

annual report

2012



Lafarge Surma Cement Ltd.

A company of **LAFARGE** and **MOLINS**

Annual Report 2012

Lafarge Surma Cement Ltd.

A company of  **LAFARGE** and  **CEMENTOS
MOLINS**

Contents

| | |
|--|----|
| Notice of the 15th Annual General Meeting | 05 |
| Company Profile | 06 |
| Our Vision & Commitments | 08 |
| Organisation Structure | 09 |
| Board of Directors Profile | 10 |
| Corporate Management | 15 |
| Chairman's Message | 16 |
| Composition of the Shareholders | 19 |
| Corporate Governance | 20 |
| Report of the Board of Directors to the Shareholders | 22 |
| Certificate of Compliance to the Shareholders | 46 |
| Audit Committee Report | 49 |
| | |
| Consolidated Financial Statements of Lafarge Surma Cement Limited | |
| Independent Auditors' Report to the Shareholders | 51 |
| Consolidated Statement of Financial Position | 52 |
| Consolidated Income Statement | 53 |
| Consolidated Statement of Comprehensive Income | 54 |
| Consolidated Statement of Changes in Equity | 55 |
| Consolidated Statement of Cash Flows | 56 |
| Notes to the Consolidated Financial Statements | 57 |
| | |
| Financial Statements of Lafarge Surma Cement Limited | |
| Independent Auditors' Report to the Shareholders | 83 |
| Statement of Financial Position | 84 |

| | |
|-----------------------------------|----|
| Income Statement | 85 |
| Statement of Comprehensive Income | 86 |
| Statement of Changes in Equity | 87 |
| Statement of Cash Flows | 88 |
| Notes to the Financial Statements | 89 |

Report and Financial Statements of Subsidiary Companies:

Lafarge Umiam Mining Private Limited

| | |
|-----------------------------------|-----|
| Directors' Report | 115 |
| Auditors' Report to the Members | 122 |
| Annexure to the Auditors' Report | 123 |
| Balance Sheet | 125 |
| Statement of Profit and Loss | 126 |
| Cash Flow Statement | 127 |
| Notes to the Financial Statements | 128 |

Lum Mawshun Minerals Private Limited

| | |
|-----------------------------------|-----|
| Directors' Report | 147 |
| Auditors' Report to the Members | 149 |
| Annexure to the Auditors' Report | 150 |
| Balance Sheet | 151 |
| Statement of Profit and Loss | 152 |
| Notes to the Financial Statements | 153 |
| Form of Proxy and Attendance Slip | 159 |



Lafarge Surma Cement Ltd.

A company of  LAFARGE and  CEMENTOS MOLINS

Registered Office: Suvastu Imam Square, 3rd floor, 65 Gulshan Avenue, Gulshan 1, Dhaka 1212, Bangladesh
Tel: 880(2)8812026, 8854847, Fax: 880(2)9887650, 8825413, Web: www.lafarge-bd.com

NOTICE OF THE 15TH ANNUAL GENERAL MEETING

Notice is hereby given that the 15th Annual General Meeting (the "AGM") of the Shareholders of Lafarge Surma Cement Limited (the "Company") will be held on Saturday, June 08, 2013 at 11:00 A.M. at the Harmony Hall, Bangabandhu International Conference Centre, Agargaon, Sher-e-Bangla Nagar, Dhaka 1207 to transact the following business:

AGENDA

1. To receive and adopt the Directors' and Auditors' Report and the Audited Accounts of the Company for the year ended on December 31, 2012.
2. To elect Directors.
3. To appoint Auditors and fix their remuneration.

By order of the Board



Kazi Mizanur Rahman
Company Secretary

Dated: May 13, 2013

Notes:

- The Record Date of the Company was on April 09, 2013 (which was intimated earlier). Members, whose names appeared in the Company's register (certificated and depository) at the close of business on the Record Date, will be entitled to attend the AGM.
- A Member eligible to attend and vote in the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. No person shall act as proxy unless he/she is entitled to be present and vote in the AGM in his/her own right. The proxy form, duly stamped, must be deposited at the Registered Office of the Company not less than 72 hours before the time fixed for the AGM.
- Admission into the AGM venue will be allowed on production of the Attendance Slip attached with the Proxy Form.

Company Profile



Incorporated in 1997, this unique cross-border commercial venture is one of the largest foreign investments in Bangladesh, producing world-class clinker and cement since 2006.

Lafarge Surma Cement Ltd. was incorporated on 11 November 1997 as a private limited company in Bangladesh under the Companies Act 1994 having its registered office in Dhaka. On 20 January 2003, Lafarge Surma Cement Ltd. was made into a public limited company. The Company is listed in Dhaka Stock Exchange and Chittagong Stock Exchange. Today, Lafarge Surma Cement Ltd. has more than 20,000 shareholders.

In November 2000, the two Governments of India and Bangladesh signed a historic agreement through exchange of letters in order to support this unique cross border commercial venture and till date it is the only cross border industrial venture between the two countries. Since Bangladesh does not have any commercial deposit of limestone, the agreement provides for uninterrupted supply of limestone to the cement plant at Chhatak in Bangladesh by a 17 km long belt conveyor from the quarry located in the state of Meghalaya. The company in Bangladesh, Lafarge Surma Cement Ltd. wholly owns a subsidiary company Lafarge Umiam Mining Private Ltd. (LUMPL) registered in India, which operates its quarry at Nongtraï in Meghalaya. The plant of Lafarge Surma Cement Ltd., with its sophisticated and state-of-the-arts machineries and processes started producing world class clinker and cement in 2006.

This commercial venture with an investment of USD 280 million, which is one of the largest foreign investments in Bangladesh, has been financed by Lafarge of France, world leader in building materials, Cementos Molins of Spain, leading Bangladeshi business houses together with International Finance Corporation (IFC – The World Bank Group), the Asian Development Bank (ADB), German Development Bank (DEG), European Investment Bank (EIB), and the Netherlands Development Finance Company (FMO).

Lafarge is the world leader in building materials with top-ranking positions in its Cement, Aggregates & Concrete businesses. It has more than 176 years of experience and operates in 64 countries with around 65,000 employees. Since 2010, the Lafarge Group has been part of the Dow Jones Sustainability World Index, in recognition of its sustainable development actions. Cementos Molins is a family owned Spanish Company with more than 80 years of experience. Apart from its operation in Spain, it has operations in Bangladesh, Argentina, Uruguay, Mexico, and Tunisia, controlling 16 million tons of cement.

Our Vision

To be the undisputed leader in building materials in Bangladesh through

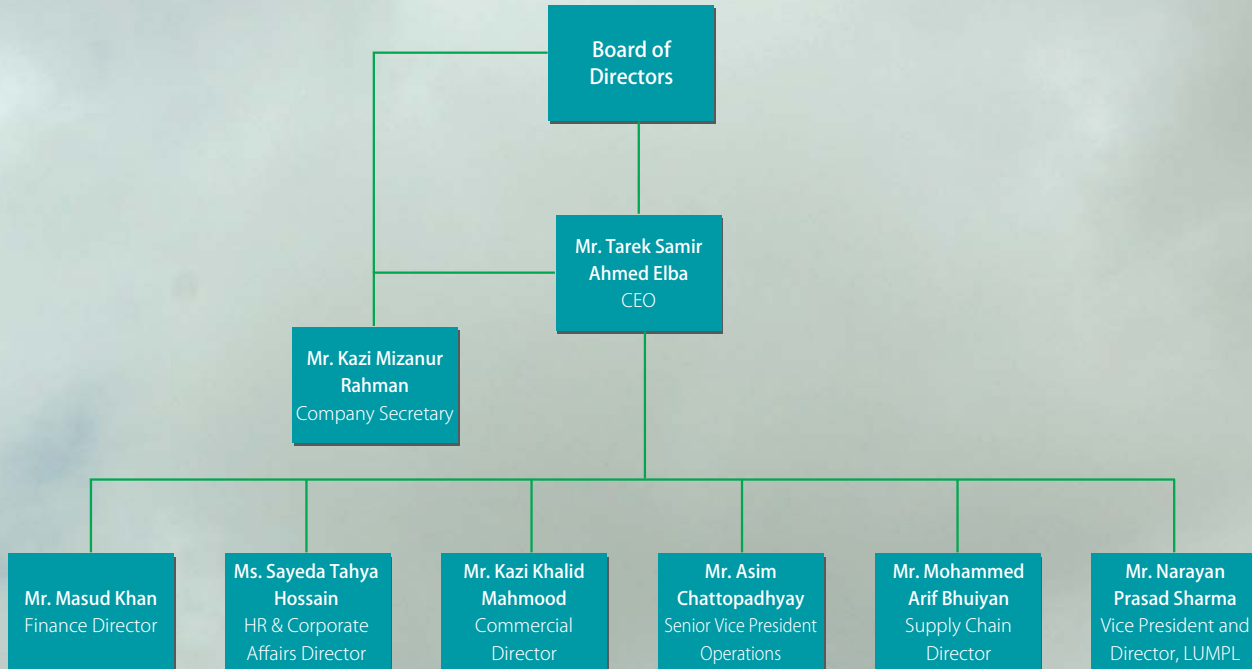
- ▶ Excellence in all areas of operations with world class standards
- ▶ Harnessing our strengths as the only cement producer in Bangladesh and
- ▶ Sustainable growth that respects the environment and the community

Our Commitments

- ▶ Offering highest quality of product and services that exceed our customers' expectations
- ▶ Giving our people an enabling environment that nurtures their talents and opportunities to give the best for the organisation
- ▶ Contributing to building a better world for our communities
- ▶ Delivering the value creation that our shareholders expect



Organisation Structure



Board of Directors

Profile



Martin Kriegner

Chairman

Martin Kriegner (born in 1961) graduated with a Doctorate of Law from University of Vienna in 1985 and obtained his MBA from University of Economics in Vienna in 1990.

Martin Kriegner joined Lafarge Group in 1990 as Assistant to the CEO of Lafarge Permooser AG, Austria and was named Chief Financial Officer in 1995. He was later appointed as the Chief Executive Officer in 1998.

In 2002, he assumed the role of Chief Executive Officer of Lafarge Cement India. In October 2005, he was appointed as the Regional President, Cement – Asia and later as the Regional President, Cement – South West Asia on 1 November 2008.

Presently, Martin Kriegner is the Country CEO of Lafarge in India.



Tarek Samir Ahmed Elba

Chief Executive Officer

Tarek Samir Ahmed Elba joined Lafarge in 2001. Since then, he has held various important positions in sales and marketing at Lafarge Cement Egypt. In 2006, he was appointed as Commercial Director.

Since 2012, he has been serving as the Chief Executive Officer of Lafarge Surma Cement Ltd. With more than 20 years of experience in the fields of sales, marketing, trade and business development, he has successfully served the steel and cement industries in Egypt and Saudi Arabia.

Born in 1967, Tarek Samir Ahmed Elba holds a BSc. in Production Mechanics from Alexandria University and obtained his MBA from Arab Academy for Science and Technology.



Isidoro Miranda Fernandez

Director

Isidoro Miranda Fernandez began his journey at Lafarge as the Director of Group Strategic Studies in 1995, before being appointed Chief Executive Officer of Lafarge Asland in Spain. In 2001, he was appointed to the Group Executive Committee as Executive Vice-President, Cement. From 2003 to 2011, he held various top level positions in the Group.

At present, he is one of the Directors of Lafarge Surma Cement Ltd. Besides this role, he is the Country Chief Executive Officer for Spain and Ecuador and also the Group Executive Vice-President.

Born in 1959, Isidoro Miranda Fernandez holds a Doctorate in Engineering from Navarre University, Spain and completed his MBA from INSEAD. He was also a Fulbright Senior Visiting Scholar at Stanford, USA.



Jose Maria Fontdecaba Antico

Director

Jose Maria Fontdecaba Antico joined Cementos Molins, Spain in 1990. Since then, he has been holding the position of Subsidiaries Director.

Presently, he is also one of the Directors of Lafarge Surma Cement Ltd. Over the course of his long career, he has held top level positions for reputed companies in Barcelona, including Finance Director and Subsidiaries Director, and Finance and Administrative Director.

Born in 1942, Jose Maria Fontdecaba Antico graduated in Economics from the University of Barcelona, Spain and obtained his MBA from IESE, University of Navarra, Barcelona.



Enrique de Bobes Pellicer

Director

Enrique de Bobes Pellicer joined Cementos Molins Group in 1990 as General Manager of cement operations in Spain after having developed experience and technical expertise by working in a wide range of industries, including mechanical, paper and consulting services.

In 2007, he was promoted to the General Management of Cementos Molins Group and retired from executive positions in 2011.

At present, along with being one of the Directors at Lafarge Surma Cement Ltd., he is also a Director in other companies in Molins Group.

Enrique de Bobes Pellicer is a graduate of Industrial Engineering from the Polytechnic University of Barcelona, Spain and has an MBA from ESADE in Barcelona.



Manzurul Islam

Director

Manzurul Islam is the Chairman of Islam Group, a Group that played an instrumental role in bringing Lafarge Group as a foreign partner in Bangladesh. He had earlier served Islam Group in various capacities as Director and Vice-Chairman, gaining over 28 years of experience and knowledge in managing various businesses in Bangladesh.

In addition to being the Director at Lafarge Surma Cement, he also holds various other key positions as Chairman in IFIC Bank and Vice-Chairman in Bankers Association of Bangladesh.

Born in 1961, Manzurul Islam is an Economics graduate from the University of London, UK.



Monzurur Rahman

Director

Monzurur Rahman is the Chairman of Rema Tea Company Limited and Delta Life Insurance Company Limited. Over the years, he has demonstrated exceptional entrepreneurial skills and experience in business leadership.

Besides being a Director at Lafarge Surma Cement Ltd., he is also the Director as Nominee of Delta Life Insurance Company Limited.

Born in 1945, Monzurur Rahman graduated with Bachelor of Arts degree from Kolkata University, India.



Syed Shujauddin Ahmed

Independent Director

Syed Shujauddin Ahmed held many top ranking positions in the Government of Bangladesh. He was the Principle Information Officer of the Government of Bangladesh, Chairman of Tariff Commission, Acting Chairman of Board of Investment, the Secretary of Ministry of Labor and Employment, and Ministry of Youth & Sports. He was also the Director General of Mass Communications for the Bangladesh Government, and also served the Bangladesh Film Development Corporation as an Administration & Finance Director.

After gaining a vast amount of experience in different sectors, he joined Lafarge Surma Cement Ltd as an Independent Director in 2012.

Apart from being an Independent Director, he is also an Advisor to the Silkways Group.

Born in 1948, Syed Shujauddin Ahmed graduated from Pakistan Army Academy.



Zakir Ahmed Khan

Independent Director

Zakir Ahmed Khan has significant experience serving in key positions in various ministries of the Government of Bangladesh, between 1970 and 2005. He was the Secretary of Ministry of Finance and the Chairman of National Board of Revenue of Bangladesh. He has also worked for the United Nations for an extensive period of time and was an Executive Director of the World Bank representing Bangladesh, Bhutan, India and Sri Lanka.

Alongside being an Independent Director of Lafarge Surma Cement Ltd, he is an Advisor to South East Bank Limited.

Born in 1945, Zakir Ahmed Khan did his BA (Hons) and MA in Economics from Dhaka University and obtained his MBA from Vrije Universiteit, Belgium. He also studied development economics and development administration in Colorado State University as a Hubert Humphrey fellow of the USA.



Md. Wahiduzzaman Khandaker

Director

Md. Wahiduzzaman Khandaker is the General Manager of Investment Corporation Bangladesh (ICB). He has vast experience in the field of finance and investment. He started his career as a Senior Officer in ICB 30 years ago, and has since reached the pinnacle of his organization with exceptional effort and skills.

Besides joining Lafarge Surma Cement Ltd. as a Director, he continues to lead ICB to success.

Born in 1958, Md. Wahiduzzaman Khandaker obtained B.Com (Hons) and M.Com in Finance from University of Dhaka.



Anisur Rahman Sinha

Director

Anisur Rahman Sinha is the Chairman and Chief Executive Officer of export oriented Garments and backward integrated Textiles and accessories industries in the name of Opex Group (Garments and Accessories) and Sinha Textile Group. It produces from yarn to fabric and fabric to export quality woven, denim, knit garments and sweater.

Anisur Rahman Sinha is one of the Directors of Lafarge Surma Cement Ltd. He is also the Chairman of Venture Energy Resources Ltd, a Power Generation Company implementing a 50 MW GE Frame-6 Gas Turbine Power Plant and supplying power to the national grid. He is the former Chairman of Bank Asia, a leading commercial Bank in Bangladesh. Anisur Rahman Sinha has a big Agro and Agro processing Industry, which includes cold storage & poultry project.

Anisur Rahman Sinha, born in 1947, was twice the President of Bangladesh Garments Manufacturers and Exporters Association. Also, he received National Export Trophy (Gold) for eight times as best exporter. He was also awarded the Business Person of the Year 2002 by DHL and The Daily Star.



Salvador Fernandez Capo

Director

Salvador Fernandez Capo joined Cementos Molins Group in 1988. From 1995 to 2007, he was the General Manager of concrete and aggregates operations in Spain.

At present, along with being one of the Directors at Lafarge Surma Cement Ltd., he is also holding the position of Chief Operating Officer of the Group Cementos Molins.

Born in 1962, Salvador Fernandez Capo is a graduate in Economics from the University of Barcelona, Spain and obtained his PDG from IESE, University of Navarra.



Shivesh Kumar Sinha

Director

Shivesh Kumar Sinha started his career with PriceWaterHouse London. He then worked in Unilever P.L.C. in senior capacities in different functions like Finance, Strategy & Business Development, HRD and in different countries. He was Head of Unilever Overseas Audit, Commercial Director for various subsidiaries like Ponds India, Lipton India & Brooke Bond Kenya. He was Head of the Unilever businesses for Edible Fats, Dairy & Animal Feeds in India. He joined Lafarge Group as CFO India and was also responsible for Legal, Corporate Relations and CSR. Later he moved as Business Development Director – Asia based at Kuala Lumpur.

He has also acted as Chairman of Vanaspati Manufacturers Association of India; Vice Chairman of Compound Livestock; Feedstock Manufacturers Association of India; and President of Institute of Internal Auditors, Bombay.

Presently, he is one of the Directors of Lafarge Surma Cement Ltd. and Chairman of Lafarge Umiam Mining Pvt. Ltd.

Born in 1946, he is an Alumnus of The Wharton School, University of Pennsylvania and Indian Institute of Management, Ahmedabad. He is also a Fellow of the Institute of Chartered Accountants in England and Wales, and a graduate of Patna University with Honours in Economics.

He has completed the Ontological Coaching Course conducted by Newfield Network, Boulder CO., USA.

Corporate Management

Board of Directors

Mr. Martin Kriegner, Chairman
Mr. Tarek Samir Ahmed Elba, Chief Executive Officer
Mr. Isidoro Miranda Fernandez, Director
Mr. Jose Maria Fontdecaba, Director
Mr. Enrique de Bobes Pellicer, Director
Mr. Manzurul Islam, Director
Mr. Anisur Rahman Sinha, Director
Mr. Monzurur Rahman, Director
Mr. Shivesh Kumar Sinha, Director
Mr. Salvador Fernandez Capo, Director
Mr. Zakir Ahmed Khan, Independent Director
Mr. Md. Wahiduzzaman Khandaker, Director
Mr. Syed Shujauddin Ahmed, Independent Director

Executive Committee

Mr. Tarek Samir Ahmed Elba, Chief Executive Officer
Mr. Masud Khan, Finance Director
Ms. Sayeda Tahya Hossain, HR & Corporate Affairs Director
Mr. Kazi Khalid Mahmood, Commercial Director
Mr. Asim Chattopadhyay, Senior Vice President Operations
Mr. Mohammed Arif Bhuiyan, Supply Chain Director
Mr. Narayan Prasad Sharma, Vice President and Director, LUMPL

Audit Committee

Chairman : **Mr. Zakir Ahmed Khan**
Independent Director
Member : **Mr. Tarek Samir Ahmed Elba**
Chief Executive Officer
Member : **Mr. Jose Maria Fontdecaba**,
Director
Member : **Mr. Syed Shujauddin Ahmed**
Independent Director
Secretary : **Mr. Kazi Mizanur Rahman**
Head of Legal & Company Secretary

Company Secretary

Mr. Kazi Mizanur Rahman

Auditors

Nurul Faruk Hasan & Co.
Chartered Accountants
JHK Windcel, Level 4, KA-90, Pragoti Saroni
Dhaka-1229, Bangladesh
Telephone: (880 2) 8412989, 8410956
Fax: (880 2) 8417979
Web: www.nufhas-bd.com
Email: nufhas@bcs-bd.com

Lenders

ADB - Asian Development Bank
EIB - European Investment Bank
FMO - The Netherlands Development Finance
Company
IFC - International Finance Corporation
ABB - AB Bank Limited

Security Agent of Lenders

Citibank N.A.

Registered Office

Suvastu Imam Square
65 Gulshan Avenue, 3rd floor
Gulshan 1, Dhaka 1212, Bangladesh
Telephone: (880 2) 8812026, 8854847
Fax: (880 2) 8825413, 8815167
Web: www.lafarge-bd.com
Email: info@bd.lafarge.com

Chairman's Message

Martin Kriegner



The growing cement market, your Company's notable performance in 2012, coupled with the Company's sustainable competitive advantage as the only cement plant in Bangladesh, gives me confidence to say that your Company is well positioned to seize the opportunities for years to come.



On behalf of the Board of Directors, it is my pleasure to welcome you all to the 15th Annual General Meeting of Lafarge Surma Cement Limited. Through this year's meeting, we shall look back at the performance of your Company over 2012, and exchange views on future challenges and opportunities.

Dear Valued Shareholders,

The Bangladesh economy faces a steep task ahead in the face of the global economic slowdown. According to ADB reports, GDP slowed to 6.3% in the fiscal year 2012, from 6.7% in the previous year. Inflation quickened, and exports weakened, but the current account surplus nearly doubled on strong remittances. The authorities began implementing a program of macroeconomic and structural reforms to correct emerging imbalances and foster sustained, rapid growth. Weak external and domestic demands are projected to slow growth in fiscal year 2013, but the current account is expected to stay in surplus. Political instability in the run-up to the elections is a risk.

2012 also saw agricultural growth halved to 2.5% from 5.1% in fiscal year 2011, as crop growth dropped. Industry growth was however strong compared to 2011 as manufacturing expanded by 9.8%. Domestic market-oriented small-scale manufacturing benefited from new tax incentives and greater access to financing. Services growth slowed slightly to 6.1%. Growth has also been stymied by the power shortages.

Dear Valued Shareholders,

2012 saw a marked slowdown in both export and import growth rates. The overall balance of payments showed a surplus of \$494.0 million in fiscal year 2012, a significant rise from the deficit of \$656.0 million in the previous year. Earlier pressure on the exchange rate abated in the second half of fiscal year 2012, as import demand slowed, and remittances were strengthened by overseas employment. As a result, taka started appreciating from the 2nd half of 2012 and this appreciation is still continuing. The Central Bank's tightening of monetary policy has resulted in a stable exchange rate. Your Company continues to closely follow the developments in the foreign exchange market and has hedged as far as practicable its future foreign currency financial flows, both in Bangladesh and India.

Dear Valued Shareholders,

2012 saw some record-breaking performances from both the quarry and the plant. The Company achieved 47% sales growth and clinker and cement production was the highest in your Company's history. Dispatch of limestone from the quarry reached 2 million tons and cement dispatch also increased by 48%.

The impressive financial performance reflects how far your Company has come since mining operations resumed in August 2011.

Date: Dhaka, April 30, 2013

Dear Valued Shareholders,

Your Company is now operating in full swing, and is positioned to grow rapidly in the years ahead. Although the Bangladesh economy faces a challenging task in the wake of the global economic slowdown, I am confident that the Bangladesh economic fundamentals remain strong and will continue to show remarkable progress over the coming years fuelled by its cheap, skilled labour that will attract relocation of industries. At the same time, the strong inflow of remittance by migrant Bangladesh workers will continue to bolster the economy. However, the energy issues continues to plague the economic growth and needs to be addressed quickly so that the economy progresses in its strong growth trajectory.

The growing cement market, your Company's notable performance in 2012, coupled with the Company's sustainable competitive advantage as the only cement plant in Bangladesh, gives me confidence to say that your Company is well positioned to seize the opportunities for years to come.

In conclusion, I would like to once again express my personal gratitude and that of the Board of Directors for your continuous support and cooperation over the past year. Your confidence on the Company's management drives us to deliver our best efforts, and take your Company forward towards greater heights.



Martin Kriegner
Chairman

Composition of the Shareholders

58.87 %

Surma Holding B.V. (Lafarge S.A. 50%,
Cemolins Internacional S.L. 50%)

1.94%

International Finance Corporation (IFC) USA

3.02%

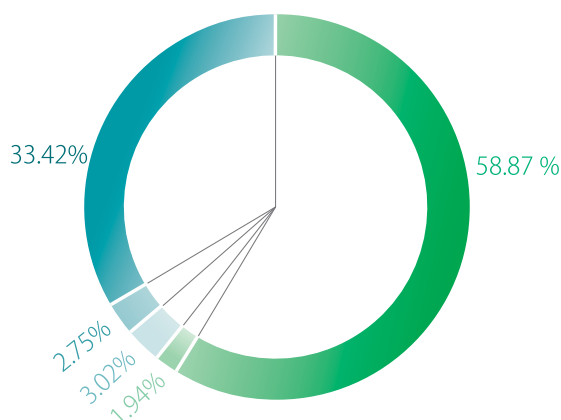
Sinha Fashions Limited Bangladesh

2.75%

Islam Cement Limited Bangladesh

33.42%

Other Shareholders - Bangladesh & NRB



The International shareholders of Lafarge Surma Cement Ltd. bring in technological and management expertise whereas the local partners provide deep insights of the economy of Bangladesh. The shareholders believe that growth and innovation must add value, not only for the Company, but also for customers, whom the Company serves through modern and well-located production facilities as well as innovative and reliable products.

Surma Holding B.V.

Surma holding B.V. was incorporated in the Netherlands, which owns 58.87% of Lafarge Surma Cement Ltd. Lafarge S.A. of France and Cemolins Internacional S.L. of Spain each owns 50% share of Surma Holding B.V.

Lafarge Group

One of the major sponsors, Lafarge S.A. holds world's top-ranking position in Cement, Aggregates and Concrete. Lafarge was founded in France in 1833. Through the years since its inception, it has been growing steadily to take lead in the production of different kinds of construction materials and has established itself as the world leader in construction material business.

Cementos Molins

Another major sponsor, Cementos Molins, based in Barcelona, Spain, is a renowned cement company founded in 1928. With over 75 years of experience in manufacturing cement, Cementos Molins also has industrial operations in Mexico, Argentina, Uruguay, and Tunisia.

Besides Lafarge and Cemolins Internacional S.L. as major sponsors, the equity partners are International Finance Corporation (IFC), and Islam Group and Sinha Group from Bangladesh. The financiers to the project include Asian Development Bank (ADB), European Investment Bank (EIB), the Netherlands Development Company (FMO) and local AB Bank.

In addition to that, Citibank N.A., HSBC Bangladesh, Standard Chartered Bank and Trust Bank Limited have participated in working capital management of the Company.

Corporate Governance



The Company ensures 100% compliance with the laws and regulatory standards, and gives the highest priority to open and transparent communication with all stakeholders.

