Hoda Vasi
Chowdhury & Co

Audited Consolidated Financial Statements Of LafargeHolcim Bangladesh Limited

For the year ended 31 December 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

LafargeHolcim Bangladesh Limited

Report of the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **LafargeHolcim Bangladesh Limited** (hereinafter referred to as "the Company"), which comprise the consolidated statement of financial position as at 31 December 2022, 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 a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give true and fair view of the consolidated financial position of the Company as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

Basis for Opinion

We have 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 Company in accordance with the International Ethics Standards Board for *Accountants' Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 9.1 to the accompanying consolidated financial statements stating that the Company has legal issues in relation to the excess gas tariff raised by Jalalabad Gas Transmission and Distribution System Limited (JGTDS).

JGTDS filed an appeal before the Appellate Division, Supreme Court of Bangladesh (the "Appeal") on 08 March 2021. The Appellate Division directed the Company to pay JGTDS the full claimed amount of Taka 903 million in quarterly instalments of Taka 100 million. The Company is since complying with the Court order.

However, the Arbitration Tribunal has been formed. The hearing has been completed on 23 February 2023 and the Company is awaiting for the Arbitration Award from the Tribunal.

Our opinion is not modified in respect of this matter.

National Office : BTMC Bhaban (6th & 7th Floor), 7-9 Karwan Bazar Commercial Area, Dhaka- 1215, Bangladesh
Chattogram Office : Delwar Bhaban (4th Floor), 104 Agrabad Commercial Area, Chattogram-4100, Bangladesh

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 year. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the consolidated financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

1) Revenue

Revenue recognition has significant and wide influence on consolidated financial statements. The Company reported revenue for the amount of Taka 23,594 million. Revenue is recognized when the amounts and the related costs are reliably measured and the performance obligation is completed through passing of control to the customers. While the risk and rewards are being transferred for the performance obligations at the delivery point and control has passed, there is a risk that the Company might misstate or manipulate sales quantity or price in the consolidated financial statements. There is also a risk that revenue may be overstated or understated through various discounts and incentives.

How our audit addressed the key audit matter

- We assessed the reporting environment of the Company as well as other relevant systems supporting the accounting of revenue;
- We examined customer invoice (Mushak 6.3), VAT submission form (Mushak 9.1) and receipts of payment on a test basis;
- We examined ERP system (SAP) which generated sales report (48 report) and compared with dispatch report (701 report);
- We summarized Mushak 9.1, Mushak 6.7, month wise sales and cross checked with consolidated financial statements;
- We performed detailed walk through tests for the discounts and trade incentives;
- We obtained and reviewed supporting documents for sales transactions recorded;
- We assessed whether the sufficient disclosure has been given; and
- We tested the timing of revenue recognition as well as cut off checked.

2) Impairment testing of goodwill

Refer to note 6(B) to the consolidated financial statements.

Included on the consolidated financial statements is a goodwill balance of Taka 318 million as at 31 December 2022.

The Company is required to, at least annually, perform impairment assessments of intangible assets including goodwill that have an indefinite useful life. For intangible assets with useful lives, the Company is required to review these for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, and at least annually, review whether there is any change in their expected useful lives.

For the purpose of performing impairment assessments, intangible assets including goodwill have been allocated to the Company of cash generating units (CGUs). The recoverable amount of the underlying CGUs is supported by value-in-use calculations which are based on future discounted cash flows.

Management concluded that the intangible assets including goodwill were not impaired for the year ended 31 December 2022.

We focused on this area as the assessments made by management involved significant estimates and judgments, including sales growth rates, gross profit margin, net profit margin and perpetual growth rates used to estimate future cash flows and discount rates applied to these forecasted future cash flows of the underlying CGUs. These estimates and judgments may be affected by unexpected changes in future market or economic conditions or discount rates applied.

How our audit addressed the key audit matter

- We understood, evaluated and validated management's key controls over the impairment assessment process;
- We compared the methodology used (value-in-use calculations based on future discounted cash flows) by the Company with market practice;
- We obtained management's future cash flow forecasts, tested the mathematical accuracy of the underlying value-in-use calculations and agreed them to the approved one-year financial budget and future forecasts. We also compared historical actual results to those budgeted to assess the quality of management's forecasts;
- We also assessed the reasonableness of key assumptions used in the calculations, comprising sales growth rates, operating profit margin, EBITDA margin, perpetual growth rate and discount rates. When assessing these key assumptions, we discussed them with management to understand and evaluate management's basis for determining the assumptions, and compared them to external industry outlook reports and economic growth forecasts from a number of sources. We also engaged our valuation experts to assist us in assessing the reasonableness of the discount rates used by management by comparing the discount rates used to entities with similar risk profiles and market information;
- We obtained and tested management's sensitivity analysis around the key assumptions, to ascertain that selected adverse changes to key assumptions, both individually and in aggregate, would not cause the carrying amount of intangible assets including goodwill to exceed the recoverable amount;
- We evaluated management's assessment on whether any events or change in circumstances indicate there may be a change in the expected useful lives of intangible assets; and
- We found the Company estimates and judgments used in the impairment assessment and review of useful lives of intangible assets to be supported by the available evidence.

3) Deferred tax liabilities

The Company reported net deferred tax liabilities amounting to Taka 2,057 million as at 31 December 2022. Significant judgment is required in relation to deferred tax liabilities as their settlement/recoverability is dependent on forecasts of future profitability over a number of years.

Refer to note 14 to the consolidated financial statements for relevant disclosures regarding deferred tax liabilities.

How our audit addressed the key audit matter

- We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company key controls over the recognition and measurement of deferred tax and the assumptions used in estimating the Company future taxable income;
- We also assessed the completeness and accuracy of the data used for the estimations of future taxable income;
- We involved tax specialists to assess key assumptions, controls, recognition and measurement of deferred tax (DTs); and
- Finally assessed the appropriateness and presentation of disclosures against IAS 12: Income Tax.

Other Matter

The Company comprises the parent LafargeHolcim Bangladesh Limited and its two subsidiaries namely Lafarge Umiam Mining Private Limited (LUMPL) and Lum Mawshun Minerals Private Limited (LMMPL) located in India. The financial statements of two subsidiaries have been audited locally by RKP Associates, Chartered Accountants, India. The auditors of subsidiaries have expressed an unmodified opinion on those financial statements as of 31 December 2022.

Reporting on Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than 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.

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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.

As part of an audit in accordance with International Standards on Auditing (ISAs), we exercised professional judgment and maintained professional skepticism 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 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 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 Company 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 consolidated financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company's 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, related safeguards.

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 year, 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.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 and International Standards on Auditing (ISAs), 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 purpose 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 those books;

c. the Company's statement of consolidated financial position and the statement of consolidated profit or loss and other comprehensive income along with the annexed notes 1 to 35 dealt with by the report are in agreement with the books of account; and

d. the expenditures incurred and payments made were for the purposes of the Company's affairs.

Dhaka, Bangladesh
Date: 02 MAR 2023

A F Nesaruddin, FCA
Senior Partner
Enrolment # 469
Hoda Vasi Chowdhury & Co
Chartered Accountants

Hoda Vasi
Chowdhury & Co

LafargeHolcim Bangladesh Limited
Consolidated statement of financial position
As at 31 December

	Note	2022 Taka'000	2021 Taka'000
Assets			
Non-current assets			
Property, plant and equipment	5	16,033,485	16,384,327
Goodwill	6	317,776	317,776
Intangible assets	6	2,170,241	2,209,540
Total non-current assets		**18,521,502**	**18,911,643**
Current assets			
Inventories	7	2,930,286	2,903,883
Trade receivables	8	525,707	556,658
Other current assets	9	2,150,258	1,812,216
Advance income tax	19	-	160,942
Cash and cash equivalents	10	4,843,726	5,276,723
Total current assets		**10,449,977**	**10,710,422**
Total assets		**28,971,479**	**29,622,065**
Equity & liabilities			
Equity			
Share capital	11.3	11,613,735	11,613,735
Retained earnings		5,871,541	8,162,968
Other components of equity	11.6	(214,283)	(231,712)
Foreign currency translation	3.5	439,517	249,045
Equity attributable to owners of the Company		**17,710,510**	**19,794,036**
Non-controlling interests	12	(180)	(210)
Total equity		**17,710,330**	**19,793,826**
Non-current liabilities			
Lease liabilities	13A	3,844	29,111
Deferred tax liabilities	14	2,056,545	2,278,353
Employee benefits	15	216,786	317,150
Provisions	16	67,201	50,493
Total non-current liabilities		**2,344,376**	**2,675,107**
Current liabilities			
Trade payables	17	7,218,254	6,292,140
Other current liabilities	18	1,051,807	813,050
Lease liabilities	13B	27,582	29,280
Current income tax liabilities	19	332,307	-
Unclaimed dividend		286,823	18,662
Total current liabilities		**8,916,773**	**7,153,132**
Total liabilities		**11,261,149**	**9,828,239**
Total equity and liabilities		**28,971,479**	**29,622,065**
Net Asset Value (NAV) Per Share	28B	**15.25**	**17.04**

The accompanying Notes 1 to 35 form an integral part of these financial statements.

