,830
Karnafuty Ship Builders	Deemed expo	51	4,313	78	6,626
ALCa Industries Limited	Deemed expo	171	14,516	-	-
Linde AG, Germany	Cost recharge	20	2,033	-	-
Linde India Ltd, India	Cost recharge	1	118	-	-
		601	51,324	678	57,643

35. Value of imports calculated on CIF basis

	2021	2020
(in thousands of Taka)		
Raw materials	1,507,125	1,410,465
Components and spare parts	45,727	25,908
Capital goods	144,322	55,492
	1,697,174	1,491,865



36. Capital expenditure commitment			
<i>(In thousands of Taka)</i>		2021	2020
Contracted but not provided for in these accounts		76,615	162,326
37. Contingent liabilities			
<i>(In thousands of Taka)</i>		2021	2020
These includes bank guarantees to third parties, shipping guarantees, others guarantee, utility guarantee, performance bond, security bond, import bill, import receivables and bank acceptance		112,786	130,292
Outstanding letters of credit		321,304	924,782
Disputed tax other VAT related issues		973,395	102,525
37.1 Credit facilities available as at 31 December			
<i>(In thousands of Taka)</i>		2021	2020
The Hongkong and Shanghai Banking Corporation Limited		875,790	610,250
Standard Chartered Bank		1,200,000	1,200,000
		2,075,790	1,810,250

Agreement with The Hongkong and Shanghai Banking Corporation Limited (Credit facility)

As per renewed agreement executed on 27 September 2021 between Linde Bangladesh Limited and The Hongkong and Shanghai Banking Corporation Limited (HSBC), the Company has been availing credit facilities. The terms and conditions are as follows:

Facility limit	: BDT 876 million (BDT Eight hundred and Seventy Six million).
Purpose	: Working capital
Interest rate	: 9.00%
Security	: Demand promissory note, letter of continuation for BDT 950 million and letter of comfort from Linde AG.

Agreement with Standard Chartered Bank (Credit facility)

As per agreement executed on 12 November 2019 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 1,200 million (BDT Twelve hundred million)
Purpose	: Working capital
Interest rate	: 9% per annum
Security	: Demand promissory note and letter of continuation for BDT 1,200 million

38. Production capacity

Major products	Unit of measurement (UOM)	(Quantity '000)		Remarks
		Normal capacity for the year	Production for the year	
ASU Gases	M ³	35,018	26,126	Additional capacity to meet future demand
Carbon-dioxide	M. Ton	13,140	5,631	Additional capacity to meet future demand
Dissolved Acetylene	M ³	300	139	Due to lower market demand
Electrodes	M. Ton	31	17	Due to lower market demand



39. Proceeds from disposal of property, plant and equipment

<i>(In thousands of Taka)</i>	Cost	Accumulated depreciation	Carrying amount	Sales proceeds
Building on Freehold Land	5,691	5,691	-	-
Plant and Machinery	33,741	33,741	0	-
Cylinders:				
Condemned	1,251	1,220	31	-
Sold	16,367	15,360	1,007	21,420
Total 2021	57,050	56,012	1,038	21,420
Total 2020	104,030	99,088	4,945	6,070

40. Number of employees engaged for drawing remuneration

<i>Number of employees</i>	2021	2020
Disclosure as per requirement of schedule XI Part II of Para 3 is as follows:		
(a) Above Taka 3,000 per month	298	316
(b) Below Taka 3,000 per month	-	-
	298	316

41. Net Asset Value (NAV)

<i>(In thousands of Taka)</i>	2021	2020
Total assets	8,406,626	8,004,680
Non-current Liabilities	(794,371)	(825,208)
Current liabilities	(1,592,593)	(1,765,635)
	6,019,662	5,413,837
Number of ordinary shares of Taka 10 each as at 31 December (in thousand)	15,218	15,218
Net asset value (NAV) per share (in Taka)	395.55	355.75

41(a) Net Asset Value (NAV) (consolidated)

<i>(In thousands of Taka)</i>	2021	2020
Total assets	8,406,141	8,004,264
Non-current Liabilities	(794,371)	(825,208)
Current liabilities	(1,592,700)	(1,765,742)
	6,019,070	5,413,314
Number of ordinary shares of Taka 10 each as at 31 December	15,218	15,218
Net asset value (NAV) per share	395.52	355.72

42. Earnings per share

See accounting policies in note - 3 (O)

42.1 Basic earnings per share

<i>(In thousands of Taka)</i>	Note	2021	2020
The computation of earnings per share is given below:			
Profit/ (loss) attributable to the ordinary shareholders		1,225,776	1,073,609
Number of ordinary shares outstanding during the year	14.3	15,218	15,218
Basic earnings per share (EPS)		80.55	70.55

The calculation of the basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary share outstanding.



42.2 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.

42(a) Basic earnings per share (consolidated)

<i>(In thousands of Taka)</i>	<i>Note</i>	2021	2020
Profit/ (loss) attributable to the ordinary shareholders		1,225,707	1,073,539
Number of ordinary shares outstanding during the year	14.3	15,218	15,218
Basic earnings per share (EPS)		80.54	70.54

The calculation of the basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary share outstanding.

43. Net operating cash flow per share (NOCFPS)

<i>(In thousands of Taka)</i>	2021	2020
Cash flows from operating activities as per statement of cash flows	1,222,666	1,182,472
Number of ordinary shares outstanding during the year	15,218	15,218
Net operating cash flow per share (NOCFPS)	80.34	77.70

43(a) Net operating cash flow per share (NOCFPS) (consolidated)

<i>(In thousands of Taka)</i>	2021	2020
Cash flows from operating activities as per statement of cash flows	1,222,597	1,182,155
Number of ordinary shares outstanding during the year	15,218	15,218
Net operating cash flow per share (NOCFPS)	80.34	77.68

44. Implications of COVID-19 on business

The company has considered the possible impacts that may result from COVID-19 in the preparation of these financial results including the recoverability of carrying amount of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of COVID-19, the company has, at the date of approval of these financial results, used internal and external sources of information and expects that the carrying amount of the assets will be recovered.

45. Events after the reporting date

For the year 2021, the board has recommended a final dividend of Taka 55 per share amounting to Taka 837.01 million at the board meeting held on 10 March 2022.



46. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

- a) Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- b) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- c) Other standards

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

- Annual Improvements to IFRS Standards 2018–2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