The Company strongly believes in adhering to good corporate governance practices and in turn pursues a high standard of corporate governance with clearly defined powers and responsibilities of the Board, Executive Committee and of the shareholders. Our corporate governance relies on the principles of 100% compliance with the laws of the lands in which we operate and ensures open and transparent communications with all the shareholders.

The Company strictly complies with the accounting and reporting standards set by the Securities and Exchange Commission and ensures that they follow all the applicable laws.

Transparency, highest standard of disclosures and accountability to the shareholders are the values to which the Company is always dedicated.

Code of Business Conduct

The defined Code of Business Conduct, approved by the Board of Directors clearly directs all the activities of the Company. The business ethics and all the policies and procedures are formulated on the basis of these set Code of Business Conduct.

The Company makes the Code of Business Conduct available to all the employees and ensures that they work in accordance to the set codes and comply with all the policies and procedures in their day-to-day activities. In addition to the employees, the Company also makes sure that their business partners are also aware of these codes and they comply with the same.

Roles and responsibilities of the Board

The Board of Directors plays an instrumental role in the overall management and business of the Company. The management of the Company is lead by the Chief Executive Officer, who is also a member of the Board of Directors. He acts as the bridge between the Board and the management of the Company. The board guides the Executive Committee to efficiently run the operations of the Company as per the laws, policies and procedures applicable by the country they operate in. Also, they ensure that the Company operates with high values and ethics set by the Code of Business Conduct and for the best interest of the shareholders.

Both the international and local Directors represent the Board of Directors of the Company. The Company is highly benefited from this composition as it blends the international business practices and standards with that of the local ones.

The Board of Directors meeting is held at least once a quarter. Six meetings of the Board were held during the year ended on December 31, 2012.

Accountability and Audit

The Audit Committee, formed in compliance with the Order of the Securities and Exchange Commission dated 20 February 2006, includes the Independent Director and three other Directors of the Company.

The Audit Committee reviews the relevance and consistency of accounting methods adopted for the preparation of the financial statements from time to time. It also strictly evaluates the financial position of the Company as per the highest international standards and practices. Moreover, the Audit Committee report is published in the Annual report so that it is available to all the stakeholders.

Internal audit

The Company is highly supported by the Internal Audit team to achieve its objectives by bringing a systematic and disciplined approach in order to assess and bring improvement in the effectiveness of its risk management, control and governance processes. Internal Audit releases its duties on a risk-based audit plan which also covers the strategic imperatives and major risks that surrounds the Company, while considering persistent audit needs. The Internal Audit team always ensures that they share their knowledge and resources and work closely with the Group Internal Audit so that they can achieve their internal audit deliverables.

Statutory audit

Statutory audit of the Company is governed by the Companies Act 1994 of Bangladesh, which explicitly provides guidelines for the appointment, scope of work, and retirement of auditors. Shareholders appoint auditors in the Annual General Meeting (AGM).

Legal and Compliance

One of the basic principles of our business is adhering to all the applicable laws. All through our journey, we have successfully complied with all the applicable laws and have regularly paid all the applicable taxes and duties. We systematically check and assess the legal requirements and ensure that we obtain the necessary permissions to perform the business. Our robust internal processes reviews all the activities we perform from time and time, and they acknowledge the necessary changes so that we maintain the consistency with all the applicable laws and procedures.

Report of the Board of Directors

to the Shareholders



2012 has been a landmark year for the Company, with excellent production performance, strong sales and significant growth above industry average.

Under section 184 of the Companies Act, 1994 and Notification dated August 7, 2012 of the Bangladesh Securities and Exchange Commission.

Dear Valued Shareholders,

The Board of Directors of Lafarge Surma Cement Ltd. (the "Company") would like to welcome you with pleasure to the 15th Annual General Meeting of the Company and to present their report on the State of the Company's Affairs and the audited financial statements of the Company for the year ended on December 31, 2012.

State of the Company's Affairs

2012 is a significant and landmark year for your Company. After successfully resolving the Forest Permit Issue, since August 2011 Surma Plant started receiving regular supply of limestone from the quarry in Meghalaya, India and your Company is utilizing its full capacity.

Excellent production performance both at the quarry in India and the plant at Chhatak, exceptionally strong sales effort by the commercial team supported by innovative logistics initiatives placed your Company in a strong position. In 2012, the Company achieved 47% growth against a market growth of about 9%. This growth was sustained in the backdrop of a healthy price increase, which is higher than the industry average. While undertaking a stable and healthy production performance and bold commercial initiatives, your Company also undertook various cost optimization steps all over the Company including in its Indian subsidiary.

The Indian subsidiary of your Company also demonstrated their firm commitment to performance. In 2012, it produced 2 million tons of limestone and exported 1.98 million tons to the Surma Plant in Chhatak.

The excellent production and commercial performance of your Company, and cost optimization initiatives in 2012, have resulted in strong profits of the Company for the shareholders, which is a sharp turnaround from the losses in the previous two years. The capital raised by the issuance of shares has been utilized for offsetting the loans, which has reduced the interest payment significantly and reflected positively in the profitability of the Company.

Your Company did not limit its initiatives in production of limestone, clinker of cement, increasing market share and price, implementing efficient dispatch processes and cost optimization. As a part of its market approach, it has entered into an outsourced Grinding Agreement with Madina cement, a big local grinder, at their plant near Dhaka. Under this outsourced grinding arrangement, your Company will produce Portland Composite Cement which will be marketed under a new brand "Powercrete". Outsourced grinding near Dhaka, the largest cement market in the country, is the best way to optimize our logistics cost, utilize the clinker produced by Surma Plant better and to enter a different segment of market by launching a new brand.

The Board of Directors of the Company would like to take this opportunity to thank the shareholders of the Company for their excellent support from the inception of the Company and especially during the difficult times. The Board of Directors also congratulates every employee of the Company for their outstanding performance during 2012.



Health & Safety

The Board of Directors would like to reiterate and re-emphasize that health and safety is the number one priority of your Company. Your Company considers that safety plays a pivotal role in achieving operational excellence. Your Company firmly believes that the cost of a human life cannot be measured in monetary terms and would like to ensure that every employee returns to their families safe and sound after a day's work. However, ensuring the health and safety of the employees and the contractors' personnel is indeed challenging.

In your Company, safety is driven by the top management. All the employees of your Company are working together to ensure accident free, safe working environment. Your Company emphasizes that all employees must follow the safety standards and advisories in order to identify hazards in workplace, minimize unsafe acts and behaviour and ensure safe working practices.

Unfortunately, in 2012, your Company had two LTI – Lost Time Injury, in the Surma Plant. Following these incidents, the Company has done a root cause analysis to understand the main issues that led to such accidents. These learning points will stand in good stead for the Company in its quest for excellence in safety.

Your Company is regularly and continuously undertaking various safety initiatives, awareness programs and trainings. These include observing Safety Month, programs and workshops with special emphasis on the behavioral aspects of a safety culture and Visible Felt Leadership (VFL), which involves personal safety engagement by higher management with employees and contractors' personnel. Your Company has a clear target to achieve "Zero Accident" in the organization and has geared a major part of its efforts towards this laudable objective.

With great pleasure, we would like to inform you that the North East Metalliferous Mines Safety Week for 2013 was held from February 04, 2013 through February 12, 2013. Your Company was bestowed with several awards following an audit done by Directorate General of Mines Safety (DGMS), Ministry of Mines. Your Company secured first place in five (5) categories. Those are: (i) Publicity and Propaganda, (ii) Open Cast Working Conditions, (iii) Use of Protective Equipment, (iv) Appointment of Officials, and (v) General Health and Working. In addition to these awards, your Company also secured second place in two (2) categories. Those are: (i) Accident Preventive Records, and (ii) Condition of Machinery. Your Company also secured third place in two (2) categories. Those are: (i) Explosive Handling, and (ii) Survey Section. It is also pertinent to mention that during the Mines Environment and Mineral Conservation Week, 2013 held from February 18, 2013 through February 24, 2013, your Company secured first place in four (4) categories. Those are: (i) Afforestation, (ii) Installation and Use of Mechanical Beneficiations, (iii) Community Development, and (iv) Sedimentation (Water Management). Your Company

also secured second place in the category of Publicity Propaganda and Awareness.

The Annual Health and Safety Plan for 2013 has been drawn up in line with world class Standards and Advisories in order to make the business unit as one of the safest in Bangladesh and the Sponsor Groups globe. We are committed to ensure the best possible healthy and safe work environment for the employees and contractors' personnel of your Company.

Production Performance

The year 2012 is a year of remarkable achievements for the Surma Plant. This year the Plant has set a new record in reaching the highest ever cement production in a calendar year. This achievement has been possible as the plant team gave a major thrust to maximize cement production and dispatch, implement improvement plans for wet raw material handling, and improving reliability of major process equipments like Kiln, VRM and Cement Mills.

The supply of limestone from the Mines in Meghalaya, India recommenced after the Forest Issue was successfully resolved in July 2011. Taking full advantage of uninterrupted supply of limestone, in 2012, Surma Plant increased production of clinker and cement by 138% and 46% respectively.

Your Company firmly believes that quality of cement is key in winning the customers. Your Plant is strongly placed to deliver the highest quality of cement, being the only integrated cement plant producing its own clinker from very high quality limestone, with quality of incoming and outgoing cement tested in its own laboratory that is one of its kind in Bangladesh. Our laboratory achieved 100% Lab Accuracy Index (LAI). Our product achieved 100% Product Uniformity.

In-house manufacturing/fabrication of some spares and increased thrust on local sourcing helped in reducing cost significantly. This has resulted in savings of foreign exchange for the country.

Continuous effort was made to improve the skill and competency of the team by arranging 29,000 Man Hours of training during the year.

Your Company is encouraged and motivated with the achievements of 2012 and is continuing to give more effort to bring better result in the coming years.

Commercial Performance

In 2012, Commercial department has scaled new heights with record levels of sales growth unparalleled in the annals of the Company. Cement sales have grown in excess of 47%, against a market growth of about 9%. Commercial department worked in close synchronization with Production, Logistics and the distribution channel in order to ensure the availability of stock in the right place at the right time.

Striving towards price leadership, your Company worked on improving the price per bag of Supercrete

The Commercial team members with the top management, during the Grow & Beyond theme launch





in the market for higher net realization and profitability. Sustaining a higher price growth above industry average is a strong indicator of growing loyalty and conversion of customers towards your brand.

All marketing activities focused on our international roots. In 2012, your brand Supercrete has experienced a whole new level of visibility, with outdoor advertisements, print media, electronic media, retail outlet signage and trade promotion. All these were designed to communicate the international standard of the Supercrete brand and the premium quality and price positioning.

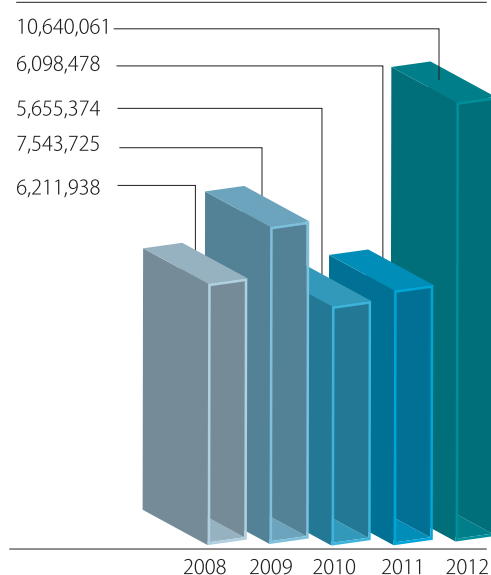
With these positive approaches, your Company is expected to gain further market share and run profitably as a key player in the infrastructural development of the country.

Financial Performance

The Directors take pleasure in reporting the Financial Results of the Company for the year ended on 31st December 2012 as follows:

| | Tk. 000s | |
|--------------------------------------|-----------|-------------|
| | 2012 | 2011 |
| Income/(loss) before tax | 2,139,195 | (1,250,348) |
| Income tax | (654,140) | 100,300 |
| Income/(Loss) after tax for the year | 1,485,055 | (1,150,048) |
| Transfer to un-appropriated profit | - | - |
| Earnings per share | 1.28 | (0.99) |

Lafarge Surma Cement Ltd Comparative Sales Growth
REVENUE
Tk. 000s



The Consolidated Financial Results of the Company for the year ended on 31st December 2012 are as follows:

| | Tk. 000s | |
|--------------------------------------|-----------|-------------|
| | 2012 | 2011 |
| Income/(loss) before tax | 2,507,574 | (2,287,984) |
| Income tax | (654,140) | 100,300 |
| Income/(Loss) after tax for the year | 1,853,434 | (2,187,684) |
| Transfer to un-appropriated profit | - | - |
| Earnings per share | 1.60 | (1.88) |

Your Company has demonstrated a very strong operational and financial performance in 2012 and till date. Both sales volume and selling price have increased sharply compared to 2011. On the other hand, costs have been controlled in all areas relating to logistics, plant fixed costs and general, selling and distribution expenses. Finance cost has significantly reduced to BDT 829 million down from BDT 2.5 billion in 2011. This has resulted in the EPS of 1.28 in Lafarge Surma Cement Ltd. and 1.60 on a consolidated basis, both of which were negative in 2011. Your Company also kept a tight reign on working capital. As a result, cash flow from operations has been BDT 3.6 billion up from the negative figure of 203 million in 2011. This has largely been used to repay loans.

The capital raised by the issuance of 1:1R right shares have been utilized for offsetting the loans from the local banks, which has reduced the interest payment significantly and reflected positively in the profitability of the Company.

Dividend

Despite the fact that the Company earned a consolidated EPS of Tk. 1.60 in 2012, the Company still has significant accumulated loss. In order to strengthen the financial position of the Company and safeguard the long term interests of the shareholders and the sustainable future of the Company, the Board of Directors of the Company did not recommend any dividend for the year 2012.

Human Resource

Quality of Human Resource is a crucial factor for the success of an organization. Your Company believes that the employees are the most important asset and they are the main drivers to ensure success of the organisation.

The vision of the HR Department of your Company is to work as a business partner and to make positive contributions to the business. Placing the right employee with right quality for the right job, identifying the successors for the senior managers and developing the leaders within the organisation are the key focus areas for the HR Department of your Company.

HR Department of your Company has formulated specific retention strategy in terms of working environment, compensation package and career progression to ensure the critical resources and high performers stay and grow with the Company. Your Company believes on the continuous development of the employees and arranges training and workshops to ensure the employees are updated with latest technology and management practices and their quality and efficiency are regularly sharpened.

Supply Chain Performance

Supply Chain department has relentlessly pursued in ensuring safe delivery of its products to its customers and reducing logistics cost through optimizing transportation modes and better planning and coordination. This has made it possible to dispatch 48% higher quantity in 2012 compared to 2011.

Your Company will continue to bring in efficiency in supply chain operation with the objective to deliver its products safely, on time and in a cost effective manner to the customers. At the same time, the department will ensure to meet the full quantity of cement and clinker in accordance with our customers' demand.

Community Development Program

Your Company continues to make its mark in the fields of social and economic sustainability. Engaging and serving the local community around its operations remains one of its key priorities. Whether it is Chhatak or Meghalaya, your Company's social activity programs are carefully designed to serve the most pressing needs of the people and ensure their well being.

Your Company's focus on education support has been taken one step further in 2012. The Community Development Center (CDC) at the Plant in Chhatak, which has a school and a library, continues to provide primary education up to class five. In 2012, five "Lafarge Surma Centers" have been established in remote areas of Chhatak, which serve as coaching centers with a full-time teacher present at each location. In 2012, your Company also provided scholarships to 50 meritorious students for studying in the nearby high schools. Till date, a total of 1,618 students have availed your Company's education services, 137 students have successfully completed schooling and 550 adults have been benefited from different literacy programs.

The CDC continues to provide healthcare services through the medical clinic, employing a qualified full-time physician and a nurse to provide free medical assistance to the people. In addition, a full-time paramedic is based in each of the five "Lafarge Surma Centers", bringing the health-care services closer to the villagers. Till date, 55,197 patients have availed your Company's health services and 12,818 children received vaccination.

Your Company significantly increased its focus on skill development and employment in 2012. Over the next two years, your Company plans to train and employ 30 individuals from the community in skill based jobs in the plant. Apart from that, 20 locals have been trained in Solar Home System installation and mobile phone servicing in 2012, which has been launched recently. The ongoing training program on tailoring and embroidery for the women is still playing a pivotal role in providing livelihood for the women in the community, benefiting 693 women till date.

Apart from all these, in 2012, your Company has undertaken lots of other initiatives to serve the community that includes donating cement for the construction of mosques and schools, distributing blankets during winter, food items during Eid etc.

Lafarge Umiam Mining Pvt. Ltd. ("LUMPL"), the Indian subsidiary of your Lafarge Surma Cement Ltd. ("LSC"), has also undertaken a wide range of community development activities in the villages surrounding the quarry – especially in Nongtraï and Shella villages in Meghalaya, India. As in the case of LSC, the primary focus of LUMPL CSR activities is on education, health, skill and infrastructural development. In 2012, 55 students have been benefited from the annual scholarship initiatives; and LUMPL is also providing financial assistance to 18 schools around Nongtraï and Shella and is also operating one whole sponsored school for economically challenged students at Nongtraï. In the area of health support, total 7,850 patients have availed the services of the mobile clinic in 2012. LUMPL has also been sponsoring multiple skill development programs for both women and men, benefiting 25 women and 12 men till date. Your Company has also undertaken various activities for infrastructure development, which includes ensuring water supply, construction of footpaths, hand rails, public toilets and provision of electricity.

Whether it is healthcare, education, skill development or infrastructure development, your Company is committed to serve the community and people, to develop their potential, and contribute to make their lives better.

Auditors

Pursuant to Section 210 of the Companies Act, 1994, the Company's statutory auditors M/S, Nurul Faruk Hasan & Co, Chartered Accountants, retire at the 15th Annual General Meeting. Being eligible, they express their willingness to be re-appointed.

Directors

The Company has thirteen (13) Directors in the Board including the Chief Executive Officer. Pursuant to the provisions of the Companies Act, 1994, one third of the Directors, except the Chief Executive Officer, shall retire



by rotation in every ordinary general meeting. The Companies Act 1994 also provides that any Director appointed by the Board of Directors shall retire from office at the next ordinary general meeting, but shall be eligible for election by the Company. Accordingly, four (4) Directors of the Company will retire at the 15th Annual General Meeting. The retiring Directors are Mr. Anisur Rahman Sinha (nominee of Sinha Fashions Limited), Mr. Monzurur Rahman (nominee of Delta Life Insurance Company Limited), Mr. Md. Wahiduzzaman Khandaker (nominee of Investment Corporation of Bangladesh), and Mr. Syed Shujauddin Ahmed, Independent Director. Being eligible they offer themselves for re-election.

As per clause 1.2(vi) of SEC Notification dated August 7, 2012, the tenure of the office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only. Mr. Zakir Ahmed

Khan, Independent Director, has been appointed as the Independent Director of the Company on April 22, 2010. On April 21, 2013 Mr. Khan has completed three years as the Independent Director of the Company. The Board of Directors in its meeting dated March 14, 2013, extended Mr. Khan's appointment as the Independent Director of the Company for one term, that is, until April 21, 2016.

As per notification dated August 07, 2012 from the Bangladesh Securities and Exchange Commission (BSEC), the Company shall appoint one (1) more Independent Director to comply with the condition of the BSEC. The process is underway and is expected to be completed by June 2013.

As per notification dated August 07, 2012 from the BSEC, the Directors made additional statements and furnished compliance report in Annexure 1 attached herewith.

For and on behalf of the Board of Directors



Martin Kriegner
Chairman

Date: Dhaka, April 30, 2013

পরিচালনা পর্ষদের প্রতিবেদন

কোম্পানি আইন, ১৯৯৪; ১৮৪ ধারার অধীনে

বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের ৭ আগস্ট, ২০১২ তারিখের বিজ্ঞপ্তি।

সম্মানিত শেয়ারহোল্ডার

লাফার্জ সুরমা সিমেন্ট লিমিটেড (কোম্পানি) এর ১৫তম বার্ষিক সাধারণ সভায় কোম্পানির পরিচালনা পর্ষদের পক্ষ থেকে আপনাদেরকে স্বাগতম। ডিসেম্বর ৩১, ২০১২ তারিখে সমাপ্ত বছরে কোম্পানির কার্যক্রম পরিস্থিতির প্রতিবেদন এবং নিরীক্ষিত আর্থিক প্রতিবেদন তুলে ধরা হচ্ছে।

কোম্পানি কার্যক্রমের প্রতিবেদন

আপনাদের কোম্পানির জন্য ২০১২ একটি তাৎপর্যপূর্ণ এবং উল্লেখযোগ্য বছর। সফলভাবে ফরেস্ট পারমিট জটিলতা নিরসনের প্রেক্ষিতে ২০১১ সালের আগস্টের পর আপনার কোম্পানি ভারতের মেঘালয় খনি থেকে নিয়মিত লাইমস্টোন সরবরাহ পেয়ে আসছে। এসব কাঁচামাল থেকে ক্লিনার এবং সিমেন্ট উৎপাদনের কাজে কোম্পানি নিজেদের পূর্ণশক্তির সর্বাঙ্গিক নিয়োগ করে আসছে।

ভারতের খনি এবং ছাতকের কারখানা উভয় ক্ষেত্রে উত্তম উৎপাদনশীলতার পাশাপাশি উদ্ভাবনী উদ্যোগের সহায়তায় বিপণন বিভাগের অসাধারণ সাফল্য আপনাদের কোম্পানিকে তৈরি করে দিয়েছে একটি শক্তিশালী অবস্থান। ২০১২ সালে সামগ্রিক বাজারের ৯% প্রবৃদ্ধির বিপরীতে কোম্পানির প্রবৃদ্ধি ছিল ৪৭%। বাজারের গড় মূল্যের চাইতে বিক্রয় মূল্য অধিক বৃদ্ধি সত্ত্বেও এ প্রবৃদ্ধি ধরে রাখা সম্ভব হয়। স্থিতিশীল উৎপাদনশীলতা গড়ে তোলা এবং বিপণনে সাহসী পদক্ষেপ গ্রহণের পাশাপাশি ভারতীয় সহযোগীসহ কোম্পানির সর্বস্তরে ব্যয় সংকোচনের উদ্যোগ গ্রহণ করা হয়।

কোম্পানির ভারতীয় সহযোগীও উৎপাদন খাতে অনুরূপ সাফল্য প্রদর্শন করে। ২০১২ সালে ২০ লাখ টন লাইমস্টোন উৎপাদন করে তারা। এর মধ্যে ১৯ লাখ ৮০ হাজার টনই তারা রফতানি করে ছাতকের সুরমা কারখানায়।

২০১২ সালে উৎপাদন এবং বিপণন খাতে আপনার কোম্পানির অনন্য সাফল্য এবং ব্যয় সংকোচন উদ্যোগের সুবাদে শেয়ারহোল্ডারদের জন্য নিশ্চিত হয়েছে আকর্ষণীয় মুনাফা। কোম্পানি, এর মাধ্যমে পূর্ববর্তী দুই বছরের লোকসান পুষিয়ে চমৎকার ভাবে ঘুরে দাঁড়ালো।

শেয়ার ইস্যুর মাধ্যমে সংগৃহীত পুঁজি দিয়ে পরিশোধ করা হয়েছে স্থানীয় ব্যাংকের ঋণ। ফলত ঋণজনিত সুদের ব্যয় উল্লেখযোগ্যভাবে কমে গেছে যার ফলে কোম্পানির লাভের খাতায় ঘটেছে ইতিবাচক প্রতিফলন।

আপনার কোম্পানি কেবলমাত্র লাইমস্টোন, সিমেন্টের ক্লিনার উৎপাদন, মার্কেট শেয়ার এবং মূল্যবৃদ্ধি, ব্যয় সংকোচন এবং সরবরাহ দক্ষতা উন্নয়নের মধ্যেই নিজেদের উদ্যোগ সীমিত রাখেনি। বাজার পরিকল্পনা অনুযায়ী ইতোমধ্যেই ঢাকার অদূরে গ্রাইন্ডিংয়ের জন্য মদিনা সিমেন্ট নামক দেশীয় পর্যায়ের এক বৃহৎ গ্রাইন্ডারের সাথে আউটসোর্স ভিত্তিতে চুক্তিবদ্ধ হয়েছে কোম্পানি। এ চুক্তির অধীনে আপনার কোম্পানি পোর্টল্যান্ড কম্পোজিট সিমেন্ট

উৎপাদন শুরু করতে যাচ্ছে যা বাজারে প্রবেশ করবে 'পাওয়ারক্রিট' নামে সম্পূর্ণ নতুন এক ব্র্যান্ড পরিচয়ে। দেশের বৃহত্তম সিমেন্ট বাজার, ঢাকার অদূরে এ ধরনের গ্রাইন্ডিং-এর সুবাদে সম্ভব হবে সর্বোচ্চ মাত্রার ব্যয় সংকোচন, কাজে লাগানো সম্ভব হবে সুরমা প্ল্যান্টের অতিরিক্ত ক্লিনার এবং সম্ভব হবে নতুন ব্র্যান্ড পরিচয়ে ভিন্ন একটি বাজারে নিজের অবস্থান নিশ্চিত করা।

কোম্পানির প্রারম্ভিক কাল থেকে শুরু করে বিশেষত সংকটকালীন পরিস্থিতিতে অসাধারণ সহযোগিতা প্রদানের জন্য পরিচালনা পর্ষদ শেয়ারহোল্ডারদের ধন্যবাদ জ্ঞাপন করছে। একইসাথে, ২০১২ সালে অনন্য কর্মদক্ষতা প্রদর্শনের জন্য কোম্পানির সকল কর্মকর্তা কর্মচারীকে আন্তরিক অভিনন্দন জানাচ্ছে।

স্বাস্থ্য এবং নিরাপত্তা

পরিচালনা পর্ষদ জোর দিয়ে আবারও বলতে চায়, স্বাস্থ্য এবং নিরাপত্তার প্রশ্নটিকে আপনাদের কোম্পানি সর্বোচ্চ অগ্রাধিকার দিয়ে থাকে। আপনাদের কোম্পানি মনে করে সর্বোচ্চ কর্মদক্ষতা নিশ্চিত করার জন্য নিরাপত্তার প্রশ্নটি সর্বোচ্চ বিবেচনার দাবিদার। আপনাদের কোম্পানি দৃঢ়ভাবে বিশ্বাস করে, আর্থিক সুবিধা দিয়ে জীবনের ক্ষতিপূরণ সম্ভব নয়। তারা চায় প্রতিদিন কাজের শেষে যেন সুস্থ সবল দেহে নিজ নিজ পরিবারের কাছে ফিরে যেতে পারে প্রত্যেকটি কর্মী। অবশ্য, প্রতিটি কর্মী এবং ঠিকাদারের লোকবলের স্বাস্থ্য ও নিরাপত্তা নিশ্চিত করার কাজটি যথেষ্ট কষ্টসাধ্য। দেশের শিল্পখাতে নিরাপত্তার প্রশ্নে বিরাজমান উদাসীনতার বিপরীতে সফলভাবে এ প্রবণতার পরিবর্তন সূচনা করেছে আপনাদের কোম্পানি।