Chief Financial Officer **Company Secretary** **Director** **Chief Executive Officer**

As per our annexed report of same date

Dhaka, Bangladesh
Dated: 02 MAR 2023

A F Nesaruddin, FCA
Senior Partner
Enrolment # 469
Hoda Vasi Chowdhury & Co
Chartered Accountants

LafargeHolcim Bangladesh Limited
Consolidated statement of profit or loss
For the year ended 31 December

	Note	2022 Taka'000	2021 Taka'000
Revenue	21A	23,594,038	20,534,442
Cost of sales	22	(15,259,770)	(13,894,205)
Gross profit		**8,334,268**	**6,640,237**
Other operating income	25A	44,616	136,051
General and administrative expenses	23	(1,777,613)	(1,475,405)
Sales and marketing expenses	24	(618,781)	(460,908)
Other operating expense	25B	(12,017)	-
Operating profit		**5,970,473**	**4,839,975**
Finance cost	26	(275,935)	(39,043)
Finance income	26	49,174	26,727
Profit before tax		**5,743,712**	**4,827,659**
Income tax	27	(1,299,201)	(945,816)
Profit for the year		**4,444,511**	**3,881,843**
Profit attributable to:			
Owners of the parent Company		4,444,540	3,881,873
Non-controlling interests		(29)	(30)
		4,444,511	**3,881,843**
Earnings Per Share (EPS)			
Basic EPS (Taka)	28A	3.83	3.34
Diluted EPS (Taka)	28A	3.83	3.34

The accompanying Notes 1 to 35 form an integral part of these financial statements.

Chief Financial Officer **Company Secretary** **Director** **Chief Executive Officer**

As per our annexed report of same date

Dhaka, Bangladesh
Dated: 02 MAR 2023

A F Nesaruddin, FCA
Senior Partner
Enrolment # 469
Hoda Vasi Chowdhury & Co
Chartered Accountants

LafargeHolcim Bangladesh Limited
Consolidated statement of comprehensive income
For the year ended 31 December

	2022 Taka'000	2021 Taka'000
Profit for the year	**4,444,511**	**3,881,843**
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss)-net off tax	25,747	(132,646)
Total items that will not be reclassified to profit or loss	**25,747**	**(132,646)**
Items that are or may be reclassified subsequently to profit or loss		
Cash flow hedge instruments-net off tax	(8,318)	(9,395)
Foreign operation-foreign currency translation differences	190,472	(73,667)
Non controlling interests-currency translation adjustment	59	(10)
Total items that may be reclassified to profit or loss	**182,213**	**(83,072)**
Other comprehensive income/(loss) for the year	**207,960**	**(215,718)**
Total comprehensive income for the year	**4,652,471**	**3,666,125**
Profit attributable to:		
Owners of the parent Company	4,652,441	3,666,165
Non-controlling interests	30	(40)
	4,652,471	**3,666,125**

The accompanying Notes 1 to 35 form an integral part of these financial statements.

Chief Financial Officer **Company Secretary** **Director** **Chief Executive Officer**

As per our annexed report of same date

Dhaka, Bangladesh
Dated: 02 MAR 2023

A F Nesaruddin, FCA
Senior Partner
Enrolment # 469
Hoda Vasi Chowdhury & Co
Chartered Accountants

LafargeHolcim Bangladesh Limited
Consolidated statement of changes in equity
For the year ended 31 December

In thousands of Taka

	Share capital	Retained earnings	Other components of equity	Foreign currency translation	Equity for parent company	Non controlling interests	Total equity
Balance at 01 January 2021	11,613,735	5,442,469	(89,671)	322,712	17,289,245	(170)	17,289,075
Total comprehensive income for the year	-	3,881,873	(142,041)	(73,667)	3,666,165	(40)	3,666,125
Dividend for 2020	-	(1,161,374)	-	-	(1,161,374)	-	(1,161,374)
Balance at 31 December 2021	**11,613,735**	**8,162,968**	**(231,712)**	**249,045**	**19,794,036**	**(210)**	**19,793,826**
Balance at 01 January 2022	11,613,735	8,162,968	(231,712)	249,045	19,794,036	(210)	19,793,826
Total comprehensive income for the year	-	4,444,540	17,429	190,472	4,652,441	30	4,652,471
Dividend for 2021	-	(2,903,435)	-	-	(2,903,435)	-	(2,903,435)
Interim dividend	-	(3,832,532)	-	-	(3,832,532)	-	(3,832,532)
Balance at 31 December 2022	**11,613,735**	**5,871,541**	**(214,283)**	**439,517**	**17,710,510**	**(180)**	**17,710,330**

The accompanying Notes 1 to 35 form an integral part of these financial statements.

Chief Financial Officer **Company Secretary** **Director** **Chief Executive Officer**

Hoda Vasi Chowdhury & Co

LafargeHolcim Bangladesh Limited
Consolidated statement of cash flows
For the year ended 31 December

	Note	2022 Taka'000	2021 Taka'000
Cash flows from operating activities			
Cash receipts from customers		23,700,457	20,769,723
Cash paid to suppliers and employees		(16,056,593)	(14,264,135)
Cash generated from operations		**7,643,864**	**6,505,588**
Income taxes paid		(994,570)	(460,217)
Other receipts		44,398	31,551
Net cash generated from operating activities*	34	**6,693,692**	**6,076,922**
Cash flows from investing activities			
Payments for property, plant and equipment		(701,444)	(945,768)
Proceeds from sale of property, plant and equipment		23,394	7,935
Interest income		45,000	26,976
Net cash used in investing activities		**(633,050)**	**(910,857)**
Cash flows from financing activities			
Repayments of the lease liabilities		(26,965)	(29,184)
Interest paid on lease liabilities		(6,741)	(2,367)
Payment of interest and other finance costs		(15,025)	(12,386)
Dividend paid		(6,467,806)	(1,202,459)
Net cash used in financing activities		**(6,516,537)**	**(1,246,396)**
Net increase in cash and cash equivalents		**(455,895)**	**3,919,669**
Net effect of foreign currency translation on cash and cash equivalents		22,898	(15,606)
Cash and cash equivalents at beginning of the year	10	5,276,723	1,372,660
Cash and cash equivalents at end of the year	10	**4,843,726**	**5,276,723**
Net Operating Cash Flow Per Share (NOCFPS)	28C	**5.76**	**5.23**

**Refer to Note 34 for a reconciliation between net profit with cash flows from operating activities.*

The accompanying Notes 1 to 35 form an integral part of these financial statements.

Chief Financial Officer **Company Secretary** **Director** **Chief Executive Officer**

LAFARGEHOLCIM BANGLADESH LIMITED
Notes to the consolidated financial statements
For the year ended 31 December

1 General information

LafargeHolcim Bangladesh Limited (LHBL) - (hereinafter referred to as "the Company") was incorporated on 11 November 1997 as a private limited company in Bangladesh under the Companies Act 1994 having its registered office in Dhaka. At the time of incorporation the name of the Company was "Lafarge Surma Cement Limited". On 07 February 2017 the Registrar of Joint Stock Companies and Firms of Bangladesh (RJSC) approved the name change to "LafargeHolcim Bangladesh Limited" of the Company. The Company has subsequently been converted into a public limited company on 20 January 2003 and went for Initial Public Offering of shares in November 2003 which was fully subscribed and issued. The shares have since been listed and are being traded in Dhaka and Chittagong Stock Exchanges. Presently the Company has two subsidiaries in India. The main objectives of the subsidiaries are to support the holding company. A brief description of each of the subsidiary is given below:

Lafarge Umiam Mining Private Limited (LUMPL) - LUMPL is fully owned subsidiary of the Company. LUMPL was incorporated under the Indian Companies Act 1956 on 22 March 1999 as a private limited company with its registered office at Shillong in the State of Meghalaya, India.

Lum Mawshun Minerals Private Limited (LMMPL) - LMMPL is a 74% owned subsidiary of the Company. LMMPL was incorporated under the Indian Companies Act 1956 on 17 November 1994 as a private limited company with its registered office at Shillong in the State of Meghalaya, India.

2 Nature of business

LafargeHolcim Bangladesh Limited (LHBL) - The Company operates cement and aggregates manufacturing plants at Chhatak under Sunamganj district, and three (3) grinding plants near Dhaka and Khulna. The Company extracts and processes the basic raw materials of limestone from the quarry in Meghalaya, India, owned by the Company's fully owned subsidiary Lafarge Umiam Mining Private Limited. A 17 kilometres cross-border conveyor belt links the quarry with the cement plant for transportation of raw materials. The Company is engaged in manufacturing and marketing of building materials in the local and international market.

Lafarge Umiam Mining Private Limited (LUMPL) - LUMPL owns and operates the limestone and shale mine located at Nongtrai and Shella area of East Khasi Hills District, Meghalaya. The project involves supply of crushed limestone and shale from the mines located in the State of Meghalaya through continuous cross border elevated belt conveyor to the plant at Chhatak in Bangladesh promoted by Lafarge SA France and Cementos Molins of Spain for the manufacture building materials by LHBL.

Lum Mawshun Minerals Private Limited (LMMPL) - LMMPL was formed for acquisition of mining and land rights to facilitate the mining operation of limestone and shale. During the earlier years LMMPL transferred the mining and land rights as well as freehold and leasehold lands as was acquired to LUMPL along with the preoperative expenses and related account balances pertaining to such lands transferred, after obtaining necessary approval from the Government of India. Consequently, there has been no business during the year as well as in the previous years. However, LMMPL is exploring new opportunities.

3 Summary of significant accounting policies

3.1 Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), the Companies Act 1994 and the Securities and Exchange Rules 1987. They were authorized for issue by the Company's Board of Directors on 02 March 2023.

Pursuant to recent amendment to the Companies Act, 1994 incorporating certain amendments, among others, is to change of the word 'Limited' by the word 'PLC' in case of Public Limited Companies including listed ones. Necessary formalities are in progress in implementing this change.

3.2 Basis of consolidation

The accounts of all the subsidiaries of the Company have been fully consolidated as the Company controls these entities. The Company holds majority of voting right in all of the subsidiaries.