আপনাদের কোম্পানির নিরাপত্তার প্রশ্নটি তদারকি করা হয় সর্বোচ্চ পর্যায় থেকে। এছাড়া, দুর্ঘটনামুক্ত নিরাপদ একটি কাজের পরিবেশ নিশ্চিত করার লক্ষ্যে যৌথভাবে কাজ করে যাচ্ছে কোম্পানির প্রতিটি কর্মী। কোম্পানির অবশ্যপালনীয় নির্দেশনায় সুস্পষ্ট বলা হয়েছে, নিরাপত্তা মানদণ্ড সঠিকভাবে অনুসরণ করে ঝুঁকিপূর্ণ কর্মকান্ড এবং আচরণ ত্রাসকরণের মাধ্যমে নিরাপদ কাজের পরিবেশ নিশ্চিত করবে প্রত্যেক কর্মী।

দুর্ভাগ্যজনকভাবে, ২০১২ সালে দুই দফা লস্ট টাইম ইনজুরির (এলটিআই) ঘটনা ঘটে কোম্পানির সুরমা প্ল্যান্টে। ওই ঘটনার পরপরই দুর্ঘটনার মূল কারণ অনুসন্ধানে একটি তদন্ত কার্যক্রম পরিচালনা করে কোম্পানি। নিরাপত্তার প্রশ্নে সর্বোচ্চ সাফল্য অর্জনের ক্ষেত্রে গুরুত্বপূর্ণ অবদান রাখবে এর থেকে অর্জিত শিক্ষাবলী।

পাশাপাশি, নিয়মিত বিভিন্ন ধরনের নিরাপত্তা পদক্ষেপ, সচেতনতা কর্মসূচি এবং প্রশিক্ষণ কার্যক্রম পরিচালনা করে আসছে আপনার কোম্পানি। এসবের মধ্যে রয়েছে নিরাপত্তা সংস্কৃতি গড়ে তোলার ক্ষেত্রে সহায়ক আচরণবিধি এবং দৃশ্যমান অনুভূত নেতৃত্ব বা ভিজিবল ফেল্ট লিডারশিপ (ভিএফএল) এর ওপর গুরুত্ব দিয়ে

নিরাপত্তা মাস (Safety Month), কর্মসূচি ও কর্মশালা আয়োজন। উচ্চপদস্থ কর্মকর্তা থেকে শুরু করে সকল কর্মী এবং ঠিকাদারের লোকবলের ব্যক্তিগত নিরাপত্তার প্রশ্রুটিও এর সঙ্গে সংশ্লিষ্ট। প্রতিষ্ঠানের মূল লক্ষ্য “শূন্য দুর্ঘটনা” অর্জন এবং সে উদ্দেশ্যে সামর্থের একটি বড় অংশ বিনিয়োগ করে আপনাদের কোম্পানি।

অত্যন্ত আনন্দের সাথে জানাচ্ছি যে গত ৪ ফেব্রুয়ারি, ২০১৩ থেকে ১২ ফেব্রুয়ারি, ২০১৩ পর্যন্ত অনুষ্ঠিত হয়ে গেল নর্থ-ইস্ট মেটালিফেরাস মাইনস্ সেফটি উইক ২০১৩। খনি মন্ত্রণালয়ের অধীনে, ডিরেক্টরেট জেনারেল অফ মাইনস্ সেফটি (ডিজিএমএস) সম্পাদিত অডিট রিপোর্টের উপর নির্ভর করে আপনার প্রতিষ্ঠানকে বেশ কয়েকটি পুরস্কারে ভূষিত করা হয়েছে। আপনার প্রতিষ্ঠান পাঁচটি (৫) বিভাগে প্রথম স্থান নিশ্চিত করেছে। বিভাগগুলো হলো- (১) প্রকাশ ও প্রচারণা, (২) উন্নুক্ত খনিতে কাজের ব্যবস্থাপনা, (৩) নিরাপত্তা সরঞ্জামের ব্যবহার, (৪) কর্মচারি নিয়োগ এবং (৫) স্বাস্থ্য ও কর্ম। এই অর্জনগুলোর পাশাপাশি আপনার প্রতিষ্ঠান আরো দুটি (২) বিভাগে দ্বিতীয় স্থান নিশ্চিত করেছে। সেগুলো হলো- (১) দুর্ঘটনা প্রতিরোধী রেকর্ড এবং (২) যন্ত্রপাতির অবস্থা। আরো দুটি (২) বিভাগে নিশ্চিত করেছে তৃতীয় স্থান, তা হলো- (১) বিস্ফোরক নিয়ন্ত্রণ এবং (২) জরিপ বিভাগ। প্রসঙ্গত উল্লেখ্য, ১৮ ফেব্রুয়ারি, ২০১৩ থেকে ২৪ ফেব্রুয়ারি, ২০১৩ পর্যন্ত অনুষ্ঠিত মাইনস্ এনভায়রনমেন্ট এ্যান্ড মিনারেল কনজারভেশন উইক, ২০১৩-তে আপনার প্রতিষ্ঠান চারটি (৪) বিভাগে প্রথম স্থান অধিকার করে। বিভাগগুলো হলো- (১) বৃক্ষরোপণ, (২) আকরিক পৃথকিকরণ যন্ত্র স্থাপন (৩) সামাজিক উন্নয়ন এবং (৪) সেডিমেন্টেশন (পানি ব্যবস্থাপনা)। এর পাশাপাশি আপনার প্রতিষ্ঠান প্রকাশ প্রচারণা ও সচেতনতা বিভাগে দ্বিতীয় স্থান অধিকার করেছে।

বাংলাদেশ ও বিশ্বজুড়ে স্পসর গ্রুপের কাছে অন্যতম নিরাপদ ব্যবসা ইউনিট হিসেবে নিজেদের প্রতিপন্ন করার মানসে আন্তর্জাতিক মানদণ্ড এবং পরামর্শসমূহের সাথে সামঞ্জস্য রেখে প্রণীত হয়েছে ২০১৩ সালের বার্ষিক স্বাস্থ্য এবং নিরাপত্তা পরিকল্পনা। আপনার কোম্পানির সকল কর্মী এবং ঠিকাদারের লোকবলের সম্ভাব্য সর্বোচ্চ স্বাস্থ্য ও নিরাপত্তা নিশ্চিত করার জন্য আমরা প্রতিজ্ঞাবদ্ধ।

উৎপাদনশীলতা

২০১২ সাল সুরমা প্লান্টের জন্য অনন্য অর্জনের একটি বছর। চলতি বছর সর্বোচ্চ পরিমাণ সিমেন্ট উৎপাদনের মাধ্যমে তারা নতুন রেকর্ড স্থাপন করে। সিমেন্ট উৎপাদন ও সরবরাহে সর্বোচ্চ শক্তি বিনিয়োগ, ভেজা কাঁচামাল ব্যবস্থাপনায় উন্নয়ন পরিকল্পনার বাস্তবায়ন এবং কিল্ন, ভিআরএম ও সিমেন্ট কারখানার মতো প্রক্রিয়াজাত যন্ত্রপাতির কার্যক্ষমতা বৃদ্ধির মাধ্যমেই সম্ভব হয়েছে এই অর্জন।

২০১১ সালের জুলাই মাসে ফরেস্ট ইস্যুর নিষ্পত্তির প্রেক্ষিতে আবারও শুরু হয়েছে ভারতের মেঘালয় খনি থেকে লাইমস্টোন আমদানি। অব্যাহত লাইমস্টোন সরবরাহের এ সুবিধা কাজে লাগিয়ে ২০১২ সালে ক্লিনার এবং সিমেন্ট উৎপাদন যথাক্রমে ১৩৮ শতাংশ এবং ৪৬ শতাংশ বৃদ্ধি করেছে সুরমা প্ল্যান্ট।

আপনার কোম্পানি বিশ্বাস করে গুণগতমানসম্পন্ন সিমেন্ট উৎপাদনই হচ্ছে ক্রেতা সাধারণের হৃদয়-মন জয়ের আসল

চাবিকাঠি। সেরা সিমেন্ট উৎপাদন এবং সরবরাহের প্রশ্নে আমরাই হচ্ছি একমাত্র পূর্ণাঙ্গ সিমেন্ট প্ল্যান্ট যারা অতি উন্নত মানের লাইমস্টোন থেকে নিজেসাই তৈরি করে নেয় নিজস্ব ক্লিনার এবং কারখানায় ঢোকা কিংবা বের হবার প্রক্রিয়ায় দেশসেরা নিজস্ব ল্যাবরেটরিতে নিখুঁতভাবে পরীক্ষা করা হয় সিমেন্টের প্রতিটি চালান। ২০১২ সালে স্পসর গ্রুপের নিকট থেকে দুটি সম্মানজনক পুরস্কার অর্জন করে সুরমা প্ল্যান্ট। আরও আনন্দের সংবাদ হচ্ছে, ল্যাব অ্যাক্যুরেসি ইনডেক্সে (এলএআই) আমাদের ল্যাব ১০০% নম্বর পেয়েছে এবং একই সাথে অর্জন করেছে সমগ্র লাফার্জ গ্রুপের মধ্যে শ্রেষ্ঠত্বের স্বীকৃতি। আমাদের পণ্য শতভাগ প্রোডাক্ট ইউনিফর্মিটি অর্জন করে।

এসব ছাড়াও কারখানার নিজস্ব উদ্যোগে কিছু কিছু যন্ত্রাংশের উৎপাদন এবং মেরামতের পাশাপাশি স্থানীয় পর্যায়ে আউটসোর্সিংয়ের মাধ্যমে ব্যয় সংকোচন সম্ভব হয়েছে উল্লেখযোগ্য পরিমাণে। এর ফলে শাস্রয় হয়েছে দেশের জন্য অতি মূল্যবান বৈদেশিক মুদ্রা তহবিল।

দক্ষতা ও যোগ্যতা অর্জনের লক্ষ্যে অব্যাহত প্রয়াসের অংশ হিসেবে বছরব্যাপী আয়োজন করা হয় ২৯ হাজার মানব-ঘণ্টা প্রশিক্ষণ।

২০১২ সালের এসব অর্জনের মধ্য দিয়ে উৎসাহিত এবং অনুপ্রাণিত হয়েছে আপনার কোম্পানি এবং দৃঢ়তর হয়েছে আগামী বছরগুলোয় সাফল্যের এ ধারা অব্যাহত রাখার অঙ্গীকার।

বাণিজ্যিক সাফল্য

২০১২ সালে বিক্রয় প্রবৃদ্ধি খাতে রেকর্ড পরিমাণ বিক্রির মাধ্যমে নতুন উচ্চতায় পৌঁছে যায় কোম্পানির বিপণন বিভাগ। সিমেন্টের চলতি বাজারের ৯ শতাংশ প্রবৃদ্ধির বিপরীতে ৪৭ শতাংশ প্রবৃদ্ধি ঘটে আমাদের। সঠিক সময়ে সঠিক স্থানে স্টক পৌঁছে দেয়ার লক্ষ্যে উৎপাদন, লজিস্টিকস এবং বিতরণ বিভাগের সাথে নিবিড় সামঞ্জস্য রেখে কাজ করে গেছে বিপণন বিভাগ।

দামের প্রশ্নে শীর্ষ অবস্থান অর্জনের প্রতিযোগিতায় উচ্চতর নেট মুনাফা নিশ্চিত করার লক্ষ্যে বাজারে প্রতিব্যগ সুপারক্রিট সিমেন্টের মূল্যবৃদ্ধির ওপর কাজ করে আপনাদের কোম্পানি। বাজারের চলতি মূল্যের চেয়ে অধিক মূল্য নির্ধারণ করার পরও বাজারে টিকে থাকাই প্রতিফলিত করে আপনাদের ব্র্যান্ডের প্রতি ক্রেতার ক্রমবর্ধমান আস্থা ও বিশ্বাস।

আমাদের আন্তর্জাতিক উৎসের দিকে লক্ষ্য রেখেই বরাবর আবর্তিত হয় পুরো বাজার ব্যবস্থাপনা কার্যক্রম। ২০১২ সালে আউটডোর বিজ্ঞাপন, প্রিন্ট মিডিয়া, ইলেক্ট্রনিক মিডিয়া, খুচরা আউটলেট সাইনেজ এবং ট্রেড প্রমোশনের মধ্য দিয়ে আরও বেশি বেশি দৃশ্যমান থাকে আপনাদের সুপারক্রিট ব্র্যান্ড। গুণগতমান ও দামের প্রশ্নে সুপারক্রিট ব্র্যান্ডের আন্তর্জাতিক মানদণ্ড অর্জনের লক্ষ্য মাথায় রেখেই প্রণীত হয়েছে এসব পরিকল্পনা।

ইতিবাচক এসব অগ্রগতির মধ্য দিয়ে লাভজনক হয়ে ওঠা, দেশের অবকাঠামোগত উন্নয়নে গুরুত্বপূর্ণ ভূমিকা রাখার পাশাপাশি আশা করা যাচ্ছে কোম্পানি আগামীতে বাজারে নিজের অবস্থান আরও শক্তিশালী করতে সমর্থ হবে।

আর্থিক চিত্র

২০১২ সালের ৩১ ডিসেম্বর শেষ হয়ে যাওয়া বছরে কোম্পানির আর্থিক প্রতিবেদন এখানে তুলে ধরছে পরিচালকরা:

| | টাকা , ০০০ | |
|---------------------------------|------------|-------------|
| | ২০১২ | ২০১১ |
| করপূর্ব আয়/ (লোকসান) | ২,১৩৯,১৯৫ | (১,২৫০,৩৪৮) |
| আয়কর | (৬৫৪,১৪০) | ১০০,৩০০ |
| বছরশেষে করপরবর্তী আয়/ (লোকসান) | ১,৪৮৫,০৫৫ | (১,১৫০,০৪৮) |
| অশোধিত মুনাফা খাতে স্থানান্তর | - | - |
| শেয়ারপ্রতি আয় | ১.২৮ | (০.৯৯) |

২০১২ সালের ৩১ ডিসেম্বর শেষ হয়ে যাওয়া বছরে কোম্পানির সমন্বিত আর্থিক প্রতিবেদন নিম্নরূপ:

| | টাকা , ০০০ | |
|---------------------------------|------------|-------------|
| | ২০১২ | ২০১১ |
| করপূর্ব আয়/ (লোকসান) | ২,৫০৭,৫৭৪ | (২,২৮৭,৯৮৪) |
| আয়কর | (৬৫৪,১৪০) | ১০০,৩০০ |
| বছরশেষে করপরবর্তী আয়/ (লোকসান) | ১,৮৫৩,৪৩৪ | (২,১৮৭,৬৮৪) |
| অশোধিত মুনাফা খাতে স্থানান্তর | - | - |
| শেয়ারপ্রতি আয় | ১.৬০ | (১.৮৮) |

২০১২ সাল জুড়ে এবং এখন পর্যন্ত চমৎকার উৎপাদনশীলতা এবং আর্থিক সাফল্য দেখিয়ে আসছে আপনাদের কোম্পানি। বিক্রির পরিমাণ এবং পণ্যের দাম উভয় ক্ষেত্রে উল্লেখযোগ্য সাফল্য অর্জিত হয়েছে ২০১১ সালের তুলনায়। অন্যদিকে, লজিস্টিকস, কারখানা রক্ষণাবেক্ষণ ব্যয়, জেনারেল, বিক্রি এবং বিতরণসহ সকল ক্ষেত্রে ব্যয় নিয়ন্ত্রণ করা হয়েছে সুনিপুণভাবে। ২০১১ সালের বাংলাদেশি মুদ্রায় ২.৫ বিলিয়ন টাকার বিপরীতে ব্যয় নেমে আসে মাত্র ৮২৯ মিলিয়ন টাকায়। এর ফলে লাফার্জ সুরমা সিমেন্ট লিমিটেড এর ইপিএস ১.২৮ এবং সমন্বিত ইপিএস ১.৬০ তে এসে দাঁড়িয়েছে, ২০১১ সালে যা উভয়ই ছিল নেতিবাচক। তারল্যের লগ্নিপুঁজির ক্ষেত্রেও কঠোর নিয়ন্ত্রণ বজায় রেখেছে কোম্পানি। ফলে ২০১১ সালের নেতিবাচক ২০৩ মিলিয়ন টাকার বিপরীতে নগদ প্রবাহ উন্নীত হয়েছে ৩.৬ বিলিয়ন টাকায়। এসবের অধিকাংশই ব্যয় করা হয়েছে ২.৯ বিলিয়ন টাকার দীর্ঘমেয়াদী ঋণ পরিশোধের কাজে।

১:১ রাইট শেয়ার ইস্যুর মাধ্যমে সংগৃহীত পুঁজি দিয়ে পরিশোধ করা হয়েছে স্থানীয় ব্যাংকের ঋণ। ফলত ঋণজনিত সুদের ব্যয় কমে গেছে অধিক পরিমাণে। কোম্পানির লাভের খাতায় ঘটেছে তার ইতিবাচক প্রতিফলন।

ডিভিডেন্ড

২০১২ সালে কোম্পানির ইপিএস ১.৬০ টাকা হলেও বিগত বছরের সম্মিলিত লোকসান কোম্পানি এখনো কাটিয়ে উঠেনি। কোম্পানির আর্থিক পরিস্থিতি মজবুত করা, শেয়ারহোল্ডারদের দীর্ঘমেয়াদী স্বার্থ সুরক্ষা এবং কোম্পানির সুদৃঢ় ভবিষ্যৎ নিশ্চিত করার লক্ষ্যে ২০১২ সালে কোনো ধরনের ডিভিডেন্ড এর সুপারিশ করেনি পরিচালনা পর্ষদ।

জনসম্পদ

কোনো প্রতিষ্ঠানের সাফল্যের নেপথ্যে দক্ষ জনসম্পদ থাকাটা প্রথম শর্ত। আপনার কোম্পানি বিশ্বাস করে কর্মীরাই হচ্ছে কোম্পানির সবচেয়ে গুরুত্বপূর্ণ সম্পদ। প্রতিষ্ঠানের সাফল্য নিশ্চিত করার প্রক্ষেপে তারা প্রধান চালিকাশক্তি।

আপনার কোম্পানির জনসম্পদ বিভাগের মূল লক্ষ্য হচ্ছে ব্যবসায়ী অংশীদার হিসেবে কাজ করা এবং এতে ইতিবাচক অবদান রাখা। সঠিক যোগ্যতাসম্পন্ন সঠিক কর্মীকে সঠিক কাজে লাগানো, সিনিয়র ম্যানেজারদের উত্তরসূরি চিহ্নিত করা এবং সংগঠনের ভেতরেই নতুন নেতৃত্ব গড়ে তোলা, এসবই আপনাদের কোম্পানির জনসম্পদ বিভাগের প্রথম বিবেচ্য।

কর্মবাহক পরিবেশ, ক্ষতিপূরণ প্যাকেজ এবং পেশাগত অগ্রগতির প্রশ্নে সুনির্দিষ্ট কৌশল অবলম্বন করেছে আপনাদের কোম্পানির জনসম্পদ বিভাগ যাতে নিশ্চিত হয় উৎপাদনশীলতা এবং কোম্পানির ক্রমবর্ধমান প্রবৃদ্ধি। কর্মীদের নিরন্তর উন্নয়নে বিশ্বাস করে আপনাদের কোম্পানি। এ কারণে নিয়মিত প্রশিক্ষণ আয়োজন করে থাকে যাতে কর্মীরা প্রযুক্তির সর্বশেষ অগ্রগতি এবং ব্যবস্থাপনা চর্চা বিষয়ে অবগত থাকতে পারে। যার ফলে প্রতিনিয়ত উন্নত হয়ে ওঠে তাদের গুণগতমান ও দক্ষতা।

সরবরাহ বিভাগ এর কার্যক্রম

ক্রেতার কাছে নিরাপদে পণ্য পৌঁছে দেয়ার কাজে নিরন্তর নিয়োজিত রয়েছে সরবরাহ বিভাগ এবং পরিবহন মাধ্যমের উন্নয়ন এবং উন্নত পরিকল্পনা ও সমন্বয়ের মাধ্যমে কমিয়ে আনছে লজিস্টিকস ব্যয়। এর ফলে সম্ভব হয়েছে ২০১১ সালের তুলনায় ২০১২ সালে ৪৮% অধিক পণ্য প্রেরণ। নিজেদের পণ্য নিরাপদে যথাসময়ে এবং সশ্রী ব্যয়ে ক্রেতার কাছে পৌঁছে দেয়ার কাজে আরও বেশি দক্ষতা বিনিয়োগ অব্যাহত রাখবে আপনার কোম্পানি। একই সাথে তারা ক্রেতার সম্পূর্ণ চাহিদামত সিমেন্ট এবং ক্লিনার সরবরাহ নিশ্চিত করবে।

সামাজিক উন্নয়ন (সিএসআর)

সামাজিক ও অর্থনৈতিক অগ্রযাত্রায় নিজেদের অবদান অব্যাহত রেখেছে আপনাদের কোম্পানি। স্থানীয় কমিউনিটিকে নিজেদের কার্যক্রমে সম্পৃক্ত করা ও তাদের সেবাদান এর অন্যতম। ছাতক কিংবা মেঘালয় যেখানেই হোক না কেন, সাধারণ মানুষের প্রধান চাহিদা পূরণ ও তাদের জীবনমানের স্বাচ্ছন্দ্যের প্রতি লক্ষ্য রেখেই নির্ধারণ করা হয়েছে কোম্পানির সামাজিক কার্যক্রম।

২০১২ সালে আরও এক ধাপ এগিয়েছে শিক্ষাখাতে সহায়তা। ছাতক প্রিন্টারের কমিউনিটি ডেভেলপমেন্ট সেন্টার (সিডিসি) এর পরিচালনাধীন রয়েছে একটি স্কুল এবং একটি লাইব্রেরি যেখানে শিশুদের শিক্ষাদান করা হচ্ছে পঞ্চম শ্রেণী পর্যন্ত। ২০১২ সালে ছাতকের প্রত্যন্ত এলাকায় প্রতিষ্ঠা করা হয়েছে পাঁচটি লাফার্জ সুরমা সেন্টার যেখানে সার্বক্ষণিক শিক্ষকদের তত্ত্বাবধানে কোচিং সেন্টার হিসেবে কাজ করে থাকে প্রতিটি শাখা। নিকটবর্তী হাইস্কুলে পড়ার জন্য ২০১২ সালে ৫০ জন মেধাবী ছাত্রকে আপনাদের কোম্পানি বৃত্তি দিচ্ছে। বর্তমান সময় পর্যন্ত আপনার কোম্পানির কাছ থেকে শিক্ষাসেবা লাভ করেছে ১,১১৮ জন শিক্ষার্থী, যার মধ্যে সাফল্যের সাথে স্কুল শেষ করেছে ১৩৭ জন শিক্ষার্থী এবং বিভিন্ন ধরনের শিক্ষণ বিষয়ক কর্মসূচি থেকে উপকৃত হয়েছে ৫৫০ জন প্রাপ্তবয়স্ক। একটি মেডিকেল ক্লিনিকের মাধ্যমে সার্বক্ষণিক একজন উপযুক্ত চিকিৎসক এবং একজন নার্সের তত্ত্বাবধানে মানুষকে বিনা খরচে নিয়মিত স্বাস্থ্যসেবা প্রদান করে আসছে কোম্পানি। এরপর, স্বাস্থ্যসেবা গ্রামের মানুষের আরও কাছে পৌঁছে দেয়ার লক্ষ্যে

লাফার্জ সুরমা সেস্টারের পাঁচটি কেন্দ্রেই নিয়োজিত রয়েছে একজন করে প্যারামেডিক। এখন পর্যন্ত এসব কেন্দ্র থেকে চিকিৎসা নিয়েছে ৫৫,১৯৭ জন রোগী এবং টিকা নিয়েছে ১২,৮১৮ জন শিশু।

কর্মী নিয়োগ এবং দক্ষতা বৃদ্ধির বিষয়টিতে আরও বেশি মনোনিবেশ করছে আপনার কোম্পানি। পরবর্তী দুই বছরে কম্যুনিটি থেকে ৩০ জনকে প্রশিক্ষণ এবং নিয়োগ প্রদানের পরিকল্পনা রয়েছে কোম্পানির। এসব ছাড়াও ২০১২ সালে স্থানীয় পর্যায়ে ২০ জনকে সোলার হোম সিস্টেম ইনস্টলেশন এবং মোবাইল ফোন সার্ভিসিংয়ের ওপর প্রশিক্ষণ দেয়া হয়েছে। নারীদের জন্য চলমান টেইলরিং এবং এমব্রয়ডারি প্রশিক্ষণ তাদের জীবনযাত্রার মান উন্নয়নে রেখে আসছে গুরুত্বপূর্ণ ভূমিকা। এ থেকে এখন পর্যন্ত সরাসরি উপকৃত হচ্ছেন ৬৩৯ জন নারী।

এসব ছাড়াও ২০১২ সালে কম্যুনিটি সেবা প্রদানের লক্ষ্যে অজস্র কার্যক্রম হাতে নিয়েছে আপনার কোম্পানি। এসবের মধ্যে আছে মসজিদ এবং স্কুল নির্মাণের জন্য সিমেন্ট দান, শীতে দরিদ্রজনের মাঝে কম্বল এবং ঈদের আগে খাদ্যসামগ্রী বিতরণ।

পাশাপাশি, ভারতের মেঘালয়ে নংত্রাই এবং শেলা গ্রামসহ খনির আশেপাশের এলাকায় গ্রামবাসীর উন্নয়নে বিভিন্ন ধরনের সামাজিক কার্যক্রম হাতে নিয়েছে আপনাদের লাফার্জ সুরমা সিমেন্ট লিমিটেড (এলএসসি) এবং ভারতীয় সহযোগী লাফার্জ উমিয়াম মাইনিং প্রাইভেট লিমিটেড (এলইউএমপিএল)। এলএসসি-র মতো এলইউএমপিএল-র সিএসআর কার্যক্রমেরও প্রধান লক্ষ্য শিক্ষা, স্বাস্থ্য, দক্ষতা এবং অবকাঠামোগত উন্নয়ন। ২০১২ সালে বার্ষিক বৃত্তি কার্যক্রমের আওতায় উপকৃত হয়েছে ৫৫ জন শিক্ষার্থী, এবং এলইউএমপিএল পরিচালিত স্কুলগুলো থেকে শিক্ষা গ্রহণ করেছে ৪৯৫ জন শিক্ষার্থী। স্বাস্থ্যক্ষেত্রে, ২০১২ সালে মোবাইল হেলথ ক্লিনিক থেকে স্বাস্থ্যসেবা নিয়েছে ৭,৮৫০ জন রোগী। পাশাপাশি, নারী পুরুষ উভয়ের জন্য দক্ষতা বৃদ্ধি কার্যক্রম পরিচালনা করে আসছে এলইউএমপিএল যার মাধ্যমে এখন পর্যন্ত উপকৃত হয়েছে ১২ জন পুরুষ এবং ২৫ জন নারী। অবকাঠামোগত উন্নয়নের লক্ষ্যেও বিভিন্ন কর্মসূচি হাতে নিয়েছে আপনার কোম্পানি। এর মধ্যে রয়েছে পানি সরবরাহের নিশ্চয়তা, ফুটপাথ, হ্যান্ডরেইল, পাবলিক টয়লেট নির্মাণ এবং বিদ্যুৎ সুবিধা।

স্বাস্থ্যসেবা, শিক্ষা, দক্ষতাবৃদ্ধি কিংবা অবকাঠামোগত উন্নয়ন যাই হোক না কেন কম্যুনিটির সেবা প্রদান, সম্ভাবনা যাচাই এবং জীবনমান উন্নয়নের লক্ষ্যে নিবেদিত প্রাণে কাজ করে যাবে আপনাদের কোম্পানি।