The name of subsidiaries, country of incorporation and proportion of ownership interest are as follows:

Name of subsidiary	Country of incorporation	% of ownership interest
Lafarge Umiam Mining Private Limited	India	100
Lum Mawshun Minerals Private Limited	India	74

i) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company '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)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Company'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 Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized 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 unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.3 Use of estimates and judgements

i) Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and of revenues and expenses. Such estimates are prepared on the assumption of going concern and are established based on currently available information. Changes in facts and circumstances may result in revised estimates, and actual results could differ from the estimates.

Significant estimates made by management in the preparation of these consolidated financial statements include assumptions used for depreciation, deferred taxes, impairment of investment in subsidiary and provisions for employees benefits.

ii) Judgements

The accounting for certain provisions and the disclosure of contingent liabilities and claims at the date of the consolidated financial statements is judgmental.

3.4 Functional and presentation currency

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

3.5 Translation of financial statements denominated in foreign currencies

The accounts of the Indian subsidiaries have been translated into Bangladesh Taka using the year end closing rate of exchange for all financial position items and the average rate of exchange for revenues, expenses and amounts presented in the statement of cash flows. The resulting translation adjustments are included as a separate component of shareholders' equity. The exchange rates used for consolidating the Indian entities are as follows:

Taka equivalent of Rs. 1	2022	2021
Average rate	1.1937	1.1509
Closing rate	1.2738	1.1350

3.6 Property, plant and equipment

i) Recognition of property, plant and equipment

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation and accumulated impairment losses. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its operating condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

ii) Subsequent costs

Subsequent maintenance and normal repairs are expensed as incurred while major renewals and improvements are capitalized.

iii) Construction in progress

These expenditures are capitalized and recognized as operating assets upon completion of the acquisition process or construction, where applicable and physical possession thereof.

iv) Depreciation of property, plant and equipment

Straight line depreciation method is followed and depreciation has been charged on all assets acquired that are put to use except land. Depreciation is charged from the date of acquisition and no depreciation is charged at the date of disposal. The rates of depreciation and category of property, plant and equipment are as follows:

Category	Rate %
Building	2-3.5
Plant & machinery	3.33-20
Vehicles	20
Office equipment	10, 20 & 33.33
Furniture & fixtures	10

v) Impairment of property, plant and equipment

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication that the assets might be impaired. Any provision of impairment is charged to the statement of profit or loss in the year concerned.

vi) Retirement and disposals

An asset is derecognized on disposal or when no further economic benefits are expected from its use. Gains and losses on disposals are determined by comparing proceeds with carrying amounts, and are recognized in the statement of profit or loss in "gain/(loss) on disposals and other non-operating income/(expenses)".

vii) Leases

The Company recognizes 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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The Company presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'borrowings' in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.7 Goodwill

Goodwill arising on acquisition of subsidiary is measured at cost less accumulated impairment losses.

3.8 Intangible assets

i) Software

Software costs are capitalized where it is expected to provide future economic benefits. Capitalization costs include license fees and cost of implementation/system integration services which are capitalized in the year in which the relevant software is installed for use. Costs of maintenance, upgradation and enhancements are charged off as revenue expenditure unless they bring similar significant additional long term benefits.

ii) Others

Capitalization costs of leasehold land and quarry land include statutory fees, lump sum payment to lessor and subsequent development cost. These are shown as "intangible assets" in line with the Company policy.

iii) Construction in progress

These expenditures are capitalized and recognized as operating assets upon completion of the development process.

iv) Amortization of intangible assets

a) Software

Software costs are amortized using the straight-line method over their useful lives (three years).

b) Others

The leased land and quarry land are amortized using the straight-line method over their amortization year calculated on the basis of different leased years. However, the quarry lands are amortized over a maximum of thirty years. The rate of amortization for lease hold land is 1%- 5%.

3.9 Inventories

Inventories are stated at the lower of cost and net realizable value while packing materials and spare parts are valued at cost. The cost of inventories is based on the weighted average cost method.

3.10 Financial instruments

i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI and FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objective for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets - Subsequent measurement and gains and losses:

Financial assets at amortized cost:

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

iii) Derivative instruments

The Company enters into financial derivative contracts only in order to reduce its exposure to changes in interest rates and foreign currency exchange rates.

Forward exchange contracts are used to hedge foreign currency exchange rate exposures.

Pursuant to the guidance in IFRS 9, the Company records in the consolidated statement of financial position derivative instruments at their fair values. The accounting of changes in fair value of a derivative depends on the intended use of the derivative and the resulting designation. The Company designates its derivatives based on the criteria established under IFRS 9.

In case of fair value hedge relationship, changes in fair value on the hedging items are recognized in the consolidated statement of profit or loss of the year of change.

In case of cash flow hedge relationship, changes in fair value on the hedging items are recognized directly in other comprehensive income for the effective portion and in the consolidated statement of profit or loss under the "Finance cost/income" caption for the ineffective portion. The gain and loss recognized in equity is subsequently reclassified to the consolidated statement of profit or loss when hedge exposure affects earnings.

iv) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.11 Employees' benefit schemes

i) Gratuity plan- funded

The Company operated an unfunded gratuity plan till 15 January 2014 and thereafter, the scheme has been converted to a funded one. However, the provision has been made in respect of all eligible employees and reflected in these accompanying financial statements. At the time of separation, the liability to each employee is settled in cash. Actuary valuation of the gratuity plan is carried out by a professional actuary.

ii) Gratuity plan- unfunded (Holcim Cement Bangladesh Limited- amalgamation)

The Company operates an unfunded gratuity scheme, provision for which has been made in respect of all eligible employees and reflected in these accompanying financial statements. In the time of separation, the liability to each employee is settled in cash. Actuary valuation of the gratuity fund is carried out by a professional actuary.

iii) Gratuity plan - LUMPL

LUMPL operates an unfunded gratuity scheme, provision for which has been made in respect of all eligible employees and reflected in these accompanying financial statements. In the time of separation, the liability to each employee is settled in cash. Actuary valuation of the gratuity fund is carried out by a professional actuary.

iv) Provident fund

The Company also operates a recognized provident fund scheme with equal contributions by the employees and the Company. The fund is administered by the Board of Trustees.

v) Workers' profit participation and welfare funds - for LHBL

The Company recognizes a provision for Workers' Profit Participation and Welfare Funds @ 5% of income before tax before charging such expenses as per Bangladesh Labour Act, 2006 (Amended in 2013).

3.12 Taxation

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount or 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. Current tax also includes any tax arising from dividends.

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

ii) Deferred tax

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements in accordance with the provisions of IAS 12. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax liabilities are recognized for all temporary taxable differences.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3.13 Revenue recognition

Sale of the products, net of value added tax is recognized upon meeting the performance obligation and raising invoices to customers.

Contract liabilities primarily relate to the advance consideration received from customers for goods for which delivery will occur at a future point in time.

3.14 Provision

The Company recognizes provisions when it has a legal or constructive obligation resulting from past events, the resolution of which would result in outflow of resources embodying economic benefits from the Company.

3.15 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

3.16 Comparatives

Comparative figures and account titles in the financial statements have been rearranged/reclassified where necessary to conform with changes in presentation in the current year.

3.17 Dividend distribution

Final dividend distributions to the Company's shareholders are recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognized in the period in which the dividends are declared and paid.

3.18 Operating segment

LafargeHolcim Bangladesh Limited have two operating segments clinker & cement and aggregates whose results are regularly reviewed by the entity's Chief Operating Decision Maker to make decisions about resources to be allocated to segments and assess its performance and for which discrete financial information is available.

3.19 Preparation and presentation of the separate financial statements

The management of the Company is responsible for the preparation and fair presentation of the separate financial statements of LafargeHolcim Bangladesh Limited. Information about subsidiaries of LafargeHolcim Bangladesh Limited has been detailed in Note-1.

4 Adoption of new and amended International Financial Reporting Standards

The new and amended standards are not expected to have a material impact on the Company's financial statements.

5 Property, plant and equipment

A. Reconciliation of carrying amount

In thousands of Taka

Particular 2022	Freehold land	Building	Right of use assets-Building	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost									
Balance at 01 January 2022	1,530,593	2,804,953	179,597	20,280,637	264,702	525,797	71,832	641,654	26,299,765
Additions	-	77,788	-	545,448	-	18,059	-	212,809	854,104
Disposals	-	-	-	(61,210)	(25,290)	-	-	-	(86,500)
Transfers	-	179,290	-	443,004	-	442	-	(622,736)	-
Translation adjustments	2,844	24,941	-	186,290	9,714	4,475	1,428	8,446	238,138
Balance at 31 December 2022	1,533,437	3,086,972	179,597	21,394,169	249,126	548,773	73,260	240,173	27,305,507
Accumulated depreciation									
Balance at 01 January 2022	-	595,529	121,206	8,580,577	178,583	370,813	68,730	-	9,915,438
Disposals	-	-	-	(26,213)	(24,876)	-	-	-	(51,089)
Charge for the year	-	104,054	26,965	1,064,652	18,439	26,589	3,030	-	1,243,729
Translation adjustments	-	4,185	-	150,677	4,243	4,226	613	-	163,944
Balance at 31 December 2022	-	703,768	148,171	9,769,693	176,389	401,628	72,373	-	11,272,022
Carrying amount									
At December 31, 2022	**1,533,437**	**2,383,204**	**31,426**	**11,624,476**	**72,737**	**147,145**	**887**	**240,173**	**16,033,485**

Particular 2021	Freehold land	Building	Right of use assets-Building	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost									
Balance at 01 January 2021	1,531,021	2,517,632	179,597	19,392,453	233,448	517,821	64,738	1,012,735	25,449,445
Additions	-	45,068	-	263,837	69,106	8,650	4,035	564,557	955,253
Disposals	-	-	-	(21,301)	(36,458)	-	-	-	(57,759)
Transfers	-	244,536	-	685,111	-	-	3,262	(932,909)	-
Translation adjustments	(428)	(2,283)	-	(39,463)	(1,394)	(674)	(203)	(2,729)	(47,174)
Balance at 31 December 2021	1,530,593	2,804,953	179,597	20,280,637	264,702	525,797	71,832	641,654	26,299,765
Accumulated depreciation									
Balance at 01 January 2021	-	491,558	92,022	7,590,660	194,775	342,493	62,599	-	8,774,107
Disposals	-	-	-	(16,096)	(36,458)	-	-	-	(52,554)
Charge for the year	-	104,547	29,184	1,023,314	20,919	28,956	6,223	-	1,213,143
Translation adjustments	-	(576)	-	(17,301)	(653)	(636)	(92)	-	(19,258)
Balance at 31 December 2021	-	595,529	121,206	8,580,577	178,583	370,813	68,730	-	9,915,438
Carrying amount									
At December 31, 2021	**1,530,593**	**2,209,424**	**58,391**	**11,700,060**	**86,119**	**154,984**	**3,102**	**641,654**	**16,384,327**

5.1 Depreciation charge for the year allocated to	2022 Taka'000	2021 Taka'000
Production and maintenance costs (Note 22.2)	1,149,715	1,115,808
Depot operating and transportation costs (Note 22.4)	49,997	51,888
General and administrative expenses (Note 23)	42,484	43,567
Sales and marketing (Note 24)	1,533	1,880
	1,243,729	**1,213,143**

B. Details of disposal of property, plant and equipment

In thousands of Taka

Disposal details 2022	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost	61,210	25,290	-	-	-	86,500
Accumulated depreciation	(26,213)	(24,876)	-	-	-	(51,089)
Carrying amount at December 31, 2022	**34,997**	**414**	-	-	-	**35,411**
Sale proceeds	**14,036**	**9,358**	-	-	-	**23,394**
Mode of disposal	Company policy/tender	Company policy/tender	-	-	-	-
Particulars of purchaser/type of disposal	Third party & written off	Third party & employees	-	-	-	-

Disposal details 2021	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost	21,301	36,458	-	-	-	57,759
Accumulated depreciation	(16,096)	(36,458)	-	-	-	(52,554)
Carrying amount at December 31, 2021	**5,205**	-	-	-	-	**5,205**
Sale proceeds	**3,270**	**4,665**	-	-	-	**7,935**
Mode of disposal	Company policy/tender	Company policy/tender	-	-	-	-
Particulars of purchaser/type of disposal	Third party & written off	Third party & employees	-	-	-	-

6 A. Goodwill and intangible assets

In thousands of Taka

2022	Goodwill	Leasehold land	Quarry land	Software	Construction in progress	Total excluding goodwill	Total including goodwill
Cost							
Balance at 01 January 2022	317,776	1,695,160	1,008,841	163,146	12,677	2,879,824	3,197,600
Additions	-	9,060	-	-	-	9,060	9,060
Translation adjustments	-	2,535	121,204	516	-	124,255	124,255
Balance at 31 December 2022	317,776	1,706,755	1,130,045	163,662	12,677	3,013,139	3,330,915
Accumulated depreciation							
Balance at 01 January 2022	-	66,425	440,775	163,084	-	670,284	670,284
Charge for the year	-	72,601	42,398	-	-	114,999	114,999
Translation adjustments	-	975	56,189	451	-	57,615	57,615
Balance at 31 December 2022	-	140,001	539,362	163,535	-	842,898	842,898
Carrying amount							
Balance at 31 December 2022	**317,776**	**1,566,754**	**590,683**	**127**	**12,677**	**2,170,241**	**2,488,017**

2021	Goodwill	Leasehold land	Quarry land	Software	Construction in progress	Total excluding goodwill	Total including goodwill
Cost							
Balance at 01 January 2021	317,776	1,695,450	1,027,091	163,224	12,677	2,898,442	3,216,218
Translation adjustments	-	(290)	(18,250)	(78)	-	(18,618)	(18,618)
Balance at 31 December 2021	317,776	1,695,160	1,008,841	163,146	12,677	2,879,824	3,197,600
Accumulated depreciation							
Balance at 01 January 2021	-	34,675	407,313	163,161	-	605,149	605,149
Charge for the year	-	31,897	41,315	-	-	73,212	73,212
Translation adjustments	-	(147)	(7,853)	(77)	-	(8,077)	(8,077)
Balance at 31 December 2021	-	66,425	440,775	163,084	-	670,284	670,284
Carrying amount							
Balance at 31 December 2021	**317,776**	**1,628,735**	**568,066**	**62**	**12,677**	**2,209,540**	**2,527,316**

Amortization charge for the year allocated to	**2022**	**2021**
	Taka'000	**Taka'000**
Production and maintenance costs (Note 22.2)	114,999	73,212
	114,999	**73,212**

B. Impairment testing for goodwill

The recoverable amount was based on the value in use, determined by discounting the future cash flows to be generated from continuing use. Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined based on the inflation rate. Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over past years and the estimated sales volume and price growth for the next five years.

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		2022 Taka'000	2021 Taka'000
7	**Inventories**		
	Raw materials	770,339	907,028
	Semi-finished and finished products	1,013,424	920,122
	Parts and supplies	1,146,523	1,076,733
		2,930,286	**2,903,883**
8	**Trade receivables**		
	Trade receivables	**525,707**	**556,658**

See Note 31B(i) for disclosures regarding credit risk, allowance for doubtful debts and ageing analysis of trade receivables.

		2022 Taka'000	2021 Taka'000
9	**Other current assets***		
	Advance payment to trade suppliers	185,850	184,532
	Prepaid expenses	33,999	41,857
	Security and other deposits	85,815	86,908
	Other receivables (Note-9.1)	1,712,212	1,172,816
	Advance payment to suppliers of fixed assets	116,551	307,360
	Derivative assets	1,532	8,618
	Accrued interest on bank deposits	14,299	10,125
		2,150,258	**1,812,216**

*Other current assets mentioned above are unsecured and considered good.

9.1 Gas sales agreement with JGTDS

On 03 January 2021, Jalalabad Gas Transmission and Distribution System Limited (JGTDS) issued a Final Notice instructing the Company to pay for the gas, since September 2015, at the rate fixed by Bangladesh Energy Regulatory Commission (BERC). The Company's position is that, pursuant to the Gas Sales Agreement (GSA), JGTDS has agreed to limit the price for the supply of gas to a Ceiling Price. On 03 February 2021, the Company issued the Notice of Arbitration on JGTDS to resolve the dispute as per the provisions of the GSA. As per the GSA, the dispute is being resolved by a three (3) members tribunal under the UNCITRAL Rules 1976 ("Arbitration").

To ensure continued supply of gas to the plant during the pendency of the Arbitration, the Company filed an application before the High Court Division, Supreme Court of Bangladesh (the "High Court Division") for an interim injunction restraining JGTDS from terminating the GSA or stopping the supply of gas. On 07 February 2021, the High Court Division issued such interim relief in favor of the Company subject to submission of Bank Guarantee of Taka 860 million. Accordingly, the Company submitted the Bank Guarantee.

However, JGTDS filed an appeal against the interim order before the Appellate Division, Supreme Court of Bangladesh (the "Appellate Division") on 08 March 2021 (the "Appeal"). The Appellate Division maintained the interim relief but directed the Company to pay JGTDS the claimed amount which is Taka 903 million and monthly gas bills at the rate fixed by BERC. The Company has paid Taka 1,392 million as of 31 December 2022 to JGTDS and accounted for the amount as other receivable. The order of the Appellate Division relates to the interim relief and shall have no impact on the merit of the Arbitration pending before the Tribunal. The Company has a good case before the Arbitration Tribunal. If the Tribunal finds in favor of the Company, the Ceiling Price shall be applicable and the amounts paid to JGTDS against the order of the Appellate Division shall be refunded.

The hearing before the Tribunal has been concluded on 23 February 2023. The Company is awaiting for the Arbitration Award.

		2022 Taka'000	2021 Taka'000
10	**Cash and cash equivalents**		
	Cash in hand	1,821	1,801
		1,821	1,801
	Cash at banks		
	Current accounts*	2,341,568	1,560,521
	Short term deposit accounts	2,500,337	3,714,401
		4,841,905	5,274,922
	Cash and cash equivalents in statement of financial position	**4,843,726**	**5,276,723**
	Cash and cash equivalents for the purpose of the statement of cash flows	**4,843,726**	**5,276,723**

*The current accounts balances are included amounting to Taka 286,823 (in thousands) of dividend accounts.

		2022 Taka'000	2021 Taka'000
11	**Share capital**		
11.1	**Authorized capital**		
	1,400,000,000 ordinary shares of Taka 10 each	**14,000,000**	**14,000,000**

In the year 2011, authorized capital was increased from Taka 7,000,000,000 to Taka 14,000,000,000. Further 58,068,675 ordinary shares of Taka 100 per share were issued as right shares at par amounting to Taka 5,806,867,500 offered on the basis of 1:1, for which approval of Bangladesh Securities and Exchange Commission (BSEC) was obtained on 08 September 2011. Moreover, face value of each ordinary share has been denominated from Taka 100 to Taka 10 at 04 December 2011.