নিরীক্ষক

১৯৯৪ সালের কোম্পানি আইনের ২১০ ধারা অনুসারে কোম্পানির সংবিধিবদ্ধ নিরীক্ষক মেসার্স নুরুল ফারুক হাসান অ্যান্ড কো., চার্টার্ড অ্যাকাউন্ট্যান্ট পঞ্চদশ বার্ষিক সাধারণ সভায় পদত্যাগ করবেন। সুযোগ্য এই ফার্মটি পুনঃনিয়োগ পেতে আগ্রহ প্রকাশ করেছে।

পরিচালকবৃন্দ

প্রধান নির্বাহী কর্মকর্তাসহ কোম্পানির পর্ষদে পরিচালক হিসেবে বর্তমানে দায়িত্ব পালন করছেন ১৩ (তের) জন পরিচালক। ১৯৯৪

সালের কোম্পানি আইনের বিধান অনুসারে প্রতিটি সাধারণ সভায় প্রধান নির্বাহী কর্মকর্তা ব্যতীত পরিচালকদের এক তৃতীয়াংশ চক্রবর্তে অবসরে যাবেন। ১৯৯৪ সালের কোম্পানি আইনে আরও বলা হয় পরিচালনা পর্ষদের নিযুক্ত যে কোনো পরিচালক পরবর্তী সাধারণ সভায় অবসরে যাবেন কিন্তু উপযুক্ততা থাকা সাপেক্ষে কোম্পানির নির্বাচনে অংশগ্রহণের সুযোগ পাবেন। সে অনুসারে, পঞ্চদশ বার্ষিক সাধারণ সভায় ৪ (চার) জন পরিচালক অবসরে যাবেন। এরা হলেন, জনাব আনিসুর রহমান সিনহা (সিনহা ফ্যাশনস লিমিটেড মনোনীত), জনাব মঞ্জুর রহমান (ডেল্টা লাইফ ইন্স্যুরেন্স কোম্পানি লিমিটেড মনোনীত), জনাব মোহাম্মদ ওয়াহিদুজ্জামান খন্দকার (ইনভেস্টমেন্ট কর্পোরেশন অব বাংলাদেশ মনোনীত) এবং জনাব সৈয়দ সুজাউদ্দীন আহমেদ (স্বতন্ত্র পরিচালক)। উপযুক্ততা বিদ্যমান বিষয়ে আবারও পুনর্নির্বাচিত হবার জন্য আগ্রহ প্রকাশ করছেন তারা।

২০১২ সালের ৭ আগস্টের বিএসইসি বিজ্ঞপ্তি এর ১.২ (৬) ধারা অনুসারে একজন স্বতন্ত্র পরিচালকের দায়িত্ব পালনের মেয়াদ হবে ৩ (তিন) বছর যা কেবল এক মেয়াদের জন্য বাড়ানো যেতে পারে। স্বতন্ত্র পরিচালক জনাব জাকির আহমেদ খান কোম্পানির স্বতন্ত্র পরিচালক নিযুক্ত হয়েছেন ২০১০ সালের ২২ এপ্রিল। ২০১৩ সালের ২১ এপ্রিল স্বতন্ত্র পরিচালক হিসেবে মেয়াদের তিন বছর পূর্ণ করেছেন তিনি। ২০১৩ সালের ১৪ মার্চ এক সভায় পরিচালনা পর্ষদ স্বতন্ত্র পরিচালক হিসেবে জনাব খানের নিয়োগ এক মেয়াদের জন্য বৃদ্ধি করে ২০১৬ সালের ২১ এপ্রিল নির্ধারণ করেন।

২০১২ সালের ৭ আগস্ট তারিখে বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের বিজ্ঞপ্তি অনুসারে অতিরিক্ত প্রতিবেদন এবং সহায়ক প্রতিবেদন এর সাথে সংযুক্তি-১ এ তুলে ধরা হচ্ছে।

২০১৩ সালের ২১ এপ্রিল স্বতন্ত্র পরিচালক হিসেবে মেয়াদের তিন বছর পূর্ণ করেছেন তিনি। ২০১৩ সালের ১৪ মার্চ এক সভায় পরিচালনা পর্ষদ স্বতন্ত্র পরিচালক হিসেবে জনাব খানের নিয়োগ এক মেয়াদের জন্য বৃদ্ধি করে ২০১৬ সালের ২১ এপ্রিল নির্ধারণ করেন।

৭ আগস্ট, ২০১২ তারিখে বাংলাদেশ সিকিউরিটিজ এ্যান্ড এক্সচেঞ্জ কমিশন (বিএসইসি) দ্বারা প্রকাশিত প্রজ্ঞাপন অনুযায়ী বিএসইসি-এর শর্তসাপেক্ষে কোম্পানি আরো একজন (১) স্বতন্ত্র পরিচালক নিয়োগ করবে। এই উদ্যোগটি প্রক্রিয়াধীন আছে এবং জুন, ২০১৩ সালের মধ্যে সম্পন্ন হবে বলে আশা করা হচ্ছে।

২০১২ সালের ৭ আগস্ট তারিখে বিএসইসি এর বিজ্ঞপ্তি অনুসারে অতিরিক্ত প্রতিবেদন এবং সহায়ক প্রতিবেদন এর সাথে সংযুক্তি-১ এ তুলে ধরা হচ্ছে।

পরিচালনা পর্ষদের পক্ষে,



মার্টিন ক্রিগনার

চেয়ারম্যান

তারিখ: ঢাকা, এপ্রিল ৩০, ২০১৩



Annexure 1

Additional Statements by the Board of Directors as per notification dated August 07, 2012 from the Bangladesh Securities and Exchange Commission:

- (i) Industry outlook and possible future developments in the industry:
Bangladesh holds a good potential for cement growth starting from a low per capita consumption of about 100kg per person. Average growth in the last decade has been around 9% fuelled mainly by growth in Individual Home Building segment, Real Estate, Government infrastructure spending and private projects. Going forward, we expect that cement market will continue to grow steadily with the country spending on infrastructure accelerating in the future.
- (ii) Segment-wise or product-wise performance:
The Company produces clinker and cement. It mainly sells cement but also sells a limited quantity of clinker that remains in excess after catering to the cement demand. Cement sales growth has been robust in 2012 with increase of about 47% over the last year. Such increase was sustained despite a price increase higher than the industry average.
- (iii) Risk and concerns:
The Company's major risk lies in its cross border operation. Any interruption of limestone supply from its Indian subsidiary company causes a business continuity issue. Uninterrupted running of the long belt conveyor also remains a critical issue. Finally, dispatch of cement from the plant also carries limitations and challenges.
- (iv) A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin:
Cost of Goods Sold has reduced drastically since the company has produced clinker from its own limestone in 2012 as opposed to 2011 where the company was required to import clinker for a greater part of the year. As a result, Gross Profit Margin in 2012 stood at 39% compared to 9% in 2011.
- (v) That, discussion on continuity of any Extra-ordinary gain or loss.
- (vi) That, basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.
- (vii) That, utilization proceeds from public issues, rights issues and/or through any others instruments.
- (viii) That, an explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.
- (ix) That, if significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.
- (x) Remuneration to directors including independent directors:
As per the Articles of Association of the Company (Article 17: Remuneration of Directors), the Directors shall not be entitled to any remuneration except for extra services rendered to the Company and as decided by the Board. However, the Board may repay to any Director all such reasonable expenses as the Director may incur in attending meetings of the Directors or general meeting.
- (xi) That, the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- (xii) That, proper books of account of the issuer company have been maintained.
- (xiii) That, appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- (xiv) That, the International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there- from has been adequately disclosed.
- (xv) That, the system of internal control is sound in design and has been effectively implemented and monitored.
- (xvi) That, there are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.
- (xvii) Significant deviations from last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained:

Since August 2011 after the resolving the Forest Permit Issue, the Company started its production using its own limestone from Meghalaya and by the end of 2011 the Company's financial statements improved. Even so the EPS of the Company for 2011 was negative. In 2012, the Company has gone through an uninterrupted year of production and consequently, the profitability of the Company has increased and the EPS has come out to be positive.

(xviii) Summary of key operating and financial data of preceding five years:

Income and expenses:

Tk. 000s

| | 2012 | 2011 | 2010 | 2009 | 2008 |
|-------------------------------------|------------------|--------------------|--------------------|------------------|------------------|
| REVENUE | 10,640,061 | 6,098,478 | 5,655,374 | 7,543,725 | 6,211,938 |
| Cost of sales | (6,450,942) | (5,538,142) | (5,077,635) | (4,658,211) | (3,713,186) |
| GROSS PROFIT | 4,189,119 | 560,336 | 577,739 | 2,885,514 | 2,498,752 |
| General and administrative expenses | (678,765) | (374,702) | (342,119) | (432,132) | (410,945) |
| Selling and distribution expenses | (153,284) | (68,340) | (93,909) | (124,949) | (132,022) |
| Other operating (expenses) / income | (20,982) | 89,590 | (1,257,001) | 4,611 | 83,759 |
| OPERATING INCOME/(LOSS) | 3,336,088 | 206,884 | (1,115,290) | 2,333,044 | 2,039,544 |
| Finance expenses | (829,278) | (2,495,364) | (719,414) | (949,106) | (1,556,236) |
| Finance income | 764 | 496 | 2,725 | 78,527 | 552 |
| NET INCOME/(LOSS) BEFORE TAX | 2,507,574 | (2,287,984) | (1,831,979) | 1,462,465 | 483,860 |
| Income tax | (654,140) | 100,300 | 212,144 | (466,904) | (307,327) |
| NET INCOME/(LOSS) AFTER TAX | 1,853,434 | (2,187,684) | (1,619,835) | 995,561 | 176,533 |
| Earnings per share (Taka) | 1.60 | (1.88) | (1.39) | 0.86 | 0.15 |

Assets and liabilities:

Tk. 000s

| | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Property, plant and equipment | 13,370,193 | 13,815,909 | 14,377,748 | 14,673,213 | 14,961,776 |
| Intangible assets | 1,185,810 | 1,293,051 | 1,219,460 | 225,010 | 217,343 |
| Deferred income tax assets | - | - | - | - | 81,767 |
| Current assets | 3,967,365 | 3,450,421 | 2,317,596 | 2,393,392 | 2,505,985 |
| TOTAL ASSETS | 18,523,368 | 18,559,381 | 17,914,804 | 17,291,615 | 17,766,871 |
| LIABILITIES | | | | | |
| Share capital | 11,613,735 | 11,575,806 | 5,806,868 | 5,806,868 | 5,806,868 |
| Retained earnings | (3,490,257) | (5,343,728) | (3,156,087) | (1,536,346) | (2,531,916) |
| Other component of equity | (11,894) | (16,113) | (18,610) | - | - |
| Share money deposits | - | 37,929 | - | - | - |
| Foreign currency translation | 268,932 | 197,787 | 135,946 | 159,943 | 150,926 |
| Shareholders' equity-Parent company | 8,380,516 | 6,451,681 | 2,768,117 | 4,430,465 | 3,425,878 |
| Non-controlling interests | 231 | 302 | 362 | 417 | 399 |
| EQUITY | 8,380,747 | 6,451,983 | 2,768,479 | 4,430,882 | 3,426,277 |
| NON-CURRENT LIABILITIES | | | | | |
| Long-term debt | 948,895 | 3,904,616 | 4,713,556 | 4,705,955 | 6,404,929 |
| Deferred income tax liabilities | 612,200 | 9,267 | 172,993 | 385,137 | - |
| Contribution to employee benefit | 113,924 | 78,457 | 56,174 | 45,047 | 32,619 |
| Derivative instruments | - | 6,746 | 18,029 | - | - |
| Provisions | 23,125 | - | - | - | - |
| Current liabilities | 8,444,477 | 8,108,312 | 10,185,573 | 7,724,594 | 7,903,046 |
| TOTAL EQUITY AND LIABILITIES | 18,523,368 | 18,559,381 | 17,914,804 | 17,291,615 | 17,766,871 |

(xix) Reasons for non-declaration of dividend:

Despite the fact that the Company earned a consolidated EPS of Tk. 1.60 in 2012, the Company still has significant accumulated loss. In order to strengthen the financial position of the Company and safeguard the long term interests of the shareholders and the sustainable future of the Company, the Board of Directors of the Company did not recommend any dividend for the year 2012.

(xx) The number of Board meetings held during the year and attendance by each Director:

5 (five) Board meetings were held during the year 2012 and the dates are March 14, March 27, June 14, September 18 and December 13. The Directors attended the Board meetings as stated below:

1. Mr. Martin Kriegner was present in person in four Board Meetings being present in person except one on March 27 for which leave of absence was granted to him.
2. Mr. Isidoro Miranda Fernandez was appointed as Directors on May 09, 2012 in place of Mr. Jean Desazars de Montgailhard, Director. Mr. Jean Desazars de Montgailhard resigned from the Board on May 09, 2012 and by his Alternate Director Mr. Masud Khan, attended two Board Meetings in person. After May three Board Meetings were held and Mr. Isidoro Miranda Fernandez attended in person in three Board Meetings.
3. Mr. Tarek Samir Ahmed Elba was appointed as Chief Executive Officer on April 27, 2012 in place of Mr. Michael Andrew Cowell, Managing Director. Mr. Michael Andrew Cowell resigned from the Board on April 27, 2012 and attended two Board Meetings in person. After April three Board Meetings were held and Mr. Tarek Elba attended in person in three Board Meetings.
4. Mr. Jose Maria Fontdecaba attended all five Board Meetings.
5. Mr. Enrique de Bobes Pellicer attended all five Board Meetings
6. Mr. Salvador Fernandez Capo, attended four Board Meetings being present in person, except the one on June 14 for which leave of absence was granted to him.
7. Mr. Manzurul Islam attended one Board Meetings being present in person, except four on March 14, March 27, September 18 and December 13 for which leave of absence was granted to him.
8. Mr. Anisur Rahman Sinha attended three Board Meetings being present in person except two on March 27 and June 14 for which leave of absence was granted to him.
9. Mr. Monzurur Rahman was appointed as Director on July 25, 2012 in place of Mr. Syed Moazzem Hussain, Director. Mr. Syed Moazzem Hussain resigned from the Board on July 25, 2012 and attended one Board Meeting in person except one on March 14 for which leave of absence was granted to him. After July two Board Meetings were held and Mr. Rahman attended in person in two Board Meetings.
10. Mr. Shivesh Kumar Sinha, attended all five Board Meetings.
11. Mr. Zakir Ahmed Khan, attended four Board Meetings being present in person, except one on September 18 for which leave of absence was granted to him.
12. Mr. Md. Wahiduzzaman Khandaker was appointed as Director on September 18, 2012 in place of Mr. Md. Iftikhar-uz-zaman, Director. Mr. Md. Iftikhar-uz-zaman resigned from the Board on September 18, 2012 and attended two Board Meetings in person except two on March 14 and September 18 for which leave of absence was granted to him. After September, one meeting was held and Mr. Khandaker attended in person in one Board Meeting.
13. Mr. Syed Shujauddin Ahmed was appointed as an Independent Director on September 18, 2012. After September, one meeting was held and Mr. Ahmed attended in person in one Board Meeting.

(xxi) The pattern of shareholding:

a) Parent/Subsidiary/Associated companies and other related parties (name wise details):

| Name | Position | No. of shares |
|------------------|----------------|---------------|
| Surma Holding BV | Parent Company | 683,698,700 |

b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details):

| Name | Position | No. of shares | | |
|-------------------------------|--|---------------|--------|----------------|
| | | Self | Spouse | Minor Children |
| Mr. Isidoro Miranda Fernandez | Director as nominee of Surma Holding BV | Nil | Nil | Nil |
| Mr. Martin Kriegner | Director/Chairman as nominee of Surma Holding BV | Nil | Nil | Nil |
| Mr. Tarek Samir Ahmed Elba | Director as nominee of Surma Holding BV and CEO | Nil | Nil | Nil |
| Mr. Jose Maria Fontdecaba | Director as nominee of Surma Holding BV | 50 | Nil | Nil |

| Name | Position | No. of shares | | |
|--------------------------------|---|---------------|--------|----------------|
| | | Self | Spouse | Minor Children |
| Mr. Enrique de Bobes Pellicer | Director as nominee of Surma Holding BV | Nil | Nil | Nil |
| Mr. Shivesh Kumar Sinha | Director as nominee of Surma Holding BV | Nil | Nil | Nil |
| Mr. Salvador Fernandez Capo | Director as nominee of Surma Holding BV | Nil | Nil | Nil |
| Mr. Manzurul Islam | Director as nominee of Islam Cement Ltd | 200 | Nil | Nil |
| Mr. Anisur Rahman Sinha | Director as nominee of Sinha Fashions Ltd | Nil | Nil | Nil |
| Mr. Monzurur Rahman | Director as nominee of Delta Life Insurance Co. Ltd. | 2000 | Nil | Nil |
| Mr. Zakir Ahmed Khan | Independent Director | Nil | Nil | Nil |
| Mr. Md. Wahiduzzaman Khandaker | Director as nominee of Investment Corporation of Bangladesh | Nil | Nil | Nil |
| Mr. Syed Shujauddin Ahmed | Independent Director | Nil | Nil | Nil |
| Mr. Masud Khan | Finance Director | Nil | Nil | Nil |
| Mr. Kazi Mizanur Rahman | Company Secretary | Nil | Nil | Nil |
| Mr. Moshorrof Hossain | Head of Internal Audit | Nil | Nil | Nil |

Note: The Directors' shares shown above are as per the holdings in their personal names; but the shareholdings of the companies that they represent are as follows:

- Surma Holding BV: 683,698,700 shares
- Islam Cement Ltd: 31,914,200 shares
- Sinha Fashions Ltd: 35,100,000 shares
- Delta Life Insurance Co. Ltd: 27,011,180 shares
- Investment Corporation of Bangladesh: 8,450,500 shares

c) Executives (top five salaried employees other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit):

| Name | Position | No. of shares |
|---------------------------|----------------------------------|---------------|
| Mr. Kazi Khalid Mahmood | Commercial Director | Nil |
| Mr. Asim Chattapadhyay | Senior Vice President Operations | Nil |
| Ms. Sayeda Tahya Hossain | HR & Corporate Affairs Director | Nil |
| Mr. Mohammed Arif Bhuiyan | Supply Chain Director | Nil |
| Mr. Sang Soo Bae | Production Coach | Nil |

d) Shareholders holding ten percent (10%) or more voting interest in the Company (name wise details):

| Name | No. of shares |
|------------------|---------------|
| Surma Holding BV | 683,698,700 |

(xxii) Appointment/re-appointment of a director of the company:

With regard to the appointment, retirement and re-appointment of Directors, the Company is governed by its Articles of Association, the Company Act, 1994 and other related legislations. Accordingly the following Directors of the Board will retire at the 15th Annual General Meeting and will be eligible for re-appointment, and Independent Director will be appointed.

The name of the Directors and Independent Director are as follows:

1. Mr. Anisur Rahman Sinha, Director
2. Mr. Monzurur Rahman, Director
3. Mr. Md. Wahiduzzaman Khandaker, Director
4. Mr. Syed Shujauddin Ahmed, Independent Director

Brief resume of the Directors, nature of their expertise in specific functional areas and names of companies in which they also hold the directorship and membership of committees of the board are given at page 10 of the Annual Report, which fulfill the condition 1.5 (xxii) of the corporate governance guidelines of BSEC.

As per notification dated August 07, 2012 from the Bangladesh Securities and Exchange Commission, the Directors state compliance with the conditions as follows:

Status of compliance with conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 issued under section 2CC of the Bangladesh Securities and Exchange Ordinance, 1969:

(Report under Condition No. 7.00)

| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (If any) |
|---------------|--|---|--------------|--|
| | | Complied | Not complied | |
| 1 | Board of Directors | | | |
| 1.1 | Board's Size The number of Board Directors should not be less than 5 (five) and more than 20 (twenty). | ✓ | | |
| 1.2 | Independent Directors | | | |
| | (i) At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors. | | ✓ | One Independent Director should be appointed |
| | (ii) a) Who either does not hold any share or holds less than 1% shares to the total paid-up shares of the company; | ✓ | | |
| | (ii) b) Who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more share of the total paid-up shares of the company on the basis of family relationship. | ✓ | | |
| | (ii) c) Who does not have any other relationship whether pecuniary or otherwise, with the company or its subsidiary/ associated companies. | ✓ | | |
| | (ii) d) Who is not a member, director or officer of any stock exchange. | ✓ | | |
| | (ii) e) Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market. | ✓ | | |
| | (ii) f) Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm. | ✓ | | |
| | (ii) g) Who shall not be an independent director in more than 3 (three) listed companies. | ✓ | | |
| | (ii) h) Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI). | ✓ | | |
| | (ii) i) Who has not been convicted for a criminal offence involving moral turpitude. | ✓ | | |
| | (iii) The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM). | ✓ | | |
| | (iv) The post of independent director(s) can not remain vacant for more than 90 (ninety) days. | | ✓ | One post is vacant |
| | (v) The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded. | ✓ | | |
| | (vi) The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only. | ✓ | | |
| 1.3 | Qualification of Independent Director (ID) | | | |
| | (i) Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business. | ✓ | | |
| | (ii) The person should be a Business Leader / Corporate Leader / Bureaucrat / University Teacher with Economics or Business Studies or Law background / Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management / professional experience. | ✓ | | |
| | (iii) In special cases the above qualifications may be relaxed subject to prior approval of the Commission. | ✓ | | |

| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (If any) |
|--|--|--|--------------|---------------------|
| | | Complied | Not complied | |
| 1.4 | Chairman of the Board and Chief Executive Officer | | | |
| | The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals with defined different roles and responsibilities. The Chairman of the company shall be elected from among the directors of the company. | ✓ | | |
| 1.5 | The Directors' Report to Shareholders | | | |
| | (i) Industry outlook and possible future development in the industry. | ✓ | | |
| | (ii) Segment-wise or product-wise performance. | ✓ | | |
| | (iii) Risks and concerns. | ✓ | | |
| | (iv) A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin. | ✓ | | |
| | (v) Discussion on continuity of any Extra-Ordinary gain or loss. | N/A | | |
| | (vi) Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report. | ✓ | | |
| | (vii) Utilization of proceeds from public issues, rights issues and / or through any others instruments. | ✓ | | |
| | (viii) An explanation if the financial result deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc. | N/A | | |
| | (ix) If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report. | N/A | | |
| | (x) Remuneration to directors including independent directors. | ✓ | | |
| | (xi) The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity. | ✓ | | |
| | (xii) Proper books of account of the issuer company have been maintained. | ✓ | | |
| | (xiii) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment. | ✓ | | |
| | (xiv) International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed. | ✓ | | |
| | (xv) The system of internal control is sound in design and has been effectively implemented and monitored. | ✓ | | |
| | (xvi) There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed. | ✓ | | |
| | (xvii) Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained. | ✓ | | |
| | (xviii) Key operating and financial data of at least preceding 5 (five) years shall be summarized. | ✓ | | |
| | (xix) If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given. | ✓ | | |
| | (xx) The number of Board meetings held during the year and attendance by each director shall be disclosed. | ✓ | | |
| (xxi) The pattern of shareholdings and name wise details disclosing the aggregate number of shares | ✓ | | | |
| (xxi) a) Parent/Subsidiary/Associated Companies and other related parties (name wise details). | ✓ | | | |

| Condition No. | Title | Compliance status (Put √ in the appropriate column) | | Remarks (If any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not complied | |
| (xxi) b) | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details). | √ | | |
| (xxi) c) | Executives (top five salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit). | √ | | |
| (xxi) d) | Shareholders holding ten percent (10%) or more voting interest in the company (name wise details). | √ | | |
| (xxii) | Appointment/Reappointment of Directors: | √ | | |
| (xxii) a) | A brief resume of the director. | √ | | |
| (xxii) b) | Nature of his/her expertise in specific functional areas. | √ | | |
| (xxii) c) | Names of companies in which the person also holds the directorship and the membership of committees of the board. | √ | | |
| 2 | Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS) | | | |
| 2.1 | The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS. | √ | | |
| 2.2 | The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors. | √ | | |
| 3 | Audit Committee | | | |
| (i) | The company shall have an Audit Committee as a sub-committee of the Board of Directors. | √ | | |
| (ii) | The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. | √ | | |
| (iii) | The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing. | √ | | |
| 3.1 | Constitution of the Audit Committee | | | |
| (i) | The Audit Committee shall be composed of at least 3 (three) members. | √ | | |
| (ii) | The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director. | √ | | |
| (iii) | All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience. | √ | | |
| (iv) | When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee. | √ | | |
| (v) | The company secretary shall act as the secretary of the Committee. | √ | | |
| (vi) | The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director. | √ | | |
| 3.2 | Chairman of the Audit Committee | | | |
| (i) | The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director. | √ | | |
| (ii) | Chairman of the audit committee shall remain present in the Annual General Meeting (AGM). | √ | | |

| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (If any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not complied | |
| 3.3 | Role of Audit Committee | | | |
| | (i) | Oversee the financial reporting process. | ✓ | |
| | (ii) | Monitor choice of accounting policies and principles. | ✓ | |
| | (iii) | Monitor Internal Control Risk management process. | ✓ | |
| | (iv) | Oversee hiring and performance of external auditors | ✓ | |
| | (v) | Review along with the management, the annual financial statements before submission to the board for approval. | ✓ | |
| | (vi) | Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval. | ✓ | |
| | (vii) | Review the adequacy of internal audit function. | ✓ | |
| | (viii) | Review statement of significant related party transactions submitted by the management. | ✓ | |
| | (ix) | Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors. | ✓ | |
| | (x) | When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/ prospectus. | ✓ | |
| 3.4 | Reporting of the Audit Committee | | | |
| 3.4.1 | Reporting to the Board of Directors | | | |
| | (i) | The Audit Committee shall report on its activities to the Board of Directors. | ✓ | |
| | (ii) | The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:- | | |
| | (ii) a) | Report on conflicts of interests. | N/A | |
| | (ii) b) | Suspected or presumed fraud or irregularity or material defect in the internal control system. | N/A | |
| | (ii) c) | Suspected infringement of laws, including securities related laws, rules and regulations. | N/A | |
| | (ii) d) | Any other matter which shall be disclosed to the Board of Directors immediately. | N/A | |
| 3.4.2 | Reporting to the Authorities: If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier. | | N/A | |
| 3.5 | Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company. | | N/A | |
| 4 | External /Statutory Auditors | | | |
| | (i) | Appraisal or valuation services or fairness opinions. | ✓ | |
| | (ii) | Financial information systems design and implementation. | ✓ | |
| | (iii) | Book-keeping or other services related to the accounting records or financial statements. | ✓ | |

| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (If any) |
|---------------|---|--|--------------|--|
| | | Complied | Not complied | |
| | (iv) Broker-dealer services. | ✓ | | |
| | (v) Actuarial services. | ✓ | | |
| | (vi) Internal audit services. | ✓ | | |
| | (vii) Any other service that the Audit Committee determines. | ✓ | | |
| | (viii) No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company. | ✓ | | |
| 5 | Subsidiary Company | | | |
| | (i) Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company. | N/A | | The Subsidiaries are governed by guidelines applicable in India. |
| | (ii) At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company. | N/A | | |
| | (iii) The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company. | ✓ | | |
| | (iv) The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also. | ✓ | | |
| | (v) The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company. | ✓ | | |
| 6 | Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO) | | | |
| | The CEO and CFO shall certify to the Board that:- | | | |
| | (i) They have reviewed financial statements for the year and that to the best of their knowledge and belief: | ✓ | | |
| | (i) a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; | ✓ | | |
| | (i) b) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws. | ✓ | | |
| | (ii) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct. | ✓ | | |
| 7 | Reporting and Compliance of Corporate Governance | | | |
| | (i) The company shall obtain a certificate from a practicing Professional Accountant/ Secretary (Chartered Accountant/ Cost and Management Accountant/ Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis. | ✓ | | |
| | (ii) The directors of the company shall state in the directors' report whether the company has complied with these conditions. | ✓ | | |

For and on behalf of the Board of Directors



Martin Kriegner
Chairman

Date: Dhaka, April 30, 2013



Nurul Faruk Hasan & Co.

Chartered Accountants

JHK Windcel, Level 4, KA-90 Pragoti Saroni, Dhaka-1229, Bangladesh
Phone: +880 - 2 - 841 2989, 841 0956 Fax: +880 - 2 - 841 7979
E-mail: nufhas@bcs-bd.com Website: www.nufhas-bd.com

Correspondent Firm of **RSM International** network

Certificate of Compliance to the Shareholders of Lafarge Surma Cement Limited

We have examined compliance to the BSEC guidelines on Corporate Governance by Lafarge Surma Cement Limited for the year ended 31 December 2012. These guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of Corporate Governance.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines issued by BSEC with few exceptions.

We also state that such compliance is neither an assurance as to the future viability of the Company nor a certification on the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Date: Dhaka, April 30, 2013

Nurul Faruque Hasan & Co.

Chartered Accountants





AUDIT COMMITTEE REPORT

For the year 2012

13 March 2013

To: The Board of Directors
Lafarge Surma Cement Ltd.

The Audit Committee

The Audit Committee consists of the following members:

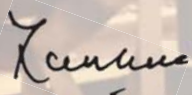
- Chairman: Mr. Zakir Ahmed Khan, Independent Director
Member: Mr. Syed Shujauddin Ahmed, Independent Director
Member: Mr. Jose Maria Fontdecaba, Director
Member: Mr. Tarek Samir Ahmed Elba, Chief Executive Officer

The scope of Audit Committee:

As provided in clause 3.3 of the Securities and Exchange Commission Notification dated August 07, 2012.

Activities during the year 2012:

- a. Overseeing the financial reporting process.
- b. Reviewed and recommended to the Board of Directors to approve the annual, half-yearly and quarterly Financial Statements and its subsidiaries.
- c. Monitored Internal Control Risk Management process. A separate Internal Control Team is in place to ensure effective performance of Internal Control activities.
- d. Overseeing the hiring and performance of external auditors Nurul Faruk Hasan & Co, Chartered Accountants.
- e. Reviewed the Management Letters issued to the Company from the external auditors for the year 2011 together with management response to the findings.
- f. Reviewed utilization of fund raised through right share by the company;
- g. Where appropriate, reported the findings on the following:
 - i. Conflict of interests;
 - ii. Suspected or presumed fraud or irregularity or material defect in the internal control system;
 - iii. Suspected infringement of laws, including securities related laws, rules and regulations; and
 - iv. Any other matters which should be disclosed to the Board of Directors immediately.
- h. Approved audit plan and resource allocation for the Internal Audit Services.
- i. Reviewed the adequacy of Internal Audit activities carried out during the year.
- j. Reviewed the Internal Audit Reports and monitored implementation of Audit Action Plans to improve Internal Control Systems.



Zakir Ahmed Khan
Chairman, Audit Committee

CONSOLIDATED FINANCIAL STATEMENTS OF LAFARGE SURMA CEMENT LTD.

For the year ended 31 December 2012





INDEPENDENT AUDITORS' REPORT

to the Shareholders of LAFARGE SURMA CEMENT LIMITED

Nurul Faruk Hasan & Co.

Chartered Accountants

JHK Windcel, Level 4, KA-90 Pragoti Saroni, Dhaka-1229, Bangladesh

Phone: +880 - 2 - 841 2989, 841 0956 Fax: +880 - 2 - 841 7979

E-mail: nufhas@bcs-bd.com Website: www.nufhas-bd.com

Correspondent Firm of **RSM International** network

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Lafarge Surma Cement Limited, which comprise the consolidated statement of financial position as at 31 December 2012 and the consolidated statement of 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.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position of Lafarge Surma Cement Limited as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Accounting Standards/Bangladesh Financial Reporting Standards.

Other Matters

The Financial Statements of Indian subsidiaries have been audited by independent auditors in India based on which Financial Statements of Indian subsidiaries have been consolidated.

Report on Other Legal and Regulatory Requirements

The consolidated financial statements comply with the applicable sections of the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

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

Dhaka
25 March 2013

(Nurul Faruk Hasan & Co.)

Chartered Accountants

LAFARGE SURMA CEMENT LIMITED

Consolidated Statement of Financial Position

at 31 December 2012

| | NOTES | 2012 | 2011 |
|--|-------|-------------------|-------------------|
| | | Taka '000 | Taka '000 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 13,370,193 | 13,815,909 |
| Intangible assets | 6 | 1,185,810 | 1,293,051 |
| | | 14,556,003 | 15,108,960 |
| CURRENT ASSETS | | | |
| Inventories | 7 | 1,659,520 | 1,572,777 |
| Trade receivables | 8 | 711,629 | 533,487 |
| Other receivables | 9 | 1,442,056 | 1,078,870 |
| Derivative instruments | 10 | - | 19,855 |
| Cash and cash equivalents | 11 | 154,160 | 245,432 |
| | | 3,967,365 | 3,450,421 |
| TOTAL ASSETS | | 18,523,368 | 18,559,381 |
| EQUITY & LIABILITIES | | | |
| Share capital | 12.3 | 11,613,735 | 11,575,806 |
| Retained earnings | 12.6 | (3,490,257) | (5,343,728) |
| Other components of equity | 12.7 | (11,894) | (16,113) |
| Share money deposits | 12.9 | - | 37,929 |
| Foreign currency translation | 3.6 | 268,932 | 197,787 |
| SHAREHOLDERS' EQUITY - PARENT COMPANY | | 8,380,516 | 6,451,681 |
| Non-controlling interests | 13 | 231 | 302 |
| EQUITY | | 8,380,747 | 6,451,983 |
| NON-CURRENT LIABILITIES | | | |
| Long-term debt | 14.1 | 948,895 | 3,904,616 |
| Deferred tax liabilities | 15 | 612,200 | 9,267 |
| Employee benefits | 16 | 113,924 | 78,457 |
| Derivative instruments | 17.1 | - | 6,746 |
| Provisions | 18 | 23,125 | - |
| | | 1,698,144 | 3,999,086 |
| CURRENT LIABILITIES | | | |
| Trade payables | 19 | 1,945,520 | 1,788,339 |
| Other payables | 20 | 473,595 | 348,021 |
| Derivative instruments | 17.2 | 7,641 | 43,317 |
| Current portion of long term debt | 14.2 | 2,838,908 | 2,763,900 |
| Short-term debt | 21 | 3,063,221 | 3,102,588 |
| Current tax liabilities | 22 | 115,592 | 62,147 |
| | | 8,444,477 | 8,108,312 |
| TOTAL EQUITY AND LIABILITIES | | 18,523,368 | 18,559,381 |

The accompanying Notes 1 to 37 form an integral part of these financial statements.


Company Secretary


Director


Chief Executive Officer

As per our annexed report of same date.

Dhaka,
25 March 2013


(Nurul Faruk Hasan & Co.)
Chartered Accountants

LAFARGE SURMA CEMENT LIMITED

Consolidated Income Statement for the year ended 31 December 2012

| | NOTES | 2012 | 2011 |
|-------------------------------------|-------|------------------|--------------------|
| | | Taka '000 | Taka '000 |
| REVENUE | 24 | 10,640,061 | 6,098,478 |
| Cost of sales | 25 | (6,450,942) | (5,538,142) |
| GROSS PROFIT | | 4,189,119 | 560,336 |
| General and administrative expenses | 26 | (678,765) | (374,702) |
| Sales and marketing expenses | 28 | (153,284) | (68,340) |
| Other operating (expenses)/income | 29 | (20,982) | 89,590 |
| OPERATING INCOME | | 3,336,088 | 206,884 |
| Finance cost | 30 | (829,278) | (2,495,364) |
| Finance income | 30 | 764 | 496 |
| INCOME/(LOSS) BEFORE TAX | | 2,507,574 | (2,287,984) |
| Income tax | 31 | (654,140) | 100,300 |
| INCOME/(LOSS) FOR THE YEAR | | 1,853,434 | (2,187,684) |
| <i>Attributable to:</i> | | | |
| Owners of the parent Company | | 1,853,471 | (2,187,641) |
| Non-controlling interests | | (37) | (43) |
| | | 1,853,434 | (2,187,684) |
| Basic earnings per share (Taka) | 32 | 1.60 | (1.88) |
| Diluted earnings per share (Taka) | 32 | 1.60 | (1.88) |

The accompanying Notes 1 to 37 form an integral part of these financial statements.


Company Secretary


Director


Chief Executive Officer

As per our annexed report of same date.


(Nurul Faruk Hasan & Co.)
Chartered Accountants

Dhaka,
25 March 2013

LAFARGE SURMA CEMENT LIMITED

Consolidated Statement of Comprehensive Income for the year ended 31 December 2012

| | NOTES | 2012 | 2011 |
|--|-------|------------------|--------------------|
| | | Taka '000 | Taka '000 |
| INCOME/(LOSS) FOR THE YEAR | | 1,853,434 | (2,187,684) |
| Items that may be reclassified subsequently to profit or loss | | | |
| Cash flow hedge instruments | | 3,243 | 2,892 |
| Actuarial loss | | 976 | (395) |
| Exchange differences on translating foreign operation | | 71,145 | 61,841 |
| Non controlling interests- currency translation adjustment | | (34) | (17) |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR | | 75,330 | 64,321 |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR | | 1,928,764 | (2,123,363) |
| <i>Attributable to:</i> | | | |
| Owners of the parent Company | | 1,928,835 | (2,123,303) |
| Non-controlling interests | | (71) | (60) |
| | | 1,928,764 | (2,123,363) |

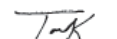
The accompanying Notes 1 to 37 form an integral part of these financial statements.



Company Secretary



Director



Chief Executive Officer

As per our annexed report of same date.



(Nurul Faruk Hasan & Co.)

Chartered Accountants

Dhaka,
25 March 2013

LAFARGE SURMA CEMENT LIMITED

Consolidated Statement of Changes in Equity
for the year ended 31 December 2012

(All figures are in Tk. '000)

| | Share capital | Retained earnings | Other components of equity | Share money deposits | Foreign currency translation | Equity for parent company | Non controlling interests | Total equity |
|--|-------------------|--------------------|----------------------------|----------------------|------------------------------|---------------------------|---------------------------|------------------|
| Balance at 1 January 2011 | 5,806,868 | (3,156,087) | (18,610) | - | 135,946 | 2,768,117 | 362 | 2,768,479 |
| Total comprehensive (loss)/income for the year | - | (2,187,641) | 2,497 | - | 61,841 | (2,123,303) | (60) | (2,123,363) |
| Issuance of right shares | 5,768,938 | - | - | 37,929 | - | 5,806,867 | - | 5,806,867 |
| Balance at 31 December 2011 | 11,575,806 | (5,343,728) | (16,113) | 37,929 | 197,787 | 6,451,681 | 302 | 6,451,983 |
| Balance at 1 January 2012 | 11,575,806 | (5,343,728) | (16,113) | 37,929 | 197,787 | 6,451,681 | 302 | 6,451,983 |
| Total comprehensive income/(loss) for the year | - | 1,853,471 | 4,219 | - | 71,145 | 1,928,835 | (71) | 1,928,764 |
| Issuance of right shares | 37,929 | - | - | (37,929) | - | - | - | - |
| Balance at 31 December 2012 | 11,613,735 | (3,490,257) | (11,894) | - | 268,932 | 8,380,516 | 231 | 8,380,747 |


Company Secretary


Director



Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED

Consolidated Statement of Cash Flows

for the year ended 31 December 2012

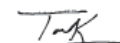
| | 2012 | 2011 |
|---|--------------------|------------------|
| | Taka '000 | Taka '000 |
| Cash Flows From Operating Activities | | |
| Cash receipts from customers | 10,388,157 | 5,756,821 |
| Cash paid to suppliers and employees | (6,558,607) | (5,805,129) |
| Cash generated/used in operations | 3,829,550 | (48,308) |
| Income taxes paid | (225,600) | (155,879) |
| Other receipts | 3,044 | 1,245 |
| Net cash generated/used in operating activities | 3,606,994 | (202,942) |
| Cash Flows From Investing Activities | | |
| Payments for property, plant and equipment | (235,938) | (115,412) |
| Payments for intangible assets | (18,502) | (132,455) |
| Proceeds from sale of property, plant and equipment | 667 | 252 |
| Net cash used in investing activities | (253,773) | (247,615) |
| Cash Flows From Financing Activities | | |
| Repayment of long term debt | (2,888,748) | (813,288) |
| Increase (decrease) in short term debt | 133,798 | (3,141,269) |
| Payment for right issue costs | (26,204) | (9,412) |
| Proceeds from issue of right shares | - | 5,768,938 |
| Payment of interest | (662,742) | (1,283,999) |
| Net cash used/generated by financing activities | (3,443,896) | 520,970 |
| Net effect of foreign currency translation on cash and cash equivalents | (597) | 328 |
| Net (decrease)/increase in cash and cash equivalents | (91,272) | 70,741 |
| Cash and Cash Equivalents at Beginning of the year | 245,432 | 174,691 |
| Cash and Cash Equivalents at End of the year | 154,160 | 245,432 |



Company Secretary



Director



Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

1 Background and Introduction

Formation and legal status

Lafarge Surma Cement Limited (LSCL) - (hereinafter referred to as "Lafarge Surma or 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. 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:

Lum Mawshun Minerals Private Limited (LMMPL) - 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.

Lafarge Umiam Mining Private Limited (LUMPL) - 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.

2 Nature of Business

The Company has established the country's only modern, integrated and state-of-the art cement manufacturing plant at Chhatak under Sunamganj district. The company extracts and processes the basic raw materials limestone from its own quarry in Meghalaya. A 17-kilo metre cross-border belt conveyor links the quarry with the cement plant for transportation of raw materials.

The company is engaged in manufacturing and marketing of cement and clinker in the local market.

3 Summary of Significant Accounting Policies

3.1 Basis of preparation

These financial statements have been prepared in line with Lafarge group accounting policies following Generally Accepted Accounting Principles (GAAP) after due compliance with the Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. More specifically, the consolidated financial statements of the Company have been prepared in accordance with the provisions of Bangladesh Accounting Standard 27: "Consolidated and Separate Financial Statements".

The financial statements have been prepared under the historical cost convention, except for the following:

- i) derivative financial instruments measured at fair value;
- ii) financial instruments at fair value through profit and loss measured at fair value.

3.2 Principles of consolidation

The accounts of all the subsidiaries of the Company have been fully consolidated as the Company directly controls more than 50% of the voting shares of these entities.

The Company has made following investments in its subsidiaries which have been eliminated during consolidation:

| | 2012 | 2011 |
|---|----------------|----------------|
| <u>Name of subsidiary</u> | Taka'000 | Taka'000 |
| Lafarge Umiam Mining Private Limited, India | 599,062 | 632,627 |
| Lum Mawshun Minerals Private Limited, India | 589 | 622 |
| | 599,651 | 633,249 |

All inter-company balances between the Company and its subsidiaries are eliminated on consolidation.

3.3 Scope of consolidation

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 |

3.4 Use of Estimates and Judgments

i) Estimates

The preparation of financial statements in conformity of BFRS recognition and measurement of principles 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, 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 financial statements include assumptions used for depreciation, deferred taxes and provisions for employees benefits.

ii) Judgments

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

3.5 Functional and presentation currency

These financial statements are presented in Bangladesh Taka which is functional and presentation currency of the company. Figures have been rounded off to the nearest thousand Taka, unless stated otherwise.

3.6 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 is applied to revenues, expenses and amounts presented on 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 | 2012 | 2011 |
| Average rate | 1.5345 | 1.5918 |
| Closing rate | 1.4564 | 1.5380 |

3.7 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 capitalised.

iii) Capitalisation of strategic spare parts

Pursuant to the Lafarge group policy strategic spare parts over EURO 30 K for individual item having more than 1 year life time are required to be capitalised.

iv) Construction in progress

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

v) Depreciation of property, plant and equipment

Straight line depreciation method is followed and depreciation has been charged on all assets acquired that are put on use except land. Full month's depreciation is charged for the month of acquisition and no depreciation is charged for the month of disposal. The rates of depreciation and category of property, plant and equipment (PP&E) are as follows:

| Category of PP&E | Rate % |
|-----------------------|---------|
| Leasehold improvement | 20 |
| Building | 2 |
| Plant building | 2.5 |
| Technical facilities | 3.33 |
| Plant & machinery | 3.33 |
| Other plant equipment | 10 |
| Vehicles | 20 |
| Computer equipment | 33.33 |
| Office equipment | 20 & 50 |
| Furniture & fixtures | 10 |

3.8 Intangible assets

i) Software

Software costs are capitalized where it is expected to provide future enduring 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 leased 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 group policy.

iii) Construction in progress

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

iv) Amortization of intangible assets

a) Software

Software 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 year. However, the quarry land are amortized over a year of maximum 30 years.

3.9 Inventories

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

3.10 Financial instruments

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

i) Non-derivative financial assets

Non-derivative financial assets consist of trade receivable, other receivable (except prepayments), cash and cash equivalents that are available for use by the Company without any restriction. All non-derivative financial assets are accounted for at trade date. The carrying amount of all non-derivative financial assets are reviewed for impairment on an annual basis to assess if there is any indication that the asset may be impaired. The Company derecognises a non-derivative financial asset when no further cash flow is expected to flow to the Company from the asset and if substantially all risks and rewards attached to the asset has been transferred.

a) Trade receivables

Trade receivables represent the amounts due from customers for delivering goods. Trade and other receivables are initially measured at cost which is the fair value of the consideration given in return. After initial measurement these are carried at cost less impairment losses due to uncollectibility of any amount so measured. Impairment loss is recognized in the consolidated income statement.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank.

ii) Non-derivative financial liabilities

Non-derivative financial liabilities consist of trade payables, other payables, short term debt and long term debts. The Company initially accounted for all non-derivative financial liabilities on the transaction date. The Company derecognises a non-derivative financial liabilities when its contractual obligations are discharged or cancelled or expired.

iii) Derivative instruments

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

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

The Company entered into a interest rate swaps to manage its interest rate exposure.

Pursuant to the guidance in BAS 39 and BAS 32, the Company records in the consolidated statement of financial position derivative instruments at their fair value. 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 BAS 39.

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

3.11 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 the Bangladesh Bank (Central bank). The resultant gain and loss has been reflected in the financial statements. These rates are as follows:

| Currencies | 2012 | | 2011 | |
|------------|--------------|--------------|--------------|--------------|
| | Closing rate | Average rate | Closing rate | Average rate |
| BDT/USD | 79.7750 | 81.8250 | 81.8450 | 74.1152 |
| BDT/EUR | 105.2312 | 105.2599 | 105.9034 | 103.1581 |
| BDT/GBP | 129.5028 | 129.7182 | 126.4629 | 118.8495 |
| BDT/INR | 1.4564 | 1.5345 | 1.5380 | 1.5918 |

3.12 Employees' benefit schemes

i) Gratuity scheme

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.

ii) Provident fund

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

iii) Workers' profit participation and welfare fund

The Company recognizes a provision for Workers' Profit Participation and Welfare funds @ 5% of income before tax before charging such expenses as per Labour Act, 2006.

3.13 Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

Current tax

"Current tax is computed @ 0.50% of the amount representing company's gross receipts of income from all sources as per income tax Ordinance 1984."

Deferred tax

Deferred income tax is provided in full, using liability 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 BAS 12. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax liabilities are recognised for all temporary taxable differences.

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

No deferred income tax has been provided in the financial statements with respect to Lafarge Umiam Mining Private Limited due to the fact that Lafarge Umiam Mining Private Limited enjoys tax holiday benefits for 10 years and it is uncertain whether deferred tax asset of the Company can be adjusted in the future years.

3.14 Revenue recognition

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

3.15 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 to the Company.

3.16 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

3.17 Materiality and aggregation

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

3.18 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.

4 Financial Risk Management Policies

The management of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. Financial risk management policies require establishing standard procedures to identify and analyse the main risks to which the Company is exposed and continually deploying and managing risk management systems designed to eliminate or reduce the probability that risks will arise and to limit their impact.

The Company is exposed to credit risk, liquidity risk and market risk.

5 Property, Plant and Equipment

| Figures in Taka'000 | Land freehold | Leasehold improvement | Building | Plant building | Technical facilities | Plant & machinery | Other plant equipment | Vehicles | Computer equipment | Office equipment* | Furniture & fixtures | Construction in progress | Total |
|-------------------------|---------------|-----------------------|----------|----------------|----------------------|-------------------|-----------------------|----------|--------------------|-------------------|----------------------|--------------------------|------------|
| COST | | | | | | | | | | | | | |
| At January 1, 2012 | 563,590 | 367 | 158,741 | 496,392 | 52,595 | 14,897,393 | 54,748 | 132,060 | 87,354 | 69,105 | 60,133 | 147,865 | 16,720,342 |
| Additions | - | - | 1,243 | 138 | - | 61,885 | 5,463 | 62,373 | 7,979 | 8,880 | 3,442 | 94,010 | 245,413 |
| Disposals | - | - | - | - | - | (36,973) | - | - | (4,041) | (3,659) | (1,605) | (221) | (46,499) |
| Transfers | - | - | 3,942 | 17,439 | - | 14,630 | 1,288 | - | 6,687 | 256 | 697 | (44,939) | - |
| Translation adjustments | (1,671) | - | (5,675) | - | (64) | (97,628) | - | (1,995) | (666) | (782) | (398) | (1,320) | (110,199) |
| At December 31, 2012 | 561,919 | 367 | 158,251 | 513,969 | 52,531 | 14,839,307 | 61,499 | 192,438 | 97,313 | 73,800 | 62,269 | 195,395 | 16,809,057 |
| DEPRECIATION | | | | | | | | | | | | | |
| At January 1, 2012 | - | 367 | 16,674 | 62,371 | 8,665 | 2,551,158 | 17,836 | 91,900 | 75,736 | 51,672 | 28,054 | - | 2,904,433 |
| Disposals | - | - | - | - | - | (5,888) | - | - | (4,041) | (3,478) | (974) | - | (14,381) |
| Charge for the year | - | - | 3,706 | 12,630 | 1,712 | 506,329 | 5,703 | 18,843 | 9,481 | 6,538 | 5,657 | - | 570,599 |
| Translation adjustments | - | - | (613) | - | (18) | (18,768) | - | (1,314) | (459) | (404) | (211) | - | (21,787) |
| At December 31, 2012 | - | 367 | 19,767 | 75,001 | 10,359 | 3,032,831 | 23,539 | 109,429 | 80,717 | 54,328 | 32,526 | - | 3,438,864 |
| CARRYING AMOUNT | | | | | | | | | | | | | |
| At December 31, 2012 | 561,919 | - | 138,484 | 438,968 | 42,172 | 11,806,476 | 37,960 | 83,009 | 16,596 | 19,472 | 29,743 | 195,395 | 13,370,193 |
| At December 31, 2011 | 563,590 | - | 142,067 | 434,021 | 43,930 | 12,346,235 | 36,912 | 40,160 | 11,618 | 17,433 | 32,079 | 147,864 | 13,815,909 |

*During the year the Company has changed the useful life of its mobile phones from 60 months to 24 months on the basis of the physical wear and tear. As a result of the change the income of the Company decreased by BDT 1,512 in thousand.

| | 2012 | 2011 |
|--|----------------|----------------|
| | Taka'000 | Taka'000 |
| 5.1 Construction in progress | | |
| General survey and studies | 91,771 | 91,081 |
| Plant building | - | 23,744 |
| Other equipment | 69,589 | 10,688 |
| Other improvement works | 34,035 | 22,351 |
| | 195,395 | 147,864 |
| 5.2 Depreciation charge for the year allocated to | | |
| Production and maintenance overhead (Note- 25.2) | 546,207 | 539,944 |
| General and administrative expenses (Note- 26) | 24,414 | 25,223 |
| | 570,621 | 565,167 |

5.3 Disposal of property, plant and equipment

| Figures in Taka'000 | Plant & machinery | Computer equipment | Office equipment | Furniture & fixtures | Construction in progress | Total |
|---|-------------------|--------------------|------------------|----------------------|--------------------------|---------------|
| Cost | 36,973 | 4,041 | 3,659 | 1,605 | 221 | 46,499 |
| Accumulated depreciation | (5,888) | (4,041) | (3,478) | (974) | - | (14,381) |
| Carrying amount at December 31, 2012 | 31,085 | - | 181 | 631 | 221 | 32,118 |
| Sale proceeds | - | 136 | 367 | 164 | - | 667 |
| Mode of disposal | Company policy | Tender | Tender | Tender | Company policy | |
| Particulars of purchaser | Written off | Third party | Employees | Employees | Written off | |

6 Intangible Assets

| Figures in Taka'000 | Leasehold land | Quarry land | Software | Construction in progress | Total |
|-----------------------------|----------------|------------------|---------------|--------------------------|------------------|
| COST | | | | | |
| At January 1, 2012 | 21,355 | 1,296,614 | 57,225 | 22,588 | 1,397,782 |
| Additions | - | - | 5,882 | 5,026 | 10,908 |
| Transfers | - | - | 2,570 | (2,570) | - |
| Translation adjustments | (1,133) | (68,792) | (293) | (356) | (70,574) |
| At December 31, 2012 | 20,222 | 1,227,822 | 65,384 | 24,688 | 1,338,116 |
| AMORTIZATION | | | | | |
| At January 1, 2012 | 5,235 | 44,838 | 54,658 | - | 104,731 |
| Charge for the year | 996 | 50,146 | 1,956 | - | 53,098 |
| Translation adjustments | (327) | (4,930) | (266) | - | (5,523) |
| At December 31, 2012 | 5,904 | 90,054 | 56,348 | - | 152,306 |
| CARRYING AMOUNT | | | | | |
| At December 31, 2012 | 14,318 | 1,137,768 | 9,036 | 24,688 | 1,185,810 |
| At December 31, 2011 | 16,120 | 1,251,776 | 2,567 | 22,588 | 1,293,051 |

6.1 Amortisation of forest clearance cost

The company incurred Taka 1,176,658 in thousand against the forest clearance in the year 2011. After getting the permission to resume the operations, this amount has been capitalised as quarry land and is being amortised over 30 years as per Company's policy. However, the Ministry of Environment and Forest (MoEF), India has allowed the mining operation for 20 years. The Company is amortising the amount over 30 years with the expectation that the allowable period will be extended.