		2022 Taka'000	2021 Taka'000
11.2	**Issued and subscribed capital**		
	1,161,373,500 ordinary shares of Taka 10 each	**11,613,735**	**11,613,735**
11.3	**Paid up capital**		
	Fully paid up in cash	5,759,888	5,759,888
	Fully paid up in other than cash	46,980	46,980
	Fully paid up in cash as rights issue	5,806,867	5,806,867
		11,613,735	**11,613,735**

11.4 Composition of shareholders at 31 December

Name of the shareholders	Nationality/ Incorporated in	Number of shares 2022	Number of shares 2021	Holding % 2022	Holding % 2021
Surma Holding B.V.	The Netherlands	683,698,700	683,698,700	58.87	58.87
Sinha Fashions Limited	Bangladesh	28,950,000	35,100,000	2.49	3.02
Islam Cement Limited	Bangladesh	31,914,200	31,914,200	2.75	2.75
Other Shareholders	Bangladesh and NRB	416,810,600	410,660,600	35.89	35.36
Total		**1,161,373,500**	**1,161,373,500**	**100.00**	**100.00**

11.5 Classification of shares by holding at 31 December

Slabs by number of shares	Number of shareholders 2022	Number of shareholders 2021	Holding % 2022	Holding % 2021
Less than 500 Shares	13,547	10,876	0.27	0.22
501 to 5,000 Shares	13,802	11,420	2.26	1.97
5,001 to 10,000 Shares	2,255	2,085	1.48	1.36
10,001 to 20,000 Shares	1,387	1,321	1.77	1.68
20,001 to 30,000 Shares	547	535	1.18	1.16
30,001 to 40,000 Shares	248	258	0.76	0.79
40,001 to 50,000 Shares	239	231	0.96	0.93
50,001 to 100,000 Shares	396	377	2.55	2.37
100,001 to 1,000,000 Shares	400	377	8.99	8.63
Over 1,000,000 Shares	39	40	79.78	80.89
Total	**32,860**	**27,520**	**100.00**	**100.00**

		2022 Taka'000	2021 Taka'000
11.6	**Other components of equity**		
	Actuarial loss-net of tax	(210,859)	(236,606)
	Cash flow hedge-net of tax	(3,424)	4,894
		(214,283)	**(231,712)**

11.7 Dividends

The final dividend amounts to Taka 1.74 billion which is Taka 1.50 per share of Taka 10 each for the year 2022 proposed by Board of Directors of the Company for approval at the Annual General Meeting of Shareholders. As this dividend is subject to approval by the shareholders in the Annual General Meeting, it has not been included as a liability in these financial statements as of 31 December 2022. Total cash dividend including this final cash dividend stands at 48% of the paid-up capital (i.e. BDT 4.80 per share) for the year 2022.

		2022 Taka'000	2021 Taka'000
12	**Non-controlling interests**		
	Retained earnings	(719)	(690)
	Share capital	181	161
	Share money deposits	358	319
		(180)	**(210)**

		2022 Taka'000	2021 Taka'000
13	**Lease liabilities**		
	A. Long term		
	Non-current portion	3,844	29,111
	B. Short term		
	Current portion	27,582	29,280
14	**Deferred tax liabilities**		
	Deferred tax by type of temporary differences that resulted in deferred tax assets and liabilities:		
	Property, plant and equipment	2,199,220	2,364,094
	Actuarial gain	-	704
	Deferred tax liabilities	**2,199,220**	**2,364,798**
	Provision for gratuity	35,198	1,458
	Actuarial loss	30,161	37,563
	Provision for doubtful debts	48,845	32,664
	Provision for obsolescence of spare parts	28,471	14,760
	Deferred tax assets	**142,675**	**86,445**
	Net deferred tax liabilities	**2,056,545**	**2,278,353**
14.1	**Change in deferred tax assets and liabilities**		
	Balance at 01 January- deferred tax liabilities	2,278,353	2,587,978
	Deferred tax income for the year	(199,067)	(327,619)
	Other components of equity	(44,907)	9,286
	Translation adjustments	22,166	8,708
	Balance at 31 December-deferred tax liabilities	**2,056,545**	**2,278,353**
15	**Employee benefits**		
	Funded plan (Note-15.1A)	30,006	140,519
	Unfunded plan (Note-15.2C)	186,780	176,631
		216,786	**317,150**
15.1	**Funded plan**		
	A. Net position of gratuity plan		
	Present value of defined benefit obligation	528,475	514,083
	Fair value of plan assets	(498,469)	(373,564)
	Net funded status	**30,006**	**140,519**

B. Actuarial valuation

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2022 by a professional actuary using Projected Unit Credit Method.

C. Assumptions employed for the valuations are as follows:	%	%
Salary increase rate	8.00	10.00
Discount rate	8.50	7.20

	2022 Taka'000	2021 Taka'000
D. Movement in the present value of the defined benefit obligation are as follows:		
Balance at 01 January	514,083	372,688
Current service cost	48,116	36,070
Interest cost	36,276	24,910
Actuarial (gain)/loss [Note-D.1]	(37,724)	111,775
Benefits paid during the year	(32,276)	(31,360)
Balance at 31 December	**528,475**	**514,083**
D.1 Actuarial (gain)/loss		
Financial	(76,724)	86,248
Experience	39,000	25,527
	(37,724)	**111,775**
E. Movement in the fair value of the plan assets are as follows:		
Balance at 01 January	373,564	211,551
Expected return on plan assets	31,336	14,809
Employer contribution	150,000	200,000
Actuarial loss	(24,155)	(21,436)
Benefits paid during the year	(32,276)	(31,360)
Balance at 31 December	**498,469**	**373,564**

The above has been invested in bond.

F. Sensitivity

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	31 December 2022	
Effect in thousands of Taka	**Increase**	**Decrease**
Discount rate	504,411	554,265
Salary increase rate	553,804	504,599

15.2 Unfunded plan

A. Actuarial valuation

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2022 by a professional actuary using Projected Unit Credit Method.

	2022 %	2021 %
B. Assumptions employed for the valuations are as follows:		
Salary increase rate	8.00	10.00
Discount rate	8.50	7.20

	2022 Taka'000	2021 Taka'000
C. Movement in the present value of the defined benefit obligation are as follows:		
Balance at 01 January	176,631	132,552
Current service cost	15,181	11,896
Interest cost	12,566	8,950
Actuarial (gain)/loss [Note-C.1]	(14,565)	31,282
Benefits paid during the year	(7,558)	(7,558)
Translation adjustment	4,525	(491)
Balance at 31 December	**186,780**	**176,631**
C.1 Actuarial (gain)/loss		
Financial	(23,300)	24,369
Experience	8,813	6,913
Demographic	(78)	-
	(14,565)	**31,282**

D. Sensitivity

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	31 December 2022	
Effect in thousands of Taka	**Increase**	**Decrease**
Discount rate	174,412	195,257
Salary increase rate	194,495	174,730

		2022 Taka'000	2021 Taka'000
16	**Provisions**		
	Site restoration provisions		
	Balance at 01 January	50,493	41,865
	Addition for the year	9,870	9,516
	Translation adjustment	6,838	(888)
	Balance at 31 December	**67,201**	**50,493**

The Company is required to restore a quarry site, the estimated costs of site restoration are accrued and recognized to the cost of sales, on the basis of mines closure plan submitted to Indian Bureau of Mines (IBM).

17	**Trade payables**		
	Payable for goods and services	6,909,169	6,058,523
	Contract liabilities	309,085	233,617
		7,218,254	**6,292,140**
18	**Other current liabilities**		
	Payables to suppliers of fixed assets	47,442	85,591
	Income tax and VAT deducted at source	325,753	277,185
	Derivative liabilities*	6,678	1,935
	Others	671,934	448,339
		1,051,807	**813,050**

*The Company entered into forward contracts with the commercial banks in order to manage its foreign exchange exposure due to change in exchange rates. The amount is the difference between market prices and prices the Company would pay to settle the foreign exchange liabilities at the end of the year.

19	**Current tax liabilities**		
	Balance at 01 January	(160,942)	(998,139)
	Provision for the year (Note-27)	1,498,268	1,273,435
	Advance payment of income tax	(994,570)	(460,217)
	Translation adjustment	(10,449)	23,979
	Balance at 31 December	**332,307**	**(160,942)**
20	**Commitments and contingencies**		
20.1	**Commitments**		
	Commitments related to operating activities		
	Purchase commitments	3,506,250	2,129,543
	Capital expenditure commitments	18,881	306,664
	Guarantees given	1,106,942	1,330,322
		4,632,073	**3,766,529**
20.2	**Contingent liabilities**		
	Tax related cases with the tax authorities and Hon'ble High Court	1,869,132	1,869,132
	VAT related cases with the VAT authorities and Hon'ble High Court	444,250	444,250
	Custom related case with the Hon'ble High Court	5,000	5,000
		2,318,382	**2,318,382**
20.3	**Claims**		
	a. Claims against the Company not acknowledged as debt	Nil	Nil
	b. Claims by the Company not acknowledged as receivable	Nil	Nil

20.4 Lafarge Umiam Mining Private Limited (LUMPL)

i) The Ministry of Environment, Forests and Climate Change (MOEFCC), vide Letter No. F.No.8- 64/2007-FC dated 22 April 2010 and Letter No. F.No.8-64/2007-FC dated 29 February 2012, has granted permission for diversion of 116.589 ha. of forest land for limestone mining and other ancillary activities in favour of M/s Lafarge Umiam Mining Private Limited (LUMPL) in Sohra -Tehsil, Khasi Hills Division of Meghalaya. In terms of conditions of forest clearance, it was mandated that Compensatory Afforestation, shall be raised and maintained over 428.483 ha. of degraded forest land from the funds realized from LUMPL. Accordingly, LUMPL deposited an amount of Rs. 239 lakhs as cost of raising and maintaining Compensatory Afforestation with the State Government.

In 2018, the Principal Chief Conservator of Forests (PCCF), Government of Meghalaya communicated to MOEFCC that Compensatory Afforestation could not be raised due to non-availability of degraded forest land. By a letter dated 09 December 2019, PCCF has directed the Company to provide the details of 307 ha. of non-forest land for the purpose of transferring to the State Forest Department for Compulsory Afforestation.