| | 2012 | 2011 |
|--|------------------|------------------|
| | Taka'000 | Taka'000 |
| 7 Inventories | | |
| Raw materials | 581,410 | 341,055 |
| Spare parts | 688,300 | 666,253 |
| Packing materials | 14,857 | 1,223 |
| Other materials | 106,270 | 59,153 |
| Finished goods and work in process | 268,683 | 505,093 |
| | 1,659,520 | 1,572,777 |
| 8 Trade Receivables | | |
| Trade receivables | 718,391 | 541,290 |
| Valuation allowance (Note- 8.1) | (6,762) | (7,803) |
| | 711,629 | 533,487 |
| 8.1 The change in the valuation allowance for doubtful receivables is as follows: | | |
| Balance at 1 January | (7,803) | (6,662) |
| Current year addition | (100) | (1,141) |
| Cancellation | 1,141 | - |
| Balance at 31 December | (6,762) | (7,803) |
| 8.2 Ageing of trade receivables | | |
| The ageing of gross trade receivables at reporting date are as follows: | | |
| Within the credit period | 644,179 | 404,900 |
| 0-30 days | 62,835 | 115,068 |
| 31-60 days | 2,499 | 10,548 |
| 61-180 days | 2,116 | 2,971 |
| Over 180 days | 6,762 | 7,803 |
| | 718,391 | 541,290 |
| 9 Other Receivables | | |
| Contractors, consultants, suppliers and others (Note- 9.1) | 325,088 | 334,355 |
| Office and house rent | 68,138 | 18,802 |
| VAT current account | 127,473 | 86,389 |
| Advance to employees | 10,794 | 24,124 |
| Advance to employees for SAR plan (Note- 16.3) | 23,882 | 21,502 |
| Security and other deposits (Note- 9.2) | 4,809 | 4,908 |
| Prepaid expenses | 108,294 | 42,772 |
| Other receivables | 25,193 | 19,969 |
| Advance income tax-deducted at source | 747,425 | 525,332 |
| Accrued interest on bank deposits | 960 | 717 |
| | 1,442,056 | 1,078,870 |

Receivables mentioned above are unsecured and considered good other than an amount of Taka 8,892 (in thousand) considered doubtful. The Company filed an arbitration case before the District Court, Dhaka dated on 26 February 2013 against the lessor Mrs. Begum Roushan Ara to recover the amount paid as advance to secure office premises which was subsequently not taken in the absence of required licenses. Advances made to employees include advance related to employee matters and running the day operation cost of different departments.

| | 2012 | 2011 |
|--|----------------|----------------|
| | Taka'000 | Taka'000 |
| 9.1 Advance to contractors, consultants, suppliers and others | | |
| Letter of Credit-spare parts | 51,123 | 55,811 |
| Letter of Credit-raw materials | 15,331 | 30,351 |
| Custom duties | 19,658 | 21,511 |
| Others | 238,976 | 226,682 |
| | 325,088 | 334,355 |
| 9.2 Security and other deposits | | |
| House rental | 520 | 520 |
| Telecommunications | 527 | 527 |
| Central Depository System | 500 | 500 |
| Other services | 3,262 | 3,361 |
| | 4,809 | 4,908 |
| 10 Derivative Instruments-Assets | | |
| Derivative instruments | - | 19,855 |

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 close of the period.

| | | |
|---|----------------|----------------|
| 11 Cash and Cash Equivalents | | |
| <i>Cash in hand</i> | | |
| Lafarge Surma Cement Limited | 404 | 323 |
| Lafarge Umiam Mining Private Limited | 73 | 186 |
| | 477 | 509 |
| <i>Cash at banks</i> | | |
| <i>Lafarge Surma Cement Limited</i> | | |
| In current accounts | 81,745 | 114,236 |
| In Short Term Deposit accounts | 61,354 | 54,286 |
| In Short Notice Deposit account | - | 67,219 |
| | 143,099 | 235,741 |
| <i>Cash at banks</i> | | |
| <i>Lafarge Umiam Mining Private Limited</i> | | |
| In current accounts | 6,662 | 5,115 |
| In Term Deposit accounts | 3,846 | 4,025 |
| | 10,508 | 9,140 |
| <i>Cash at banks</i> | | |
| <i>Lum Mawshun Minerals Private Limited</i> | | |
| In current account | 47 | 11 |
| In Security Deposit | 29 | 31 |
| | 76 | 42 |
| | 154,160 | 245,432 |

| | | 2012 | 2011 |
|-------------|---|-------------------|-------------------|
| | | Taka'000 | Taka'000 |
| 12 | Share Capital | | |
| 12.1 | Authorized capital | | |
| | Balance at 1 January | | |
| | 1,400,000,000 ordinary shares of Tk. 10 each | 14,000,000 | |
| | 70,000,000 ordinary shares of Tk. 100 each | - | 7,000,000 |
| | Increased during the year | - | 7,000,000 |
| | Balance at 31 December | | |
| | 1,400,000,000 ordinary shares of Tk. 10 each | 14,000,000 | 14,000,000 |

In the year 2011, authorized capital has been increased from BDT 7,000,000,000 to BDT 14,000,000,000. Further, steps have been taken to issue right shares of 58,068,675 ordinary shares of BDT 100 per share at par value amounting to BDT 5,806,867,500 offered on the basis of 1:1, for which approval of Securities and Exchange Commission (SEC) has been received on 08 September, 2011. Moreover, face value of each ordinary share has been denominated from BDT 100 to BDT 10 at 4 December 2011.

| | | | |
|-------------|---|-------------------|-------------------|
| 12.2 | Issued and subscribed capital | | |
| | 1,161,373,500 ordinary shares of Tk. 10 each | 11,613,735 | 11,613,735 |
| 12.3 | 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 right issue | 5,806,867 | 5,768,938 |
| | | 11,613,735 | 11,575,806 |

12.4 Composition of shareholders at 31 December

| Name of the shareholders | Nationality | Number of shares | | Holding % | |
|--------------------------------------|-------------------|------------------|---------------|-----------|--------|
| | | 2012 | 2011 | 2012 | 2011 |
| Surma Holding B.V | "The Netherlands" | 683,698,700 | 683,698,700 | 58.87 | 59.06 |
| International Finance Corporation | U. S. A. | 14,141,500 | 22,486,000 | 1.22 | 1.94 |
| Sinha Fashions Limited | Bangladesh | 35,100,000 | 35,100,000 | 3.02 | 3.03 |
| Islam Cement Limited | Bangladesh | 31,914,200 | 31,914,200 | 2.75 | 2.76 |
| Delta Life Insurance Company Ltd. | Bangladesh | 27,011,180 | 27,011,180 | 2.33 | 2.33 |
| Investment Corporation of Bangladesh | Bangladesh | 8,300,500 | 10,887,000 | 0.71 | 0.94 |
| Other Shareholders | Bangladesh & NRB | 361,207,420 | 346,483,490 | 31.10 | 29.94 |
| | | 1,161,373,500 | 1,157,580,570 | 100.00 | 100.00 |

12.5 Classification of shares by holding at 31 December

| Slabs by number of shares | Number of shares | | Holding % | |
|-----------------------------|------------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| Less than 500 Shares | 377 | 349 | 0.00 | 0.00 |
| 500 to 5,000 Shares | 16,926 | 14,520 | 2.69 | 2.44 |
| 5,001 to 10,000 Shares | 2,763 | 2,803 | 1.87 | 1.91 |
| 10,001 to 20,000 Shares | 1,775 | 1,679 | 2.31 | 2.26 |
| 20,001 to 30,000 Shares | 643 | 573 | 1.41 | 1.27 |
| 30,001 to 40,000 Shares | 338 | 306 | 1.04 | 0.95 |
| 40,001 to 50,000 Shares | 221 | 189 | 0.89 | 0.76 |
| 50,001 to 100,000 Shares | 480 | 488 | 3.05 | 3.08 |
| 100,001 to 1,000,000 Shares | 376 | 364 | 8.91 | 8.52 |
| Over 10,000,000 Shares | 52 | 48 | 77.83 | 78.81 |
| | 23,951 | 21,319 | 100.00 | 100.00 |

| | | 2012 | 2011 |
|-------------|--|-------------------------|--------------------|
| | | Taka'000 | Taka'000 |
| 12.6 | Retained Earnings | | |
| | Balance at 1 January | (5,343,728) | (3,156,087) |
| | Income/ (Loss) for the year | 1,853,471 | (2,187,641) |
| | Balance at 31 December | (3,490,257) | (5,343,728) |
| 12.7 | Other Components of Equity | | |
| | Cash flow hedge (Note- 12.8) | (11,894) | (15,137) |
| | Actuarial loss | - | (976) |
| | | (11,894) | (16,113) |
| 12.8 | Cash flow hedge instruments | | |
| | The effective portion of changes in the fair value of derivative instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the head. The loss relating to the ineffective portion is recognised immediately in income statement, and is included in the finance costs line item. | | |
| 12.9 | Share Money Deposits | | |
| | Deposited by underwriters | - | 37,929 |
| | During the year, the amount converted to the share capital after completing all legal formalities. | | |
| 13 | Non-Controlling Interests | | |
| | Retained earnings | (385) | (348) |
| | Share capital | 207 | 218 |
| | Share money deposits | 409 | 432 |
| | | 231 | 302 |
| 14 | Long Term Debt | | |
| | | Amount'000 | |
| | Currency | Foreign Currency | |
| 14.1 | Long portion | | |
| | <i>Name of lenders</i> | | |
| | International Finance Corporation | USD | - |
| | | | - |
| | | | 1,151,498 |
| | Asian Development Bank | USD | - |
| | | | - |
| | | | 467,686 |
| | Europeon Investment Bank | USD | - |
| | | | - |
| | | | 859,159 |
| | AB Bank Limited | BDT | - |
| | | | 8,356 |
| | | | 33,652 |
| | Citibank N.A.- Mumbai | USD | 5,400 |
| | | | 430,799 |
| | | | 639,001 |
| | Standard Chartered Bank - Mumbai | INR | 350,000 |
| | | | 509,740 |
| | | | 753,620 |
| | Total | | 948,895 |
| | | | 3,904,616 |
| 14.2 | Current portion | | |
| | <i>Name of lenders</i> | | |
| | International Finance Corporation | USD | 14,069 |
| | | | 1,122,375 |
| | | | 575,749 |
| | Asian Development Bank | USD | 5,714 |
| | | | 455,857 |
| | | | 935,371 |
| | Europeon Investment Bank | USD | 10,497 |
| | | | 837,430 |
| | | | 429,580 |
| | Deutsche Investitions und Entwicklungsgesellschaft mbH | EURO | - |
| | | | - |
| | | | 307,159 |
| | Standard Chartered Bank | BDT | - |
| | | | - |
| | | | 30,000 |
| | AB Bank Limited. | BDT | - |
| | | | 27,883 |
| | | | 24,952 |
| | Citibank N.A.- Mumbai | USD | 2,400 |
| | | | 191,467 |
| | | | 245,859 |
| | Standard Chartered Bank - Mumbai | INR | 140,000 |
| | | | 203,896 |
| | | | 215,230 |
| | Total | | 2,838,908 |
| | | | 2,763,900 |

Details of loan agreements

| Name of Lenders | Type | Amount | Tenure | Interest Rates |
|--|-----------|----------------|---------|--|
| International Finance Corporation (IFC) | | | | |
| Loan A | Term Loan | USD 35 million | 7 years | (i) LIBOR+3.075% till FSC* date (ii) after period(i) above LIBOR+3.45% till 60% repaid (iii) after period(ii) above LIBOR+3.20% on outstanding |
| *FSC: Financial Support Completion | | | | |
| Loan B | Term Loan | USD 15 million | 7 years | (i) LIBOR+2.95% till FSC date (ii) after period(i) above LIBOR+3.45% till 60% repaid (iii) after period (ii) above LIBOR+3.20% on outstanding |

The repayment of the loan has started from 15 January 2007 and will end on 15 July 2013

Asian Development Bank (ADB)

| | | | |
|-----------|----------------|---------|--|
| Term Loan | USD 40 million | 7 years | (i) LIBOR+3.03% till FSC date (ii) after period(i) above LIBOR+3.53% till 60% repaid (iii) after period(ii) above LIBOR+3.28% on outstanding |
|-----------|----------------|---------|--|

The repayment of the loan has started from 15 September 2006 and will end on 15 March 2013

European Investment Bank (EIB)

| | | | |
|-----------|----------------|---------|--------|
| Term Loan | USD 35 million | 7 years | 4.354% |
|-----------|----------------|---------|--------|

The repayment of the loan has started from 15 January 2007 and will end on 15 July 2013

AB Bank Limited

| | | | |
|-----------|-----------------|---------|--|
| Term Loan | USD 120 million | 6 years | |
|-----------|-----------------|---------|--|

The repayment of the loan has started from 31 December 2008 and will end on 2 April 2014

Citibank N. A. - Mumbai

| | | | |
|-----------|----------------|---------|--|
| Term Loan | USD 12 million | 5 years | |
|-----------|----------------|---------|--|

The repayment of the loan has started from 30 June 2011 and will end on 31 March 2016

Standard Chartered Bank - Mumbai

| | | | |
|-----------|-----------------|---------|--|
| Term Loan | INR 700 million | 5 years | |
|-----------|-----------------|---------|--|

The repayment of the loan has started from 5 September 2011 and will end on 30 May 2016.

Security:

Memorandum of Deposit of Title Deeds: Creating equitable mortgage over 191.67 acres of land situated at Sunamganj District and 1.75 acres of land situated at Narayanganj District owned by Lafarge Surma Cement Limited;
Deed of Hypothecation (on fixed and floating assets): Creating hypothecation over all tangible moveable assets of both Lafarge Surma Cement Limited and Lafarge Umiam Mining Private Limited;
Security agreement: Creating charge over the contracts;

Memorandum of deposit of shares: Creating equitable mortgage over the shares owned by the Lafarge Surma Cement Limited and its subsidiary company Lafarge Umiam Mining Private Limited;
Letter of Lien and Set off: Bank account under lien of Lafarge Surma Cement Limited and Lafarge Umiam Mining Private Limited;
and Composite Security Agreement: Creating security interests over the offshore bank accounts and offshore investments.

Debt covenant for dividend policy

IFC and ADB have laid down a condition for payment of dividend. The company should obtain their approval for declaration of dividend after the accumulated loss of the Company have been fully recovered. However, this clause will not apply after July 2013 when the loans relating to all the lenders would have been paid off.

| | 2012 | 2011 |
|--|--------------------|--------------------|
| | Taka'000 | Taka'000 |
| 15 Deferred Tax (Liabilities)/Assets | | |
| The tax effects of temporary differences that resulted in deferred tax assets and liabilities. | | |
| Deferred tax assets | | |
| Provision for gratuity | 36,517 | 23,746 |
| Provision for doubtful debts | 2,536 | 2,926 |
| Business loss | 2,676,458 | 3,262,454 |
| Cash flow hedge | 292 | 2,530 |
| | 2,715,803 | 3,291,656 |
| Deferred tax liabilities | | |
| Property, plant and equipment | (3,328,003) | (3,300,923) |
| | (3,328,003) | (3,300,923) |
| | (612,200) | (9,267) |
| 16 Employee Benefits | | |
| Gratuity scheme (Note- 16.1) | 104,015 | 68,094 |
| Stock Appreciation Rights (Note- 16.2) | 9,909 | 10,363 |
| | 113,924 | 78,457 |
| 16.1 Contribution to gratuity scheme | | |
| Balance at 1 January | 68,094 | 51,480 |
| Current service cost | 36,866 | 21,868 |
| Benefits paid during the year | (1,849) | (5,649) |
| Actuarial loss* | 904 | 395 |
| Balance at 31 December | 104,015 | 68,094 |
| *Actuarial loss is considered as per corridor method. | | |
| 16.2 Provision for stock appreciation rights (SAR) | | |
| LEA 2009 | | |
| Balance at 1 January | 9,291 | 4,618 |
| Current year addition | - | 4,673 |
| Cancellation | (3,902) | - |
| Balance at 31 December | 5,389 | 9,291 |
| LEA 2011 | | |
| Balance at 1 January | 1,072 | - |
| Current year addition | 3,448 | 1,072 |
| Balance at 31 December | 4,520 | 1,072 |
| | 9,909 | 10,363 |
| 16.3 Stock Appreciation Rights (SAR) | | |

These are the global programmes of Lafarge Group under which the employees of Lafarge Surma and its subsidiary (LUMPL) have subscribed for shares of Lafarge at the price ruling on the date of subscription after deduction of a discount on the shares. The employees have been given an interest free loan repayable over a 24 month period to finance the share subscription. At the end of a five period vesting period, the gain, if any, on sale of shares will be given to the employees. Provision made on the account relates to the amount of discount on subscription.

| | 2012 | 2011 |
|--|------------------|------------------|
| | Taka'000 | Taka'000 |
| 17 Derivative Instruments-Liabilities | | |
| 17.1 Derivative instruments- long term | - | 6,746 |
| The Company entered into Interest Rate Swap (IRS) contract with Standard Chartered Bank in order to manage the interest rate risk associated with the Loan from Asian Development Bank (ADB) due to change in variable interest rate (the base rate : 6 Months' LIBOR). The amount is the difference between market prices and prices the company would pay to settle the IRS contract at close of the period. | | |
| 17.2 Derivative instruments- Short term | 7,641 | 43,317 |
| 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 close of the period. | | |
| 18 Provisions | | |
| Site restoration provisions | | |
| Balance at 1 January | - | - |
| Current year addition | 23,125 | - |
| | 23,125 | - |
| The Company is legally 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). | | |
| 19 Trade Payables | | |
| Raw materials | 112,315 | 203,439 |
| Packing bags | 70,603 | 38,543 |
| Marketing expenses | 35,848 | 24,707 |
| Distribution cost | 114,654 | 129,501 |
| Computer expenses | 114,783 | 76,655 |
| Audit fee | 2,676 | 2,734 |
| Maintenance | 104,941 | 20,419 |
| Administrative office expenses | 60,277 | 71,356 |
| Royalty | 160,322 | 147,503 |
| Consultancy | 2,119 | 4,878 |
| Security | 16,151 | 19,246 |
| General assistance fee (Note- 19.1) | 304,884 | 225,236 |
| Trademark license fee (Note- 19.2) | 304,884 | 225,235 |
| Gas bill | 134,001 | 135,534 |
| Operation and maintenance bill-Power Plant | 18,292 | 17,734 |
| Discount on sales | 78,156 | 73,293 |
| Advances paid by customers | 64,224 | 137,971 |
| Self insurance (Note- 19.3) | 9,104 | 2,861 |
| Others | 237,286 | 231,494 |
| | 1,945,520 | 1,788,339 |

19.1 General assistance fee

The amount is payable to Lafarge S.A. and Cementos Molins for general assistance fee (1 percent of annual net turnover of the company in accordance with the General Assistance Agreement).

| | 2012 | 2011 |
|--|------------------|------------------|
| | Taka'000 | Taka'000 |
| 19.2 Trademark license fee | | |
| The amount is equally payable to Lafarge S.A. and Cementos Molins for trademark license fee (1 percent of annual net turnover of the company in accordance with the Trademark License Agreement). | | |
| 19.3 Self insurance | | |
| The Company provided the amount for covering future loss of product during transportation in lieu of the transport insurance. The objectives of this provision are i) recognition of the risks; ii) mitigate the higher insurance cost; iii) non availability of insurance cover for certain type of barges. | | |
| 20 Other Payables | | |
| Payables to supplier of property, plant & equipment | 108,428 | 107,771 |
| Accrued interest and commitment fees | 63,728 | 103,882 |
| Payable to employees | 211,033 | 52,137 |
| Income tax & VAT deducted at source | 90,406 | 84,231 |
| | 473,595 | 348,021 |
| 21 Short Term Debt | | |
| Bank overdraft facilities (Note- 21.1) | 171,439 | 220,401 |
| Short term credit facilities (Note-21.2) | 2,891,782 | 2,882,187 |
| | 3,063,221 | 3,102,588 |
| 21.1 Used bank overdrafts facilities | | |
| <i>Lafarge Surma Cement Limited</i> | | |
| Standard Chartered Bank | 52,850 | 156,849 |
| Trust Bank Limited | 4,634 | 165 |
| Citibank N.A. | 23,159 | 8,723 |
| | 80,643 | 165,737 |
| <i>Lafarge Umiam Mining Private Limited</i> | | |
| Standard Chartered Bank, Mumbai | 90,796 | 54,664 |
| | 90,796 | 54,664 |
| | 171,439 | 220,401 |
| 21.2 Used short term credit facilities | | |
| <i>Lafarge Surma Cement Limited</i> | | |
| Citibank N.A. | 808,353 | 999,639 |
| The Hongkong and Shanghai Banking Corporation Limited | 574,380 | 130,000 |
| Standard Chartered Bank | - | 438,532 |
| | 1,382,733 | 1,568,171 |
| <i>Lafarge Umiam Mining Private Limited</i> | | |
| Standard Chartered Bank, Mumbai | 414,426 | 445,554 |
| Citibank N.A.,Mumbai | 1,094,623 | 868,462 |
| | 1,509,049 | 1,314,016 |
| | 2,891,782 | 2,882,187 |
| 22 Current Tax Liabilities | | |
| Balance at 1 January | 62,147 | 1,251 |
| Provision for the year | 53,445 | 60,896 |
| | 115,592 | 62,147 |

23 Commitments and Contingencies

| | Less than 1 year | 1 to 5 years | More than 5 years | At Dec 31, 2012 | At Dec 31, 2011 |
|--|---------------------|--------------|----------------------|--------------------|--------------------|
| 23.1 Commitments | | | | | |
| Commitments given | | | | | |
| Commitments related to operating activities | | | | | |
| Purchase commitments | 637,700 | - | - | 637,700 | 491,006 |
| Capital expenditure commitments | 125,747 | - | - | 125,747 | 53,924 |
| Operating leases | 33,461 | 124,725 | - | 158,186 | 22,948 |
| Guarantees given | 308,276 | - | 11,021 | 319,297 | 317,541 |
| Commitments related to financing operations | | | | | |
| Assets pledged | 14,438,274 | - | - | 14,438,274 | 14,492,130 |
| Other commitments | 184,096 | 109,538 | - | 293,634 | 437,514 |
| Commitments received | | | | | |
| Guarantees received | 495,683 | 6,727 | - | 502,410 | 355,700 |
| 23.2 Contingent Liability and Claims | | | | | |
| <i>Lafarge Surma Cement Limited</i> | | | | | |
| Clinker production of the Company at the plant stopped from April 2010 due to the suspension of supply of limestone from the quarry and resumed in August 2011. During this period, the gas consumption from Jalalabad Gas Transmission and Distribution System Limited drastically reduced since there was no clinker production. Under the agreement with Jalalabad Gas, the Company needs to take a minimum quantity failing which it needs to pay as advance the shortfall between the minimum quantity and the actual quantity consumed. The Company raised a dispute with Jalalabad Gas that this is a force majeure event and hence, the Company is not liable to pay this advance but this was not accepted by them. Thereafter the matter has been referred to arbitration. The lawyers of the Company have given an opinion that there are merits in the case for the company to get a favourable decision from the arbitration. An amount of BDT 568 million was accumulated provision in this respect. | | | | 568,515 | 568,515 |
| Claim of VAT Authority for cancellation of VAT rebate relating to 2008-2009 & 2009-2010 for which Writ Petitions 6074/2011 & 6493/2012 respectively have been filed by the company before the Hon'ble High Court of Dhaka, the outcome of which are yet to be received. However, the Company is in the opinion that the claim by the VAT authority is unjustified and has no merit as well. | | | | 21,747 | - |
| Claim of VAT Authority for cancellation of VAT rebate relating to 2006-2008 for which a Writ Petition No. 6492/2012 has been filed and the Company has already received a favourable decision from VAT Appellate Tribunal but the VAT authority has preferred a writ petition before the Hon'ble High Court of Dhaka, and the matter is awaiting disposal. However, the Company expects a favourable decision since there is no strong ground in support of the claim raised by the VAT authority. | | | | 74,157 | - |
| 23.3 Claims | | | | | |
| a. Claims against the Company not acknowledged as debt | | | | Nil | Nil |
| b. Claims by the Company not acknowledged as receivable | | | | Nil | Nil |

| | 2012 | 2011 |
|--|-------------------|------------------|
| | Taka'000 | Taka'000 |
| 24 Revenue | | |
| Sale of gray cement* | 8,576,544 | 5,157,300 |
| Sale of cement clinker | 2,063,517 | 941,178 |
| | 10,640,061 | 6,098,478 |
| *Sale of gray cement | | |
| Local sales | 8,560,810 | 5,144,816 |
| Export | 15,734 | 12,484 |
| | 8,576,544 | 5,157,300 |
| 25 Cost of Sales | | |
| Opening finished goods and work in process (Note- 7) | 505,093 | 166,898 |
| Raw materials consumed (Note- 25.1) | 2,638,477 | 3,341,441 |
| Power and fuel consumed | 909,559 | 467,142 |
| Production and maintenance overhead (Note- 25.2) | 1,240,498 | 944,919 |
| General and social expenses (Note- 25.3) | 488,739 | 421,382 |
| Distribution cost to customers | 275,296 | 264,193 |
| Internal distribution cost | 638,930 | 437,260 |
| Site restoration costs | 23,033 | - |
| Closing finished goods and work in process (Note- 7) | (268,683) | (505,093) |
| | 6,450,942 | 5,538,142 |
| 25.1 Raw materials consumed | | |
| Limestone | 1,346,185 | 820,677 |
| Shale | - | 7,887 |
| Clay | 85,508 | 26,864 |
| Gypsum | 221,834 | 123,250 |
| Iron Ore | 116,259 | 42,426 |
| Sand | 14,184 | 3,903 |
| Slag | 220,470 | 46,527 |
| Packing Bag | 464,324 | 279,745 |
| Purchase Clinker | - | 1,925,346 |
| Others | 169,713 | 64,816 |
| | 2,638,477 | 3,341,441 |
| 25.2 Production and maintenance overhead | | |
| Salary, allowances and benefits | 224,857 | 158,305 |
| Contributions to employees' benefit schemes | 20,044 | 13,917 |
| Maintenance | 107,404 | 49,612 |
| Other supplies and spares | 187,475 | 98,625 |
| Material handling | 95,636 | 51,922 |
| Other expenses | 2,679 | 1,766 |
| Technical studies | 4,881 | 7,646 |
| Depreciation | 546,207 | 539,944 |
| Amortization of intangible assets | 51,315 | 23,182 |
| | 1,240,498 | 944,919 |

| | 2012 | 2011 |
|---|----------------|----------------|
| | Taka'000 | Taka'000 |
| 25.3 General and social expenses | | |
| Salary, allowances and benefits | 91,252 | 67,454 |
| Contributions to employees' benefit schemes | 4,891 | 3,688 |
| Staff welfare expenses | 16,044 | 16,497 |
| Training, seminars and meeting | 2,511 | 2,695 |
| Travelling | 24,628 | 38,168 |
| Rent | 3,885 | 3,152 |
| Gas, electricity and water | 7,729 | 5,144 |
| Telephone, fax and postage | 3,308 | 3,225 |
| Entertainment | 1,090 | 581 |
| Office maintenance | 43,426 | 30,615 |
| Security services | 84,414 | 80,312 |
| Printing and stationery | 1,227 | 1,522 |
| Computer expenses | 19,416 | 23,031 |
| Other supplies and spares | 11,360 | 5,452 |
| Other office expenses | 36,453 | 16,687 |
| Registration and other fees | 465 | 3,821 |
| Legal expenses | 6,325 | 7,508 |
| Audit and tax advisory fees (Note- 27) | 1,886 | 1,803 |
| Consultancy | 15,275 | 6,220 |
| Vehicles running expenses | 17,560 | 15,743 |
| Corporate social activities | 23,325 | 20,596 |
| Insurance | 72,269 | 67,468 |
| | 488,739 | 421,382 |
| 26 General and Administrative Expenses | | |
| Salary, allowances and benefits | 158,198 | 114,672 |
| Contributions to retirement benefit scheme | 16,092 | 11,334 |
| Staff welfare expenses | 2,436 | 1,485 |
| Training, seminars and meeting | 19,411 | 25,503 |
| Travelling | 10,173 | 12,712 |
| Rent | 27,147 | 22,948 |
| Gas, electricity and water | 2,125 | 1,483 |
| Telephone, fax and postage | 3,808 | 3,971 |
| Entertainment | 2,837 | 2,537 |
| Office maintenance | 6,343 | 5,082 |
| Office security services | 3,035 | 1,227 |
| Printing and stationery | 1,547 | 1,109 |
| Computer expenses | 29,986 | 27,109 |
| Other office expenses | 11,031 | 1,293 |
| Registration and other fees | 1,088 | 1,023 |
| Audit and tax advisory fees (Note- 27) | 1,551 | 1,288 |
| Legal expenses | 1,600 | 2,542 |
| Vehicles running expenses | 16,435 | 13,484 |
| Publicity and public relation | 13,342 | 13,594 |
| General assistance fee | 103,648 | 39,087 |

| | 2012 | 2011 |
|--|----------------|----------------|
| | Taka'000 | Taka'000 |
| Trademark license fee | 103,647 | 39,086 |
| Insurance | 2,410 | 2,049 |
| General survey and studies | 2,089 | 1,804 |
| Administrative depreciation | 24,414 | 25,223 |
| Amortization of intangible assets | 1,783 | 3,057 |
| Contribution to Workers' Profit Participation and welfare Fund | 112,589 | - |
| | 678,765 | 374,702 |
| 27 Audit and Tax Advisory Fees | | |
| Statutory audit fee | 200 | 200 |
| Group audit fee | 510 | 510 |
| Certification fees | 50 | 50 |
| Annual consolidation audit | 200 | 200 |
| Pocket expenses | 32 | 30 |
| Tax and VAT advisory services | 559 | 298 |
| Total for Lafarge Surma Cement Limited (Note- 26) | 1,551 | 1,288 |
| Statutory audit fee | 1,294 | 878 |
| Tax advisory services | 483 | 762 |
| Total for Lafarge Umiam Mining Private Limited (Note- 25.3) | 1,777 | 1,640 |
| Statutory audit fee | 57 | 105 |
| Tax advisory services | 52 | 58 |
| Total for Lum Mawshun Minerals Private Limited (Note- 25.3) | 109 | 163 |
| | 3,437 | 3,091 |
| 28 Sales and Marketing Expenses | | |
| Salary, allowances and benefits | 58,022 | 37,468 |
| Contributions to retirement benefit scheme | 5,274 | 3,456 |
| Training, seminars and meeting | 2,997 | 1,139 |
| Travelling | 6,790 | 4,204 |
| Gas, electricity and water | 131 | 85 |
| Telephone, fax and postage | 1,146 | 970 |
| Entertainment | 79 | 77 |
| Office maintenance | 503 | 403 |
| Printing and stationery | 1,066 | 814 |
| Other office expenses | 162 | 592 |
| Registration and other fees | 1,630 | 1,931 |
| Vehicles running expenses | 5,469 | 5,300 |
| Advertisement and promotion | 68,884 | 10,123 |
| Insurance | 211 | 205 |
| Bad debts | 107 | - |
| Provision for trade receivables | 100 | 1,141 |
| General survey and studies | 713 | 432 |
| | 153,284 | 68,340 |

| | 2012 | 2011 |
|---|---|--------------------|
| | Taka'000 | Taka'000 |
| 29 Other Operating (expenses)/Income | | |
| Loss on sale of property, plant and equipment | (31,210) | (62,421) |
| Sale of miscellaneous scrap items | 3,044 | 1,025 |
| Cancellation of provisions | 7,138 | 43,442 |
| Compensation to mining contractor & others | - | (178,770) |
| Insurance claim received | - | 220 |
| Reversal of non-operating receivable (Note- 29.1) | - | 286,094 |
| Others | 46 | - |
| | (20,982) | 89,590 |
| 29.1 | Reversal made in the year 2011 for loss on adjustable minimum payment against gas contract with the Jalalabad Gas Transmission and Distribution System Limited. The amount has been shown as contingent liability since the likelihood of payment is low. | |
| 30 Finance Costs and Income | | |
| Interest on long term debt | 301,180 | 371,380 |
| Interest on short term debt | 234,583 | 862,611 |
| Fees for long term debt | 21,561 | 42,669 |
| Exchange loss | 203,354 | 1,173,072 |
| Other finance costs | 53,175 | 31,672 |
| Bank charges and commission | 15,425 | 13,960 |
| Finance costs | 829,278 | 2,495,364 |
| Interest Income on Bank Deposits: | | |
| Lafarge Surma Cement Limited | 391 | 149 |
| Lafarge Umiam Mining Private Limited | 373 | 347 |
| Finance income | 764 | 496 |
| Net finance costs | 828,514 | 2,494,868 |
| 31 Income Tax | | |
| Current income tax expenses | 53,445 | 60,896 |
| Deferred income tax | 600,695 | (161,196) |
| | 654,140 | (100,300) |
| 32 Earnings Per Share | | |
| The computation of basic earnings per share for the years ended 2012 and 2011 are as follows: | | |
| NUMERATOR (Thousand Taka) | | |
| INCOME/ (LOSS) FOR THE YEAR- ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY | 1,853,471 | (2,187,641) |
| DENOMINATOR (Thousand Shares) | | |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING | 1,161,374 | 1,161,374 |
| BASIC EARNINGS PER SHARE | Taka 1.60 | (1.88) |
| DILUTED EARNINGS PER SHARE | Taka 1.60 | (1.88) |
| 33 Related Party Transactions (Amount in Taka '000) | | |
| During the year, the company 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 BAS 24. | | |

| Name of the Party and relationship | Nature of transaction | Transaction value during the Year | Receivable/ (Payable) amount '000 at 31 Dec 2012 " |
|---|--|-----------------------------------|--|
| Lafarge Asia SDN BHD-Group Company | Intercompany services/Technical assistance | 22,380 | (106,120) |
| Lafarge Halla Cement Limited-Group Company | Intercompany services | 5,025 | (1,238) |
| Lafarge Cement UK-Group Company | Intercompany services | 7,743 | (33,423) |
| Lafarge S.A.-Group Company | Technical assistance/Trademark license | 135,122 | (483,281) |
| Cementia Asia SDN BHD-Group Company | Travel expenses | 571 | (25,636) |
| Cementos Molins-Group Company | Trademark license/Travel expenses | 89,985 | (282,201) |
| Eastern Housing Ltd.-Shareholder | Cement sales | 27,634 | 1,771 |
| Sinha Textile Ltd.-Shareholder | Cement sales | 1,613 | 110 |
| Aftab Bahumukhi Farms Ltd- Shareholder | Cement sales | 11,448 | 698 |
| Bengal Development Corporation- Shareholder | Cement sales | 15,610 | (15,610) |

There is no transactions during the year with Surma Holdings BV (the major shareholder of the Company).

| | 2012 | 2011 |
|---|----------------|----------------|
| | Taka'000 | Taka'000 |
| 34 Directors' Managers' and Officers' Remuneration | | |
| Salary, allowances and benefits | 192,640 | 155,943 |
| Contributions to employees' benefit scheme | 17,546 | 10,004 |
| Reimbursable expenses | 9,213 | 7,935 |
| | <u>219,399</u> | <u>173,882</u> |

During the year, the Board of Directors of the Company did not receive any remuneration on fees for service rendered by them.

35 Financial Instruments

35.1 Credit risk

Credit risk represents the financial loss to the Company if a customer or counterparty to a financial instrument fail to meet its contractual obligations. It mainly comprises of trade receivables, advances to suppliers, trade deposits and bank balances. The Company's maximum exposure to credit risk at the reporting date is trade receivable. To mitigate the credit risk against trade receivable, the Company has a system of specific credit line period to the customer. This outstanding period and amount are regularly monitored. The Company has obtained Bank Guarantees from all trade customers. A large part of non trade customers are also covered by Bank Guarantees.

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

| | | |
|--|------------------|------------------|
| Trade receivables (Note- 8) | 711,629 | 533,487 |
| Other receivables excluding prepaid expenses (Note- 9) | 1,333,762 | 1,036,098 |
| | <u>1,744,210</u> | <u>1,284,929</u> |

35.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient resources and arrangement of credit lines with the various banks for managing its liquidity risk.

Contractual maturity analysis for financial liabilities of the Company at reporting date are as follows:

| | Carrying amount Taka'000 | 6 months or less Taka'000 | From 6 to 12 months Taka'000 | From 1 to 5 years Taka'000 |
|------------------------------------|--------------------------|---------------------------|------------------------------|----------------------------|
| Long-term debt | 948,895 | - | - | 948,895 |
| Trade payables | 1,945,520 | 1,323,972 | 621,548 | - |
| Other payables | 473,595 | 365,167 | 108,428 | - |
| Current portion of long term debt | 2,838,908 | 1,646,848 | 1,192,060 | - |
| Short-term debt | 3,063,221 | 3,063,221 | - | - |
| Derivative instruments | 7,641 | 780 | 6,861 | - |
| Balance at 31 December 2012 | 9,277,780 | 6,399,988 | 1,928,897 | 948,895 |

| | Carrying amount Taka'000 | 6 months or less Taka'000 | From 6 to 12 months Taka'000 | From 1 to 5 years Taka'000 |
|------------------------------------|-----------------------------|---------------------------------|------------------------------------|----------------------------------|
| Long-term debt | 3,904,616 | - | - | 3,904,616 |
| Trade payables | 1,788,339 | 1,332,273 | 456,066 | - |
| Other payables | 348,021 | 240,250 | 107,771 | - |
| Current portion of long term debt | 2,763,900 | 1,072,023 | 1,691,877 | - |
| Short-term debt | 3,102,588 | 3,102,588 | - | - |
| Derivative instruments | 50,063 | - | 43,317 | 6,746 |
| Balance at 31 December 2011 | 11,957,527 | 5,747,134 | 2,299,031 | 3,911,362 |

35.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and other price risks. The objective of market risk management is to manage and control market risk exposures within an acceptable range. The Company uses derivative instruments to hedge exposure to exchange rate and interest rate risks.

a) Foreign currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk on its certain short & long term debts and purchases that are denominated in foreign currencies. Majority of the Company's foreign currency transactions are denominated in INR, USD, EURO, and GBP. The Company also has exposure in foreign currencies relating to some services.

The Company, as part of its currency risk management enters into forward contracts with the commercial banks to ensure its net exposure is kept to an acceptable low level.

Exposure to currency risk of the Company at reporting date are as follows:

| Balance at 31 December 2012 | BDT'000 | INR'000 | USD'000 | EUR'000 | GBP'000 |
|---|------------------|------------------|---------------|--------------|------------|
| Foreign currency denominated assets | | | | | |
| Cash and cash equivalents | 11,001 | 7,317 | 3 | 1 | - |
| Other receivables | 233,041 | 160,012 | - | - | - |
| Total | 244,042 | 167,329 | 3 | 1 | - |
| Foreign currency denominated liabilities | | | | | |
| Long-term debt | 940,525 | 350,000 | 5,400 | - | - |
| Trade payables | 496,544 | 250,169 | 1,330 | 248 | - |
| Other payables | 253,052 | 44,721 | 404 | 1,162 | 258 |
| Current portion of long term debt | 2,810,943 | 140,000 | 32,680 | - | - |
| Short-term debt | 2,832,573 | 397,343 | 28,253 | - | - |
| Total | 7,333,637 | 1,182,233 | 68,067 | 1,410 | 258 |
| Balance at 31 December 2011 | | | | | |
| Foreign currency denominated assets | | | | | |
| Cash and cash equivalents | 9,410 | 5,943 | 2 | 1 | - |
| Other receivables | 265,856 | 172,858 | - | - | - |
| Total | 275,266 | 178,801 | 2 | 1 | - |
| Foreign currency denominated liabilities | | | | | |
| Long-term debt | 3,870,278 | 490,000 | 38,080 | - | - |
| Trade payables | 501,837 | 235,440 | 1,398 | 239 | - |
| Other payables | 246,333 | 28,650 | 414 | 1,344 | 206 |
| Current portion of long term debt | 2,708,765 | 140,000 | 26,713 | 2,900 | - |
| Short-term debt | 2,505,696 | 125,542 | 28,256 | - | - |
| Total | 9,832,909 | 1,019,632 | 94,861 | 4,483 | 206 |

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 currency 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 our 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/(decreased) equity and income or loss of the Company by the amounts shown below.

| <i>Particulars</i> | 2012 | 2011 |
|--------------------------------------|--|--|
| | Estimated impact on profit/loss and equity (+/-) Taka'000 | Estimated impact on profit/loss and equity (+/-) Taka'000 |
| Assets denominated in INR | 1,218 | 1,375 |
| Debt denominated in USD | 26,459 | 38,078 |
| Debt denominated in EUR | - | 1,536 |
| Debt denominated in INR | 6,462 | 5,810 |
| Other liabilities denominated in USD | 692 | 742 |
| Other liabilities denominated in EUR | 742 | 838 |
| Other liabilities denominated in GBP | 167 | 130 |
| Other liabilities denominated in INR | 2,147 | 2,031 |

b) Interest rate risk

The risk 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 long term debts with the foreign lenders. The Company entered into Interest Rate Swap (IRS) contract with Standard Chartered Bank in order to manage the interest rate risk associated with the Loan from Asian Development Bank (ADB) due to change in variable interest rate (the base rate : 6 Months' LIBOR).

Interest rate sensitivity

A +/- 1% change in short-term interest rates calculated on the net floating rate debt, taking into account derivative instruments would have a maximum impact on the Company's 2012 income before tax of +/- Taka 35,500 (Taka 20,757 for 2011) in thousand.

Interest bearing financial instruments of the Company at reporting date are as follows:

| | 2012 | 2011 |
|--|------------------|------------------|
| | Taka'000 | Taka'000 |
| Financial liabilities | | |
| Debt* | | |
| Floating-rate portion | 2,640,620 | 4,449,340 |
| Fixed-rate portion | 1,147,183 | 2,219,176 |
| Short-term bank borrowings | 3,063,221 | 3,102,588 |
| | <u>6,851,024</u> | <u>9,771,104</u> |
| * Including the current-portion of long-term debt. | | |
| Interest rate hedging activity | | |
| Debt | 3,787,803 | 6,668,516 |
| Net position before hedging | 3,787,803 | 6,668,516 |
| Hedging instruments | 273,514 | 841,834 |
| Net position after hedging | 3,514,289 | 5,826,682 |

c) Other price risk

The risk 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.

35.4 Fair values

The following details the cost and fair values of financial instruments:

FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION

| At 31 December Thousand Taka | 2012 | | 2011 | |
|---|-----------------|------------|-----------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| ASSETS | | | | |
| Loans and Receivables at amortized costs | | | | |
| Trade receivables | 711,629 | 711,629 | 533,487 | 533,487 |
| Other receivables | 1,442,056 | 1,442,056 | 1,078,870 | 1,078,870 |
| Cash and cash equivalents | 154,160 | 154,160 | 245,432 | 245,432 |
| Derivative instruments | - | - | 19,855 | 19,855 |
| LIABILITIES | | | | |
| Financial liabilities at amortized cost | | | | |
| Long term debt (including current portion) | 3,787,803 | 3,787,803 | 6,668,516 | 6,668,516 |
| Trade payables | 1,945,520 | 1,945,520 | 1,788,339 | 1,788,339 |
| Other payables | 473,595 | 473,595 | 348,021 | 348,021 |
| Short-term debt | 3,063,221 | 3,063,221 | 3,102,588 | 3,102,588 |
| Derivative instruments | 7,641 | 7,641 | 50,063 | 50,063 |

36 Number of Employees

Lafarge Surma Cement Limited

Nationality:

Bangladeshi

Non-Bangladeshi

Lafarge Umiam Mining Private limited

Nationality:

Indian

Non-Indian

Salary range:

Monthly Taka 3,000 or above

Monthly below Taka 3,000

| | 2012 | 2011 |
|--|------------|------------|
| | | |
| | 356 | 347 |
| | 4 | 6 |
| | | |
| | 113 | 107 |
| | 1 | 1 |
| | 474 | 461 |
| | | |
| | 474 | 461 |
| | Nil | Nil |

37 Subsequent Events

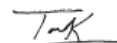
Lafarge Surma and Madina Cement Industries ("Madina") have entered into an outsourced Toll Grinding Agreement (the "Agreement") on March 10, 2013. The Agreement is for three years with provisions for further extension by mutual agreement. Under the agreement Madina will produce Portland Composite Cement (PCC) for Lafarge Surma. Lafarge Surma shall supply clinker to Madina and Madina shall supply other raw materials to manufacture the bagged PCC cement strictly in accordance with Lafarge Surma's specification and quality standard. Madina shall sell the bagged cement, produced under the Agreement, exclusively to Lafarge Surma shall market and distribute the cement under the brand name "POWERCRETE".



Company Secretary



Director



Chief Executive Officer



AUDITED FINANCIAL STATEMENTS OF LAFARGE SURMA CEMENT LTD.

For the year ended 31 December 2012





INDEPENDENT AUDITORS' REPORT

to the Shareholders of LAFARGE SURMA CEMENT LIMITED

Nurul Faruk Hasan & Co.

Chartered Accountants

JHK Windcel, Level 4, KA-90 Pragoti Saroni, Dhaka-1229, Bangladesh

Phone: +880 - 2 - 841 2989, 841 0956 Fax: +880 - 2 - 841 7979

E-mail: nufhas@bcs-bd.com Website: www.nufhas-bd.com

Correspondent Firm of **RSM International** network

Report on the Financial Statements

We have audited the accompanying Financial Statements of Lafarge Surma Cement Limited, which comprise the statement of financial position as at 31 December 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of Lafarge Surma Cement Limited as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Accounting Standards/Bangladesh Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the applicable sections of the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

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

Dhaka
25 March 2013

(Nurul Faruk Hasan & Co.)

Chartered Accountants

LAFARGE SURMA CEMENT LIMITED

Statement of Financial Position

at 31 December 2012

| | NOTES | 2012 | 2011 |
|-------------------------------------|-------|-------------------|-------------------|
| | | Taka '000 | Taka '000 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 11,791,028 | 12,176,273 |
| Intangible assets | 7 | 13,239 | 4,513 |
| Investment in subsidiaries | 8 | 599,651 | 633,249 |
| Loan to subsidiary company | 9 | 1,105,620 | 1,335,097 |
| | | 13,509,538 | 14,149,132 |
| CURRENT ASSETS | | | |
| Inventories | 10 | 1,670,233 | 1,437,685 |
| Trade receivables | 11 | 711,629 | 533,487 |
| Other receivables | 12 | 1,143,791 | 812,682 |
| Accrued interest | 9 | 294,902 | 346,082 |
| Derivative instruments | 13 | - | 19,855 |
| Cash and cash equivalents | 14 | 143,503 | 236,064 |
| | | 3,964,058 | 3,385,855 |
| TOTAL ASSETS | | 17,473,596 | 17,534,987 |
| EQUITY & LIABILITIES | | | |
| Share capital | 15 | 11,613,735 | 11,575,806 |
| Retained earnings | 15.6 | (1,224,788) | (2,709,843) |
| Other component of equity | 15.7 | 79,271 | 109,140 |
| Share money deposits | 15.8 | - | 37,929 |
| | | 10,468,218 | 9,013,032 |
| NON-CURRENT LIABILITIES | | | |
| Long-term debt | 16.1 | 8,356 | 2,511,995 |
| Deferred tax liabilities | 17 | 612,200 | 9,267 |
| Employee benefits | 18 | 105,707 | 72,898 |
| Derivative instruments | 19.1 | - | 6,746 |
| | | 726,263 | 2,600,906 |
| CURRENT LIABILITIES | | | |
| Trade payables | 20 | 1,822,643 | 1,494,847 |
| Other payables | 21 | 433,179 | 298,572 |
| Derivative instruments | 19.2 | 780 | 28,764 |
| Current portion of long term debt | 16.2 | 2,443,545 | 2,302,811 |
| Short-term debt | 22 | 1,463,376 | 1,733,908 |
| Current tax liabilities | 23 | 115,592 | 62,147 |
| | | 6,279,115 | 5,921,049 |
| TOTAL EQUITY AND LIABILITIES | | 17,473,596 | 17,534,987 |

The accompanying Notes 1 to 42 form an integral part of these financial statements.


Company Secretary


Director


Chief Executive Officer

As per our annexed report of same date.

Dhaka,
25 March 2013


(Nurul Faruk Hasan & Co.)
Chartered Accountants

LAFARGE SURMA CEMENT LIMITED

Income Statement

for the year ended 31 December 2012

| | NOTES | 2012 | 2011 |
|-------------------------------------|-------|------------------|--------------------|
| | | Taka '000 | Taka '000 |
| REVENUE | 25 | 10,640,061 | 6,098,478 |
| Cost of sales | 26 | (7,192,929) | (5,578,134) |
| GROSS PROFIT | | 3,447,132 | 520,344 |
| General and administrative expenses | 27 | (678,765) | (374,702) |
| Sales and marketing expenses | 28 | (153,284) | (68,340) |
| Other operating (expenses)/income | 29 | (20,879) | 322,634 |
| OPERATING INCOME | | 2,594,204 | 399,936 |
| Finance cost | 30 | (500,867) | (1,691,307) |
| Finance income | 30 | 45,858 | 41,023 |
| INCOME/(LOSS) BEFORE TAX | | 2,139,195 | (1,250,348) |
| Income tax | 31 | (654,140) | 100,300 |
| INCOME/(LOSS) FOR THE YEAR | | 1,485,055 | (1,150,048) |
| Basic earnings per share (Taka) | 32 | 1.28 | (0.99) |
| Diluted earnings per share (Taka) | 32 | 1.28 | (0.99) |

The accompanying Notes 1 to 42 form an integral part of these financial statements.


Company Secretary


Director


Chief Executive Officer

As per our annexed report of same date.


(Nurul Faruk Hasan & Co.)
Chartered Accountants

Dhaka,
25 March 2013

LAFARGE SURMA CEMENT LIMITED

Statement of Comprehensive Income for the year ended 31 December 2012

| | 2012 | 2011 |
|--|------------------|--------------------|
| | Taka '000 | Taka '000 |
| INCOME/(LOSS) FOR THE YEAR | 1,485,055 | (1,150,048) |
| Items that may be reclassified subsequently to profit or loss | | |
| Cash flow hedge instruments | 3,729 | 13,813 |
| Exchange differences on translating foreign operation | (33,598) | 113,356 |
| OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR | (29,869) | 127,169 |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR | 1,455,186 | (1,022,879) |

The accompanying Notes 1 to 42 form an integral part of these financial statements.


Company Secretary


Director


Chief Executive Officer

As per our annexed report of same date.

Dhaka,
25 March 2013


(Nurul Faruk Hasan & Co.)
Chartered Accountants

LAFARGE SURMA CEMENT LIMITED

Statement of Changes in Equity for the year ended 31 December 2012

(All figures are in Tk. '000)

| | Share capital | Retained earnings | Other components of equity | Share money deposits | Total equity |
|--|-------------------|--------------------|----------------------------|----------------------|-------------------|
| Balance at 1 January 2011 | 5,806,868 | (1,559,795) | (18,029) | - | 4,229,044 |
| Total comprehensive loss for the year | | (1,150,048) | 13,813 | - | (1,136,235) |
| Issuance of right shares | 5,768,938 | - | - | - | 5,768,938 |
| Deposited by underwriters | - | - | - | 37,929 | 37,929 |
| Balance at 31 December 2011 | 11,575,806 | (2,709,843) | (4,216) | 37,929 | 8,899,676 |
| Restatement of prior year balance | - | - | 113,356 | - | 113,356 |
| Restated balance at 31 December 2011 | 11,575,806 | (2,709,843) | 109,140 | 37,929 | 9,013,032 |
| Total comprehensive (loss)/income for the year | - | 1,485,055 | (29,869) | - | 1,455,186 |
| Issuance of right shares | 37,929 | - | - | (37,929) | - |
| Balance at 31 December 2012 | 11,613,735 | (1,224,788) | 79,271 | - | 10,468,218 |


Company Secretary


Director


Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED

Statement of Cash Flows

for the year ended 31 December 2012

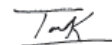
| | 2012 | 2011 |
|---|--------------------|------------------|
| | Taka '000 | Taka '000 |
| Cash Flows From Operating Activities | | |
| Cash receipts from customers | 10,388,157 | 5,756,821 |
| Cash paid to suppliers and employees | (7,257,543) | (5,726,643) |
| Cash generated by operations | 3,130,614 | 30,178 |
| Income taxes paid | (225,600) | (155,879) |
| Other receipts | 3,044 | 1,025 |
| Net cash generated/used in operating activities | 2,908,058 | (124,676) |
| Cash Flows From Investing Activities | | |
| Payments for property, plant and equipment | (133,688) | (37,925) |
| Payments for intangible assets | (10,509) | (631) |
| Proceeds from sale of property, plant and equipment | 667 | 251 |
| Received against loan to subsidiary company | 197,177 | - |
| Interest received from subsidiary company | 84,962 | - |
| Net cash generated/used in investing activities | 138,609 | (38,305) |
| Cash Flows From Financing Activities | | |
| Repayment of long term debt | (2,433,427) | (611,709) |
| Decrease in short term debt | (245,641) | (3,909,757) |
| Payment for right issue costs | (26,204) | (9,412) |
| Proceeds from issue of right shares | - | 5,768,938 |
| Payment of interest | (433,956) | (1,002,263) |
| Net cash used/generated by financing activities | (3,139,228) | 235,797 |
| Net (decrease)/increase in cash and cash equivalents | (92,561) | 72,816 |
| Cash and Cash Equivalents at Beginning of the Year | 236,064 | 163,248 |
| Cash and Cash Equivalents at End of the Year | 143,503 | 236,064 |



Company Secretary



Director



Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED

Notes to the Financial Statements

for the year ended 31 December 2012

1 Background and Introduction

Formation and legal status

Lafarge Surma Cement Limited (LSCL) - (hereinafter referred to as "Lafarge Surma or 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. 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.

2 Nature of Business

The Company has established the country's only modern, integrated and state-of-the art cement manufacturing plant at Chhatak under Sunamganj district. The company extracts and processes the basic raw materials limestone from its own quarry in Meghalaya. A 17-kilo metre cross-border belt conveyor links the quarry with the cement plant for transportation of raw materials.

The company is engaged in manufacturing and marketing of cement and clinker in the local market.

3 Summary of Significant Accounting Policies

3.1 Basis of preparation

These financial statements have been prepared in line with Lafarge group accounting policies following Generally Accepted Accounting Principles (GAAP) after due compliance with the Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. More specifically, the consolidated financial statements of the Company have been prepared in accordance with the provisions of Bangladesh Accounting Standard 27: "Consolidated and Separate Financial Statements".

The financial statements have been prepared under the historical cost convention, except for the following:

- i) derivative financial instruments measured at fair value;
- ii) financial instruments at fair value through profit and loss measured at fair value.

3.2 Use of Estimates and Judgments

i) Estimates

The preparation of financial statements in conformity of BFRS recognition and measurement of principles 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, 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 financial statements include assumptions used for depreciation, deferred taxes and provisions for employees benefits.

ii) Judgments

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

3.3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka which is functional and presentation currency of the company. Figures have been rounded off to the nearest thousand Taka, unless stated otherwise.