In 2020 LUMPL has received another letter from the Meghalaya Government (Chief Conservator of Forests & Nodal Officer FC Act, 1980) dated 09 June 2020, to provide/acquire 116.589 ha. of non-forest land for raising compensatory afforestation. Accordingly, the quantum of land likely to be reduced from earlier demand of 307 ha to 116.589 ha. and also the total cost is approximately from Rs. 3,700 lakhs to Rs. 1,400 lakhs based on prevailing land rates.

By letter dated 14 October 2020, the Principal Chief Conservator of Forests (PCCF) has submitted a proposal to the Government of Meghalaya recommending that LUMPL purchase only 116.589 ha. for CA in the land bank of 400 ha. identified by the Government of Meghalaya. On 22 October 2020 the Government of Meghalaya has forwarded the proposal to the Regional office of MOEFCC at Shillong. The proposal is presently being reviewed by the Regional office.

"Forest Clearance" was granted to the Company in the year 2012, the direction of the PCCF is subject to review and approval of MOEFCC. LUMPL has made representations clarifying its position. The matter is still under review by MOEFCC. Till the outcome of said review no provision has been made. However, the likely compensation that could arise for the procurement of land by the Company for Compulsory Afforestation demanded by the State Government could be approximately Rs. 1,400 lakhs based on prevailing land rates which is equivalent to Taka 178,332 (in thousand) as of 31 December 2022.

ii) The Company has received a demand notice from the Additional Director General, Directorate General of Goods & Service Tax Intelligence, Guwahati Zonal Unit demanding Rs. 860.60 lakhs which are equivalent to Taka 109,623 (in thousand) as of 31 December 2022 as Service Tax under the Reverse Charge Mechanism on services received from the Government for extraction of limestone during the period April 2016 to June 2017, the Company has paid Rs. 587.58 lakhs as Service Tax for the above period before issuing the demand notice. The net demand of service tax of Rs. 276.77 lakhs are arising only due to misinterpretation as to point of taxation/time of supply by the revenue authority. While the Company has paid Rs. 332.80 lakhs GST in respect of services received from the Government under the Reverse Charge Mechanism, the revenue authority is proposing service tax against the same.

In this connection, reference can be made to the judgement of the Hon'ble Supreme Court in the case of Udaipur Chamber of Commerce and Industry vs UOI [SLP No. 37326 / 2017] wherein the Hon'ble Court has vide its order dated 11 January 2018 granted a stay from payment of service tax on grant of mining lease/royalty and the matter is presently sub-judice. Similar stay from payment of service tax against royalty for mining has been granted by various Hon'ble High Courts.

The Company has submitted a reply to the Commissioner, Central GST Commissionerate, Shillong against the demand and their response is awaited. The case has not been adjudicated in view of various ongoing cases for similar matters and adjudication is kept in abeyance until the matter is settled at Hon'ble Supreme Court and various High Courts.

iii) The Company entered into a Limestone Mining Agreement with a mining contractor (the "Contractor"). The Contractor failed to engage the right mining equipment, many mining equipment were more than 5 years old and in violation of the provisions of the Agreement. The Contractor failed to produce right sizes of Limestone as specified in the Agreement. The Company issued notices of Breach, Material Breach to the Contractor in terms of the Agreement. On 28 February 2017 the Agreement was terminated. The Company submitted its 'Request for Arbitration' to the Secretariat of the International Court of Arbitration (ICC), Paris as per the provisions of the Agreement, with a claim of Taka 264.86 million. The Contractor made counter-claim of Taka 733.25 million. By order dated 11 September 2017, the ICC appointed Arbitration Tribunal rejected the counterclaim of the Contractor on procedural ground. On 11 December 2017, the Contractor filed an application before the Calcutta High Court under Section 34 of the Arbitration and Conciliation Act, 1996 seeking to set aside the Order of the Arbitration Tribunal dated 11 September 2017 (the "Application"). The Hearing on the Application is awaited. Arbitration proceedings however continue to proceed on the claim filed by LUMPL. The Contractor has filed an application for stay of the Order dated 11 September 2017 before the Tribunal on the ground that the matter is pending before the High Court. The application is yet to be heard by the Tribunal. The Company is of the opinion that the counter-claim of the Contractor, even if taken on record by the Tribunal at a subsequent stage or under order of the High Court, is not likely to succeed in full on merits of the matter and accordingly counterclaim of the Contractor has not been acknowledged as debt and no provision for the same has been made. The lawyers are of the view that the case of Company is strong on merits.

	2022 Taka'000	2021 Taka'000

21 A. Revenue

The Company derives its revenue from the transfer of goods at a point in the time in the following product lines. This is consistent with the segment information that is disclosed for each reportable segment under IFRS 8 (Note- 21B).

	2022 Taka'000	2021 Taka'000
Segment revenue		
Sale of cement*	21,111,262	18,534,653
Sale of cement clinker	187,364	928,553
Sale of aggregates	2,295,412	1,071,236
	23,594,038	**20,534,442**
Products transferred at a point in time	23,594,038	20,534,442
	23,594,038	**20,534,442**
***Sale of cement**		
Local sales	21,014,193	18,379,898
Export in Export Processing Zones and India	97,069	154,755
	21,111,262	**18,534,653**

B. Segment information

2022	**Reportable segments**		
Taka'000	**Clinker and cement**	**Aggregates**	**Total**
Statement of profit and loss			
Segment revenue	21,298,626	2,295,412	23,594,038
Operating profit	**4,670,372**	**1,300,101**	**5,970,473**
Statement of financial position			
Assets			
Segment assets	23,755,788	370,433	24,126,221
Unallocated assets*	-	-	4,845,258
Total assets	**23,755,788**	**370,433**	**28,971,479**
Equity and liabilities			
Segment liabilities	8,761,037	125,318	8,886,355
Unallocated equity and liabilities**	-	-	20,085,124
Total equity and liabilities	**8,761,037**	**125,318**	**28,971,479**

2021 Taka'000	Reportable segments Clinker and cement	Aggregates	Total
Statement of profit and loss			
Segment revenue	19,463,206	1,071,236	20,534,442
Operating profit	**4,380,609**	**459,366**	**4,839,975**
Statement of financial position			
Assets			
Segment assets	23,790,534	385,248	24,175,782
Unallocated assets*	-	-	5,446,283
Total assets	**23,790,534**	**385,248**	**29,622,065**
Equity and liabilities			
Segment liabilities	7,461,422	9,476	7,470,898
Unallocated equity and liabilities**	-	-	22,151,167
Total equity and liabilities	**7,461,422**	**9,476**	**29,622,065**

**Advance tax, derivatives instruments and cash and cash equivalents*
*** Borrowings, deferred tax liabilities and unclaimed dividend.*

C. Major customers

The Company has no reliance on any of its customers.

		2022 Taka'000	2021 Taka'000
22	**Cost of sales**		
	Opening finished goods and work in process (Note-7)	920,122	611,756
	Raw materials costs (Note-22.1)	5,192,878	4,816,723
	Consumption of purchased clinker	3,381,058	3,202,502
	Power and fuel costs	1,859,805	1,901,678
	Production and maintenance costs (Note-22.2)	3,051,360	2,603,149
	Plant-general and administrative costs (Note-22.3)	407,359	407,127
	Freight cost to customers	341,712	338,777
	Depot operating and transportation costs (Note-22.4)	1,109,030	923,099
	Site restoration costs	9,870	9,516
	Closing finished goods and work in process (Note-7)	(1,013,424)	(920,122)
		15,259,770	**13,894,205**
22.1	**Raw materials costs**		
	Fly ash	692,616	522,550
	Slag	708,717	655,015
	Gypsum	591,651	568,355
	Iron ore	92,075	94,779
	Sand	29,733	18,476
	Clay	136,121	129,356
	Limestone	1,815,443	1,803,962
	Packing materials	1,126,522	1,024,230
		5,192,878	**4,816,723**
22.2	**Production and maintenance costs**		
	Salary, allowances and benefits	443,694	388,103
	Contributions to employees' benefit schemes	42,422	32,839
	Maintenance	243,449	232,932
	Other supplies and spares	456,272	354,251
	Material handling	191,543	146,740
	Other expenses	406,347	257,750
	Technical studies	2,919	1,514
	Depreciation	1,149,715	1,115,808
	Amortization of intangible assets	114,999	73,212
		3,051,360	**2,603,149**

	2022 Taka'000	2021 Taka'000
22.3 Plant-general and administrative costs		
Salary, allowances and benefits	105,819	131,793
Contributions to employees' benefit schemes	7,386	7,026
Staff welfare expenses	56,982	45,795
Training, seminars and meetings	5	513
Travelling	7,310	5,161
Rent	3,190	1,494
Gas, electricity and water	806	982
Telephone, fax and postage	1,896	2,079
Office maintenance	32,860	33,867
Security services	80,177	72,267
Printing and stationery	907	833
Other supplies and spares	11,131	8,292
Other office expenses	27,810	20,869
Legal expenses	2,061	1,265
Consultancy	7,332	11,028
Vehicles running expenses	3,834	4,403
Corporate social activities	22,696	16,470
Insurance	35,157	42,990
	407,359	**407,127**

	2022 Taka'000	2021 Taka'000
22.4 Depot operating and transportation costs		
Salary, allowances and benefits	107,784	92,552
Contributions to employees' benefit schemes	11,280	8,946
Staff welfare expenses	1,798	888
Training, seminars and meeting	634	464
Depreciation	49,997	51,888
Depot other operating costs	192,532	182,814
Transportation costs	745,005	585,547
	1,109,030	**923,099**

	2022 Taka'000	2021 Taka'000
23 General and administrative expenses		
Salary, allowances and benefits	288,323	297,830
Contributions to employees' benefit schemes	25,493	21,384
Staff welfare expenses	2,861	3,890
Training, seminars and meeting	9,264	16,793
Travelling	9,720	2,905
Gas, electricity and water	1,052	872
Telephone, fax and postage	1,897	1,653
Entertainment	3,032	1,769
Office maintenance	2,359	1,700
Office security services	288	246
Printing and stationery	1,758	1,395
IT maintenance expenses	103,182	88,562
Other office expenses	47,492	13,051
Registration and other fees	4,575	3,594
Audit and tax advisory fees	3,503	3,396
Legal expenses	108,949	41,776
Vehicles running expenses	19,418	17,587
Publicity and public relation	4,261	5,744
General assistance fee	404,190	339,171
Royalty- trademark license fee	404,190	339,171
Consulting, survey and studies	4,371	3,429
Depreciation	42,484	43,567
Contribution to Workers' Profit Participation and Welfare Fund	284,951	225,920
	1,777,613	**1,475,405**

		2022 Taka'000	2021 Taka'000
24	**Sales and marketing expenses**		
	Salary, allowances and benefits	171,913	149,913
	Contributions to employees' benefit schemes	16,166	13,596
	Staff welfare expenses	164	-
	Training, seminars and meeting	535	679
	Travelling	18,652	15,141
	Gas, electricity and water	1,060	667
	Telephone, fax and postage	2,040	2,013
	Entertainment	260	211
	Office maintenance	3,762	2,261
	Printing and stationery	142	289
	Other office expenses	17,452	8,869
	Registration and other fees	7,162	8,141
	Vehicles running expenses	30,103	24,722
	Advertisement expenses	313,658	208,924
	Promotional expenses	23,371	20,025
	Bad debts and provision for trade receivables	8,096	2,457
	General survey and studies	2,712	1,120
	Depreciation	1,533	1,880
		618,781	**460,908**

		2022 Taka'000	2021 Taka'000
25	**A. Other operating income**		
	Sale of miscellaneous scrap items	44,398	31,551
	Gain on sale of property, plant and equipment	-	2,730
	Others	218	101,770
		44,616	**136,051**
	B. Other operating expense		
	Loss on sale of property, plant and equipment	**12,017**	-

		2022 Taka'000	2021 Taka'000
26	**Finance costs and income**		
	Net interest expenses (income) on net gratuity liabilities (assets)	15,530	19,051
	Other finance costs	5,138	1,502
	Bank charges and commission	9,887	10,884
	Interest expenses on lease liabilities	6,741	2,367
	Exchange loss	238,639	5,239
	Finance costs	**275,935**	**39,043**
	Interest income on bank deposits	49,174	26,727
	Finance income	**49,174**	**26,727**
	Net finance cost	**(226,761)**	**(12,316)**

		2022 Taka'000	2021 Taka'000
27	**Income tax**		
	Current income tax expenses	1,498,268	1,273,435
	Deferred income tax	(199,067)	(327,619)
		1,299,201	**945,816**

27.1	**Reconciliation of effective tax rate (%)**		
	Average statutory tax rate	24.56	25.81
	Permanent differences	2.65	3.87
	Effect of change in tax rate	(3.44)	(6.66)
	Effect of foreign tax differentials	(1.15)	(3.43)
	Effective tax rate	**22.62**	**19.59**

28 A. Earnings Per Share (EPS)

The computation of basic and diluted earnings per share for the years ended 31 December 2022 and 31 December 2021 are as follows:

Numerator	*(Thousands of Taka)*		
Profit for the year - attributable to owners of the company		4,444,540	3,881,873
Denominator	*(Thousands of Shares)*		
Weighted average number of shares outstanding		1,161,374	1,161,374
Basic Earnings Per Share	*Taka*	**3.83**	**3.34**
Diluted Earnings Per Share	*Taka*	**3.83**	**3.34**

B. Net Asset Value (NAV) Per Share

The computation of net asset value per share for the years ended 31 December 2022 and 31 December 2021 are as follows:

Numerator	*(Thousands of Taka)*		
Net asset value for the year - attributable to owners of the company		17,710,510	19,794,036
Denominator	*(Thousands of Shares)*		
Weighted average number of shares outstanding		1,161,374	1,161,374
Net Asset Value (NAV) Per Share	*Taka*	**15.25**	**17.04**

C. Net Operating Cash Flow Per Share (NOCFPS)

The computation of net operating cash flow per share for the years ended 31 December 2022 and 31 December 2021 are as follows:

Numerator	*(Thousands of Taka)*		
Net operating cash flow for the year		6,693,692	6,076,922
Denominator	***(Thousands of Shares)***		
Weighted average number of shares outstanding		1,161,374	1,161,374
Net Operating Cash Flow Per Share	*Taka*	**5.76**	**5.23**

29 Related Party Transactions

During the year, the Group carried out a number of transactions with related parties in the normal course of business and on arms' length basis. The name of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of IAS 24: Related Party Disclosure.

2022 *In thousands of Taka*

Name of the Party	Relationship	Nature of transaction	Transaction value during the year	Receivable/ (Payable) at 31 Dec 2022
Surma Holding B.V.	Shareholder	Dividend payment	3,965,455	-
LH Trading Pte Ltd	Group Company	Intercompany purchase	1,028,431	(67,740)
Lafarge S.A.	Group Company	Technical assistance/trademark license	183,907	(554,794)
Cementos Molins	Group Company	Trademark license/travel expenses	101,048	(266,432)
Holcim Limited	Group Company	Trademark license	119,236	(244,083)
Bengal Development Corporation	Shareholder's associated entity	Cement sales	5,608	(42)
Holcim Group Services Ltd.	Group Company	Intercompany services	18,791	(57,954)
Eastern Housing Ltd.	Shareholder's associated entity	Cement sales	2,771	82
Jahurul Islam Medical College	Shareholder's associated entity	Cement sales	8,084	676
Bank Asia Limited	Shareholder's associated entity	Cement sales	168	-
Holcim Services (South Asia) India	Group Company	Intercompany services	54,521	(106,445)
Holcim Technology Holderbank	Group Company	Intercompany services	-	(7,813)
Holcim Technology Ltd.	Group Company	Trademark license	404,190	(1,018,591)
Aftab Bahumukhi Firm Ltd.	Shareholder's associated entity	Cement sales	1,671	30
Opex Group	Shareholder's associated entity	Cement sales	1,426	148
Sinha Peoples Energy Ltd.	Shareholder's associated entity	Cement sales	469	99
MG Properties Ltd.	Shareholder's associated entity	Cement sales	1,056.0	(126)

2021

In thousands of Taka

Name of the Party	Relationship	Nature of transaction	Transaction value during the year	Receivable/ (Payable) at 31 Dec 2021
Surma Holding B.V.	Shareholder	Dividend payment	683,701	-
LH Trading Pte Ltd	Group Company	Intercompany purchase	1,287,088	(108,075)
Lafarge S.A.	Group Company	Technical assistance/Trademark license	95,802	(498,591)
Cementos Molins	Group Company	Trademark license/Travel expenses	84,793	(255,496)
Holcim Limited	Group Company	Trademark license	(111,260)	(124,847)
Holcim Asean Business Service Centre	Group Company	Technical assistance	-	(47,027)
Bengal Development Corporation	Shareholder's associated entity	Cement sales	752	(207)
Holcim Group Services Ltd.	Group Company	Intercompany services	12,843	(66,673)
Holcim International Services Singapore Pte Ltd.	Group Company	Intercompany services	13,414	(4,862)
Eastern Housing Ltd.	Shareholder's associated entity	Cement sales	243	64
Jahurul Islam Medical College	Shareholder's associated entity	Cement sales	552	552
Bank Asia Limited	Shareholder's associated entity	Cement sales	-	(1)
Holcim Services (South Asia) India	Group Company	Intercompany services	45,810	(77,859)
Holcim Technology Holderbank	Group Company	Intercompany services	-	(6,428)
Holcim Technology Ltd.	Group Company	Trademark license	339,171	(745,078)
Aftab Bahumukhi Firm Ltd.	Shareholder's associated entity	Cement sales	287	147
Opex Group	Shareholder's associated entity	Cement sales	86	176
Sinha Peoples Energy Ltd.	Shareholder's associated entity	Cement sales	-	15
LafargeHolcim IT EMEA	Group Company	Technical assistance	1,869	(1,812)

30 Directors', Managers' and Officers' Remuneration	2022 Taka'000	2021 Taka'000
Salary, allowances and benefits	511,065	524,746
Contributions to employees' benefit scheme	41,761	40,434
Reimbursable expenses	19,350	11,902
	572,176	**577,082**

During the year, the Board of Directors did not receive any remuneration or fees for services rendered by them.

Hoda Vasi
Chowdhury & Co

31 Financial instruments

A. Accounting classifications

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measure at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value		
31 December 2022 In thousands of Taka	**Fair value - Hedging instruments**	**Financial assets at amortized cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value							
Forward exchange contracts used for hedging	1,532	-	-	**1,532**	-	1,532	-
	1,532	-	-	**1,532**	-	**1,532**	-
Financial assets not measured at fair value							
Trade and other current assets	-	2,525,415	-	**2,525,415**	-	-	-
Cash and cash equivalents	-	4,843,726	-	**4,843,726**	-	-	-
	-	**7,369,141**	-	**7,369,141**	-	-	-
Financial liabilities measured at fair value							
Forward exchange contracts used for hedging	6,678	-	-	**6,678**	-	6,678	-
	6,678	-	-	**6,678**	-	**6,678**	-
Financial liabilities not measured at fair value							
Lease liabilities	-	-	31,426	**31,426**	-	-	-
Trade payables	-	-	7,218,254	**7,218,254**	-	-	-
Other current liabilities	-	-	1,051,807	**1,051,807**	-	-	-
	-	-	**8,301,487**	**8,301,487**	-	-	-
31 December 2021							
Financial assets measured at fair value							
Forward exchange contracts used for hedging	8,618	-	-	**8,618**	-	8,618	-
	8,618	-	-	**8,618**	-	**8,618**	-
Financial assets not measured at fair value							
Trade and other current assets	-	2,019,657	-	**2,019,657**	-	-	-
Cash and cash equivalents	-	5,276,723	-	**5,276,723**	-	-	-
	-	**7,296,380**	-	**7,296,380**	-	-	-
Financial liabilities measured at fair value							
Forward exchange contracts used for hedging	1,935	-	-	**1,935**	-	1,935	-
	1,935	-	-	**1,935**	-	**1,935**	-
Financial liabilities not measured at fair value							
Lease liabilities	-	-	58,391	**58,391**	-	-	-
Trade payables	-	-	6,292,140	**6,292,140**	-	-	-
Other current liabilities	-	-	813,050	**813,050**	-	-	-
	-	-	**7,163,581**	**7,163,581**	-	-	-

Hoda Vasi Chowdhury & Co

B. Financial risk management

i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other current assets.

The carrying amounts of financial assets represents the maximum credit exposure.

Expected credit losses on financial assets recognized in profit or loss up to 2022 were as follows:

Figures in Taka'000	2022	2021
Expected credit loss on trade receivables from contracts with customers	(143,992)	(145,175)
	(143,992)	**(145,175)**

Trade receivables and other current assets

The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which the customers operate.

The management has established a credit policy under which each new customer is analyzed individually for creditworthiness. The Company's review includes financial statements and industry information. Credit limits are established for each customer and reviewed on a regular basis. Any sales exceeding those limits require approval from the credit committee.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three months for distributors and corporate customers respectively. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are distributors, corporate customers, industry, trading history with the Company and existence of previous financial difficulties. The Company obtains bank guarantees from customers.

An analysis of the credit quality of trade receivables is as follows:

Figures in Taka'000	2022	2021
Neither past due	369,731	403,208
Past due		
Past due 1-30 days	72,477	83,561
Past due 31-90 days	35,360	33,710
Past due 91-180 days	14,935	9,815
Over 180 days	177,196	171,539
	669,699	**701,833**

For trade receivables the Company determined expected losses on trade receivables by using a provision policy, estimated based on historical credit loss based on past due status of the debtors. The Company also considered whether the receivables were secured by bank guarantee in determining the amount of expected credit loss.

The change in the valuation allowance for doubtful receivables is as follows:

Figures in Taka'000	2022	2021
Balance at 01 January	(145,175)	(145,852)
Decrease in current year	1,183	677
	(143,992)	**(145,175)**

Maximum exposure to credit risk of the Company at reporting date are as follows:

Trade receivables (Note 8)	525,707	556,658
Other current assets excluding prepaid expenses (Note 9)	2,116,259	1,770,359
	2,641,966	**2,327,017**

Cash and cash equivalents

The Company held cash and cash equivalents of 4,844 million at 31 December 2022 (2021: 5,277 million). The cash and cash equivalents are held with bank and financial institution counterparties with satisfactory credit ratings. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

31 December 2022

	Carrying amount Taka'000	6 months or less Taka'000	From 6 to 12 months Taka'000	From 1 to 5 years Taka'000
Non-derivative financial liabilities				
Trade payables	7,218,254	4,961,562	2,256,692	-
Other current liabilities	1,051,807	947,756	104,051	-
Lease liabilities	31,426	-	27,582	3,844
	8,301,487	**5,909,318**	**2,388,325**	**3,844**
Derivative financial liabilities				
Forward exchange contracts used for hedging	6,678	6,678	-	-
	6,678	**6,678**	-	-
31 December 2021				
Trade payables	6,292,140	4,644,376	1,647,764	-
Other current liabilities	811,115	737,054	74,061	-
Lease liabilities	58,391	-	29,280	29,111
	7,161,646	**5,381,430**	**1,751,105**	**29,111**
Derivative financial liabilities				
Forward exchange contracts used for hedging	1,935	1,935	-	-
	1,935	**1,935**	-	-

iii) Market risk

Market risk is the risk that changes in market prices- e.g. foreign exchange rates, interest rates and equity prices-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 optimizing the return.

The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the Company in line with the requirements of IFRS 9.

a) Currency risk

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which purchases and borrowings are denominated. The currencies in which these transactions are primarily denominated are Euro, US dollars, Swiss franc and Indian rupee.

Exposure to currency risk

The summary of quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

Balance at 31 December 2022

	BDT'000	INR'000	USD'000	EUR'000	CHF'000
Foreign currency denominated assets					
Trade and other receivables	2,292,205	1,780,015	235	-	-
Cash and cash equivalents	253,097	28,374	2,054	-	-
Total	**2,545,302**	**1,808,389**	**2,289**	-	-
Foreign currency denominated liabilities					
Trade payables	843,766	481,938	1,674	158	310
Other current liabilities	1,904,893	1,413,756	580	266	113
Total	**2,748,659**	**1,895,694**	**2,254**	**424**	**423**

Balance at 31 December 2021

	BDT'000	INR'000	USD'000	EUR'000	CHF'000
Foreign currency denominated assets					
Trade and other receivables	2,203,561	1,937,684	50	-	-
Cash and cash equivalents	1,283,483	746,649	5,082	-	-
Total	**3,487,044**	**2,684,333**	**5,132**	-	-
Foreign currency denominated liabilities					
Trade payables	806,065	424,660	2,861	359	466
Other current liabilities	1,320,925	1,098,558	601	231	-
Total	**2,126,990**	**1,523,218**	**3,462**	**590**	**466**

Foreign currency translation/transaction

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate between the functional currency and foreign currency at the date of the transaction.

At each financial position date, monetary assets and liabilities denominated in foreign currencies recorded at historical cost are retranslated at the functional currency closing rate provided by Bangladesh Bank (Central Bank). The resultant gain and loss has been reflected in the financial statements. These rates are as follows:

	31 December 2022		31 December 2021	
Currencies	**Closing rate**	**Average rate**	**Closing rate**	**Average rate**
BDT/INR	1.2738	1.1937	1.1350	1.1509
BDT/USD	105.6250	93.7823	85.8000	85.0840
BDT/EUR	112.5108	98.8782	97.3830	100.4538
BDT/CHF	113.8078	98.1857	93.6272	93.4035

Exchange rate sensitivity

If the BDT increases in value against a currency, the value in BDT of assets, liabilities, income and expenses originally recorded in the other currencies will decrease. Conversely, if the BDT decreases in value against a currency, the value in BDT of assets, liabilities, income and expenses originally recorded in the other currency will increase. Consequently, increases and decreases in the value of the BDT may affect the value in BDT of non-BDT assets, liabilities, income and expenses, even though the value of these items have not changed in their original currency.

A change of 50 basis points (bp) in foreign currencies would have increased or decreased equity and profit or loss of the Company by the amounts shown below:

	Estimated impact on profit/loss and equity(+/-)	
	2022	2021
Particulars	Taka'000	Taka'000
Assets denominated in USD	1,209	2,202
Assets denominated in INR	11,518	13,611
Other liabilities denominated in USD	1,190	1,485
Other liabilities denominated in EUR	239	287
Other liabilities denominated in INR	12,074	8,644
Other liabilities denominated in CHF	241	218

b) Interest rate risk

The risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its debts and short term deposits.

Interest rate sensitivity

A +/- 1% change in short-term interest rates calculated on the financial assets and financial liabilities, would have a maximum impact on the Company's 2022 profit before tax of -/+ Taka 25,003 (Taka 37,144 for 2021) in thousands and Taka 314 (Taka 584 for 2021) in thousands respectively.

	2022 Taka'000	2021 Taka'000
Interest bearing financial instruments of the Company at reporting date are as follows:		
Financial assets		
Short term deposits	2,500,337	3,714,401
	2,500,337	**3,714,401**
Financial liabilities		
Lease liabilities	31,426	58,391
	31,426	**58,391**

c) Other price risk

The risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk and currency risk. The Company is not exposed to any equity risk, as the Company does not have any investment in equity shares. The Company also does not have any significant exposure to commodity price risk.

32 Number of employees

	2022	2021
LafargeHolcim Bangladesh Limited		
Nationality:		
Bangladeshi	562	544
Non-Bangladeshi	6	7
Lafarge Umiam Mining Private limited		
Nationality:		
Indian	132	116
Non-Indian	-	1
	700	**668**
Salary range:		
Monthly Taka 3,000 or above	700	668
Monthly below Taka 3,000	Nil	Nil

33 Comparative information of the shareholders (Note- 28)

Net Asset Value (NAV) Per Share	15.25	17.04
Earning Per Share (EPS)	3.83	3.34
Net Operating Cash Flow Per Share (NOCFPS)	5.76	5.23
Profit for the year (in thousand) - attributable to owners of the company	4,444,540	3,881,873

34 Reconciliation of net profit with cash flows from operating activities

Net profit for the period	**4,444,511**	**3,881,843**
Income tax expenses	1,299,201	945,816
Net profit before tax	**5,743,712**	**4,827,659**
Depreciation and amortization	1,358,728	1,286,355
Other non-cash items	73,167	57,482
Non-operating items	226,761	12,316
Contribution to gratuity plan	(157,558)	(207,558)
Income tax paid	(994,570)	(460,217)
Changes in net working capital	443,452	560,885
Cash flows from operating activities	**6,693,692**	**6,076,922**

35 Lease disclosures

Short-term lease expenses	(3,150)	(12,828)
Payment for short-term leases	(3,150)	(12,828)
Average lease terms (in years)	2	2

Chief Financial Officer | Company Secretary | Director | Chief Executive Officer