3.4 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 capitalised.

iii) Capitalisation of strategic spare parts

Pursuant to the Lafarge group policy strategic spare parts over EURO 30 K for individual item having more than 1 year life time are required to be capitalised.

iv) Construction in progress

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

v) Depreciation of property, plant and equipment

Straight line depreciation method is followed and depreciation has been charged on all assets acquired that are put on use except land. Full month's depreciation is charged for the month of acquisition and no depreciation is charged for the month of disposal. The rates of depreciation and category of property, plant and equipment (PP&E) are as follows:

| Category of PP&E | Rate % |
|-----------------------|---------|
| Leasehold improvement | 20 |
| Building | 2 |
| Plant building | 2.5 |
| Technical facilities | 3.33 |
| Plant & machinery | 3.33 |
| Other plant equipment | 10 |
| Vehicles | 20 |
| Computer equipment | 33.33 |
| Office equipment | 20 & 50 |
| Furniture & fixtures | 10 |

3.5 Intangible assets

i) Software

Software costs are capitalized where it is expected to provide future enduring 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) Construction in progress

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

iii) Amortization of intangible assets

Software

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

3.6 Inventories

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

3.7 Financial instruments

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

i) Non-derivative financial assets

Non-derivative financial assets consist of trade receivable, other receivable (except prepayments), cash and cash equivalents that are available for use by the Company without any restriction. All non-derivative financial assets are accounted for at trade date. The carrying amount of all non-derivative financial assets are reviewed for impairment on an annual basis to assess if there is any indication that the asset may be impaired. The Company derecognises a non-derivative financial asset when no further cash flow is expected to flow to the Company from the asset and if substantially all risks and rewards attached to the asset has been transferred.

a) Trade receivables

Trade receivables represent the amounts due from customers for delivering goods. Trade and other receivables are initially measured at cost which is the fair value of the consideration given in return. After initial measurement these are carried at cost less impairment losses due to uncollectibility of any amount so measured. Impairment loss is recognized in the income statement.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank.

ii) Non-derivative financial liabilities

Non-derivative financial liabilities consist of trade payables, other payables, short term debt and long term debts. The Company initially accounted for all non-derivative financial liabilities on the transaction date. The Company derecognises a non-derivative financial liabilities when its contractual obligations are discharged or cancelled or expired.

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.

The Company entered into a interest rate swaps to manage its interest rate exposure.

Pursuant to the guidance in BAS 39 and BAS 32, the Company records in the statement of financial position derivative instruments at their fair value. 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 BAS 39.

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

3.8 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 the Bangladesh Bank (Central bank). The resultant gain and loss has been reflected in the financial statements. These rates are as follows:

| Currencies | 2012 | | 2011 | |
|------------|--------------|--------------|--------------|--------------|
| | Closing rate | Average rate | Closing rate | Average rate |
| BDT/USD | 79.7750 | 81.8250 | 81.8450 | 74.1152 |
| BDT/EUR | 105.2312 | 105.2599 | 105.9034 | 103.1581 |
| BDT/GBP | 129.5028 | 129.7182 | 126.4629 | 118.8495 |
| BDT/INR | 1.4564 | 1.5345 | 1.5380 | 1.5918 |

3.9 Employees' benefit schemes

i) Gratuity scheme

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.

ii) Provident fund

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

iii) Workers' profit participation and welfare fund

The Company recognizes a provision for Workers' Profit Participation and Welfare funds @ 5% of income before tax before charging such expenses as per Labour Act, 2006.

3.10 Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

Current tax

"Current tax is computed @ 0.50% of the amount representing company's gross receipts of income from all sources as per income tax Ordinance 1984."

Deferred tax

Deferred income tax is provided in full, using liability 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 BAS 12. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax liabilities are recognised for all temporary taxable differences.

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

3.11 Revenue recognition

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

3.12 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

3.13 Materiality and aggregation

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

3.14 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.

4 Financial Risk Management Policies

The management of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. Financial risk management policies require establishing standard procedures to identify and analyse the main risks to which the Company is exposed and continually deploying and managing risk management systems designed to eliminate or reduce the probability that risks will arise and to limit their impact.

The Company is exposed to credit risk, liquidity risk and market risk.

5 Preparation and Presentation of Financial Statements of the Company and its Subsidiaries

The Board of Directors of respective companies are responsible for the preparation and presentation of financial statements of Lafarge Surma Cement Limited and its subsidiaries. Lafarge Surma Cement Limited has two subsidiary companies incorporated in India as detailed in Note-8.

6 Property, Plant and Equipment

| <i>Figures in Taka '000</i> | Land freehold | Leasehold improvement | Building | Plant building | Technical facilities | Plant & machinery | Other plant equipment | Vehicles | Computer equipment | Office equipment* | Furniture & fixtures | Construction in progress | Total |
|-----------------------------|---------------|-----------------------|----------|----------------|----------------------|-------------------|-----------------------|----------|--------------------|-------------------|----------------------|--------------------------|------------|
| COST | | | | | | | | | | | | | |
| At January 1, 2012 | 532,077 | 367 | 55,534 | 496,392 | 51,368 | 13,116,284 | 54,748 | 102,350 | 78,360 | 56,844 | 54,968 | 141,559 | 14,740,851 |
| Additions | - | - | 1,243 | 138 | - | 364 | 5,463 | 54,155 | 4,270 | 6,305 | 1,027 | 70,729 | 143,694 |
| Disposals | - | - | - | - | - | (36,973) | - | - | (4,041) | (3,659) | (1,605) | (221) | (46,499) |
| Transfers | - | - | - | 17,439 | - | 14,629 | 1,288 | - | 6,687 | 256 | 698 | (40,997) | - |
| At December 31, 2012 | 532,077 | 367 | 56,777 | 513,969 | 51,368 | 13,094,304 | 61,499 | 156,505 | 85,276 | 59,746 | 55,088 | 171,070 | 14,838,046 |
| DEPRECIATION | | | | | | | | | | | | | |
| At January 1, 2012 | - | 367 | 7,604 | 62,371 | 8,322 | 2,259,764 | 17,836 | 70,326 | 68,534 | 44,982 | 24,472 | - | 2,564,578 |
| Disposals | - | - | - | - | - | (5,888) | - | - | (4,041) | (3,478) | (974) | - | (14,381) |
| Charge for the year | - | - | 1,123 | 12,630 | 1,712 | 441,298 | 5,703 | 15,528 | 8,024 | 5,562 | 5,241 | - | 496,821 |
| At December 31, 2012 | - | 367 | 8,727 | 75,001 | 10,034 | 2,695,174 | 23,539 | 85,854 | 72,517 | 47,066 | 28,739 | - | 3,047,018 |
| CARRYING AMOUNT | | | | | | | | | | | | | |
| At December 31, 2012 | 532,077 | - | 48,050 | 438,968 | 41,334 | 10,399,130 | 37,960 | 70,651 | 12,759 | 12,680 | 26,349 | 171,070 | 11,791,028 |
| At December 31, 2011 | 532,077 | - | 47,930 | 434,021 | 43,046 | 10,856,520 | 36,912 | 32,024 | 9,826 | 11,862 | 30,496 | 141,559 | 12,176,273 |

| | 2012 | 2011 |
|--|----------------|----------------|
| | Taka'000 | Taka'000 |
| 6.1 Construction in progress | | |
| General survey and studies | 91,771 | 91,081 |
| Plant building | - | 17,439 |
| Other equipment | 45,264 | 10,688 |
| Other improvement works | 34,035 | 22,351 |
| | 171,070 | 141,559 |
| 6.2 Depreciation charge for the year allocated to | | |
| Production and maintenance overhead (Note- 26.2) | 472,407 | 468,194 |
| General and administrative expenses (Note- 27) | 24,414 | 25,223 |
| | 496,821 | 493,417 |

6.3 Disposal of property, plant and equipment

| <i>Figures in Taka'000</i> | Plant & machinery | Computer equipment | Office equipment | Furniture & fixtures | Construction in progress | Total |
|---|-------------------|--------------------|------------------|----------------------|--------------------------|---------------|
| Cost | 36,973 | 4,041 | 3,659 | 1,605 | 221 | 46,499 |
| Accumulated depreciation | (5,888) | (4,041) | (3,478) | (974) | - | (14,381) |
| Carrying amount at December 31, 2012 | 31,085 | - | 181 | 631 | 221 | 32,118 |
| Sale proceeds | - | 136 | 367 | 164 | - | 667 |
| Mode of disposal | Company policy | Tender | Tender | Tender | Company policy | |
| Particulars of purchaser | Written off | Third party | Employees | Employees | Written off | |

7 Intangible Assets

| <i>Figures in Taka'000</i> | Software | Construction in progress | Total |
|-----------------------------|--------------|--------------------------|---------------|
| COST | | | |
| At January 1, 2012 | 52,081 | 2,298 | 54,379 |
| Additions | 5,483 | 5,026 | 10,509 |
| Transfers | 2,570 | (2,570) | - |
| At December 31, 2012 | 60,134 | 4,754 | 64,888 |
| AMORTIZATION | | | |
| At January 1, 2012 | 49,866 | - | 49,866 |
| Charge for the year | 1,783 | - | 1,783 |
| At December 31, 2012 | 51,649 | - | 51,649 |
| CARRYING AMOUNT | | | |
| At December 31, 2012 | 8,485 | 4,754 | 13,239 |
| At December 31, 2011 | 2,215 | 2,298 | 4,513 |

| | 2012 | 2011 |
|--|----------------|----------------|
| | Taka'000 | Taka'000 |
| 8 Investment in Subsidiaries | | |
| Lafarge Umiam Mining Private Limited - a fully owned subsidiary incorporated in India | 599,062 | 632,627 |
| Lum Mawshun Minerals Private Limited - a 74% owned subsidiary incorporated in India | 589 | 622 |
| Balance at 31 December | 599,651 | 633,249 |
| 8.1 Restatement of prior year balance* | | |
| Balance at 31 December 2011 | | |
| Lafarge Umiam Mining Private Limited | | 519,356 |
| Lum Mawshun Minerals Private Limited | | 537 |
| | | 519,893 |
| Translation adjustment | | |
| Lafarge Umiam Mining Private Limited | | 113,271 |
| Lum Mawshun Minerals Private Limited | | 85 |
| | | 113,356 |
| Lafarge Umiam Mining Private Limited | | 632,627 |
| Lum Mawshun Minerals Private Limited | | 622 |
| Restated balance at 31 December 2011 | | 633,249 |

*Investment in subsidiaries has been translated in accordance with BAS-21 including restatement of previous year's balance. These represent investments made in the above entities against the shares issued by those Companies in the name of Lafarge Surma Cement Limited.

Shares held in different entities are as follows:

| Name of entities | Face value per share | Number of ordinary shares held by the Company | |
|--------------------------------------|----------------------|---|------------|
| | | 2012 | 2011 |
| Lafarge Umiam Mining Private Limited | Indian Rupees 10 | 41,133,099 | 41,133,099 |
| Lum Mawshun Minerals Private Limited | Indian Rupees 100 | 4,046 | 4,046 |

| | 2012 | 2011 |
|--|------------------|------------------|
| | Taka'000 | Taka'000 |
| 9 Loan to Subsidiary Company | | |
| Lafarge Umiam Mining Private Limited (a fully owned subsidiary) | 1,105,620 | 1,335,097 |

An amount of USD 18 million loan has been allowed and disbursed to Lafarge Umiam Mining Private Limited (a fully owned subsidiary) which is a private limited company incorporated on 22 March 1999 under the Indian Companies Act 1956 with its registered office in Shillong in the State of Meghalaya, India. Loan outstanding at 31 December 2012 is USD 13,859 (in thousand). Exchange loss of Taka 32,300 (in thousand) has been provided during the year due to appreciation of Taka against US Dollar.

Terms and conditions of the loan are as follows:

| | |
|-------------------------|--|
| Date of loan agreement: | April 20, 2004 and subsequent amendments thereto. |
| Loan amount: | US Dollar 18 million. |
| Rate of interest: | LIBOR + 3% per annum on outstanding principal amount. |
| Repayment of principal: | Starting from 15 June 2009, repayment was to be made in USD by 32 equal installments on 15 March, 15 June, 15 September and 15 December each year. After the payment of 3rd installment in December 2009, no repayment was made in the years 2011 and upto may 2012 due to the stringent cash condition in the subsidiary(LUMPL) for the forest clearance issue. However, repayment of the loan has started from June 2012 and will be ended 15 March 2017 by 20 equal installments. |
| Payment of interest: | Arrear interest of first four years up to 16 March 2008 was to be paid in 32 equal installments starting from 15 June 2009 on every repayment date along with the principal repayment. Current interest is to be paid on every repayment date (15 March, 15 June, 15 September and 15 December). No interest payment , arrear or current, was made in the years 2011 and upto May 2012 due to the stringent cash condition in the subsidiary. However, payment of interest has started from June 2012 and will be ended 15 March 2017. |
| Security: | Mortgage or creation of security interest in favour of offshore lenders (see note 16) over the tangible movable assets excluding raw materials, inventories, and trade receivables. |

| | 2012 | 2011 |
|---|------------------|------------------|
| | Taka'000 | Taka'000 |
| 10 Inventories | | |
| Raw materials | 625,492 | 279,364 |
| Spare parts | 623,187 | 597,244 |
| Packing materials | 14,857 | 1,223 |
| Other materials | 103,295 | 56,196 |
| Finished goods and work in process (Note- 41) | 303,402 | 503,658 |
| | 1,670,233 | 1,437,685 |
| 11 Trade Receivables | | |
| Gross trade receivables | 718,391 | 541,290 |
| Valuation allowance (Note- 11.1) | (6,762) | (7,803) |
| | 711,629 | 533,487 |
| 11.1 The change in the valuation allowance for doubtful receivables is as follows: | | |
| Balance at 1 January | (7,803) | (6,662) |
| Current year addition | (100) | (1,141) |
| Cancellation | 1,141 | - |
| Balance at 31 December | (6,762) | (7,803) |
| 11.2 Ageing of trade receivables | | |
| The ageing of gross trade receivables at reporting date are as follows: | | |
| Within the credit period | 644,179 | 404,900 |
| 0-30 days | 62,835 | 115,068 |

| | 2012 | 2011 |
|--|------------------|----------------|
| | Taka'000 | Taka'000 |
| 31-60 days | 2,499 | 10,548 |
| 61-180 days | 2,116 | 2,971 |
| Over 180 days | 6,762 | 7,803 |
| | 718,391 | 541,290 |
| 12 Other Receivables | | |
| Contractors, consultants, suppliers and others (Note-12.1) | 160,306 | 142,868 |
| VAT current account | 127,473 | 86,389 |
| Advance to employees | 9,071 | 19,699 |
| Advance to employees for SAR plan (Note- 18.2) | 23,882 | 21,502 |
| Security and other deposits (Note- 12.2) | 2,302 | 2,261 |
| Other receivables | 25,193 | 19,969 |
| Income tax-deducted at source | 684,354 | 458,754 |
| Prepaid expenses | 111,210 | 61,240 |
| | 1,143,791 | 812,682 |

Receivables mentioned above are unsecured and considered good other than an amount of Taka 8,892 (in thousand) considered doubtful. The Company filed an arbitration case before the District Court, Dhaka dated on 26 February 2013 against the lessor Mrs. Begum Roushan Ara to recover the amount paid as advance to secure office premises which was subsequently not taken in the absence of required licenses. Advances made to employees include advance related to employee matters and running the day operation cost of different departments.

| | | |
|---|----------------|----------------|
| 12.1 Advance to contractors, consultants, suppliers and others | | |
| Letter of Credit-spare parts | 51,123 | 55,811 |
| Letter of Credit-raw materials | 15,331 | 30,351 |
| Custom duties | 19,658 | 21,511 |
| Others | 74,194 | 35,195 |
| | 160,306 | 142,868 |
| 12.2 Security and other deposits | | |
| House rental | 520 | 520 |
| Telecommunications | 527 | 527 |
| Central Depository System | 500 | 500 |
| Other services | 755 | 714 |
| | 2,302 | 2,261 |
| 13 Derivative Instruments-Assets | | |
| Derivative instruments | - | 19,855 |

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 close of the period.

| | | |
|-------------------------------------|------------|------------|
| 14 Cash and Cash Equivalents | | |
| Cash in hand | 404 | 323 |
| | 404 | 323 |

| | 2012 | 2011 |
|---|-------------------|-------------------|
| | Taka'000 | Taka'000 |
| Cash at banks | | |
| In current accounts | 81,745 | 114,236 |
| In Short Term Deposit accounts | 61,354 | 54,286 |
| In Short Notice Deposit account | - | 67,219 |
| | 143,099 | 235,741 |
| | 143,503 | 236,064 |
| 15 Share Capital | | |
| 15.1 Authorized capital | | |
| Balance at 1 January | | |
| 1,400,000,000 ordinary shares of Tk. 10 each | 14,000,000 | - |
| 70,000,000 ordinary shares of Tk. 100 each | - | 7,000,000 |
| Increased during the year | - | 7,000,000 |
| Balance at 31 December | | |
| 1,400,000,000 ordinary shares of Tk. 10 each | 14,000,000 | 14,000,000 |

In the year 2011, authorized capital has been increased from BDT 7,000,000,000 to BDT 14,000,000,000. Further, steps have been taken to issue right shares of 58,068,675 ordinary shares of BDT 100 per share at par value amounting to BDT 5,806,867,500 offered on the basis of 1:1, for which approval of Securities and Exchange Commission (SEC) has been received on 8 September, 2011. Moreover, face value of each ordinary share has been denominated from BDT 100 to BDT 10 at 4 December 2011.

| | | |
|---|-------------------|-------------------|
| 15.2 Issued and subscribed capital | | |
| Balance at 1 January | 11,613,735 | 5,806,868 |
| Issued and subscribed as right issue | - | 5,806,867 |
| Balance at 31 December | 11,613,735 | 11,613,735 |
| 15.3 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 right issue | 5,768,938 | - |
| Balance at 1 January | 11,575,806 | 5,806,868 |
| Fully paid up in cash as right issue | 37,929 | 5,768,938 |
| Balance at 31 December | 11,613,735 | 11,575,806 |

15.4 Composition of shareholders at 31 December

| Name of the shareholders | Nationality | Number of shares | | Holding % | |
|--------------------------------------|------------------|----------------------|----------------------|---------------|---------------|
| | | 2012 | 2011 | 2012 | 2011 |
| Surma Holding B.V | The Netherlands | 683,698,700 | 683,698,700 | 58.87 | 59.06 |
| International Finance Corporation | U. S. A. | 14,141,500 | 22,486,000 | 1.22 | 1.94 |
| Sinha Fashions Limited | Bangladesh | 35,100,000 | 35,100,000 | 3.02 | 3.03 |
| Islam Cement Limited | Bangladesh | 31,914,200 | 31,914,200 | 2.75 | 2.76 |
| Delta Life Insurance Company Ltd. | Bangladesh | 27,011,180 | 27,011,180 | 2.33 | 2.33 |
| Investment Corporation of Bangladesh | Bangladesh | 8,300,500 | 10,887,000 | 0.71 | 0.94 |
| Others Shareholders | Bangladesh & NRB | 361,207,420 | 346,483,490 | 31.10 | 29.94 |
| | | 1,161,373,500 | 1,157,580,570 | 100.00 | 100.00 |

15.5 Classification of shares by holding at 31 December

| Slabs by number of shares | Number of shares | | Holding % | |
|-----------------------------|------------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| Less than 500 Shares | 377 | 349 | 0.00 | 0.00 |
| 500 to 5,000 Shares | 16,926 | 14,520 | 2.69 | 2.44 |
| 5,001 to 10,000 Shares | 2,763 | 2,803 | 1.87 | 1.91 |
| 10,001 to 20,000 Shares | 1,775 | 1,679 | 2.31 | 2.26 |
| 20,001 to 30,000 Shares | 643 | 573 | 1.41 | 1.27 |
| 30,001 to 40,000 Shares | 338 | 306 | 1.04 | 0.95 |
| 40,001 to 50,000 Shares | 221 | 189 | 0.89 | 0.76 |
| 50,001 to 100,000 Shares | 480 | 488 | 3.05 | 3.08 |
| 100,001 to 1,000,000 Shares | 376 | 364 | 8.91 | 8.52 |
| Over 10,000,000 Shares | 52 | 48 | 77.83 | 78.81 |
| | 23,951 | 21,319 | 100.00 | 100.00 |

| | 2012 | 2011 |
|---|--------------------|--------------------|
| | Taka'000 | Taka'000 |
| 15.6 Retained Earnings | | |
| Balance at 1 January | (2,709,843) | (1,559,795) |
| Income/(loss) for the year | 1,485,055 | (1,150,048) |
| Balance at 31 December | (1,224,788) | (2,709,843) |
| 15.7 Other Components of Equity | | |
| Cash flow hedge (Note- 15.9) | (487) | (4,216) |
| Exchange differences on translating foreign operation | 79,758 | 113,356 |
| | 79,271 | 109,140 |
| 15.8 Share Money Deposits | | |
| Deposited by underwriters | - | 37,929 |

During the year, the amount converted to the share capital after completing all legal formalities.

15.9 Cash flow hedge instruments

The effective portion of changes in the fair value of derivative instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the head. The loss relating to the ineffective portion is recognised immediately in income statement, and is included in the finance costs line item.

| 16 Long Term Debt | Currency | Foreign Currency Amount '000 | Taka'000 | Taka'000 |
|-----------------------------------|----------|------------------------------|--------------|------------------|
| 16.1 Long portion | | | | |
| <i>Name of lenders</i> | | | | |
| International Finance Corporation | USD | - | - | 1,151,498 |
| Asian Development Bank | USD | - | - | 467,686 |
| European Investment Bank | USD | - | - | 859,159 |
| AB Bank Limited | BDT | - | 8,356 | 33,652 |
| Total | | | 8,356 | 2,511,995 |

| | <u>Currency</u> | <u>Foreign Currency Amount '000</u> | <u>Taka'000</u> | <u>Taka'000</u> |
|---|-----------------|---|-----------------|------------------|
| 16.2 Current portion | | | | |
| <i>Name of lenders</i> | | | | |
| International Finance Corporation | USD | 14,069 | 1,122,375 | 575,749 |
| Asian Development Bank | USD | 5,714 | 455,857 | 935,371 |
| European Investment Bank Deutsche Investitions und Entwicklungsgesellschaft mbH | USD | 10,497 | 837,430 | 429,580 |
| | EURO | - | - | 307,159 |
| Standard Chartered Bank | BDT | - | - | 30,000 |
| AB Bank Limited. | BDT | - | 27,883 | 24,952 |
| | | | Total | 2,443,545 |
| | | | | 2,302,811 |

| Name of Lenders | Type | Amount | Tenure | Interest Rates |
|--|-------------|----------------|---------------|--|
| International Finance Corporation (IFC) | | | | |
| Loan A | Term Loan | USD 35 million | 7 years | (i) LIBOR+3.075% till FSC* date (ii) after period(i) above LIBOR+3.45% till 60% repaid (iii) after period(ii) above LIBOR+3.20% on outstanding |
| *FSC: Financial Support Completion | | | | |
| Loan B | Term Loan | USD 15 million | 7 years | (i) LIBOR+2.95% till FSC date (ii) after period(i) above LIBOR+3.45% till 60% repaid (iii) after period(ii) above LIBOR+3.20% on outstanding |

The repayment of the loan has started from 15 January 2007 and will end on 15 July 2013

Asian Development Bank (ADB)

| | | | |
|-----------|----------------|---------|--|
| Term Loan | USD 40 million | 7 years | (i) LIBOR+3.03% till FSC date (ii) after period(i) above LIBOR+3.53% till 60% repaid (iii) after period(ii) above LIBOR+3.28% on outstanding |
|-----------|----------------|---------|--|

The repayment of the loan has started from 15 September 2006 and will end on 15 March 2013

European Investment Bank (EIB)

| | | | |
|-----------|----------------|---------|--------|
| Term Loan | USD 35 million | 7 years | 4.354% |
|-----------|----------------|---------|--------|

The repayment of the loan has started from 15 January 2007 and will end on 15 July 2013

AB Bank Limited

| | | |
|-----------|-----------------|---------|
| Term Loan | USD 120 million | 6 years |
|-----------|-----------------|---------|

The repayment of the loan has started from 31 December 2008 and will end on 2 April 2014

Security:

Memorandum of Deposit of Title Deeds: Creating equitable mortgage over 191.67 acres of land situated at Sunamganj District and 1.75 acres of land situated at Narayanganj District owned by Lafarge Surma Cement Limited;

Deed of Hypothecation (on fixed and floating assets): Creating hypothecation over all tangible moveable assets of both Lafarge Surma Cement Limited and Lafarge Umiam Mining Private Limited;

Security agreement: Creating charge over the contracts;

Memorandum of deposit of shares: Creating equitable mortgage over the shares owned by the Lafarge Surma Cement Limited and its subsidiary company Lafarge Umiam Mining Private Limited;

Letter of Lien and Set off: Bank account under lien of Lafarge Surma Cement Limited and Lafarge Umiam Mining Private Limited; and Composite Security Agreement: Creating security interests over the offshore bank accounts and offshore investments.

Debt covenant for dividend policy

IFC and ADB have laid down a condition for payment of dividend. The company should obtain their approval for declaration of dividend after the accumulated loss of the Company have been fully recovered. However, this clause will not apply after July 2013 when the loans relating to all the lenders would have been paid off.

| | 2012 | 2011 |
|--|--------------------|--------------------|
| | Taka'000 | Taka'000 |
| 17 Deferred Tax Liabilities | | |
| The tax effects of temporary differences that resulted in deferred tax assets and liabilities. | | |
| <i>Deferred tax assets</i> | | |
| Provision for gratuity | 36,517 | 23,746 |
| Provision for doubtful debts | 2,536 | 2,926 |
| Business loss | 2,676,458 | 3,262,454 |
| Cash flow hedge | 292 | 2,530 |
| | 2,715,803 | 3,291,656 |
| <i>Deferred tax liabilities</i> | | |
| Property, plant and equipment | (3,328,003) | (3,300,923) |
| | (3,328,003) | (3,300,923) |
| | (612,200) | (9,267) |
| 18 Employee Benefits | | |
| Gratuity scheme (Note- 18.1) | 97,380 | 63,322 |
| Stock Appreciation Rights (Note- 18.2) | 8,327 | 9,576 |
| | 105,707 | 72,898 |
| 18.1 Contribution to gratuity scheme | | |
| Balance at 1 January | 63,322 | 48,364 |
| Current service cost | 35,408 | 20,529 |
| Benefits paid during the year | (1,849) | (5,571) |
| Actuarial loss* | 499 | - |
| Balance at 31 December | 97,380 | 63,322 |
| *Actuarial loss is considered as per corridor method. | | |
| 18.2 Provision for stock appreciation rights (SAR) | | |
| LEA 2009 | | |
| Balance at 1 January | 8,881 | 4,618 |
| Current year addition | - | 4,263 |
| Cancellation | (3,902) | - |
| Balance at 31 December | 4,979 | 8,881 |
| LEA 2011 | | |
| Balance at 1 January | 695 | - |
| Current year addition | 2,653 | 695 |
| Balance at 31 December | 3,348 | 695 |
| | 8,327 | 9,576 |

Stock Appreciation Rights (SAR)

These are the global programmes of Lafarge Group under which the employees of Lafarge Surma have subscribed for shares of Lafarge at the price ruling on the date of subscription after deduction of a discount on the shares. The employees have been given an interest free loan repayable over a 24 month period to finance the share subscription. At the end of a five year vesting period, the gain, if any, on sale of shares will be given to the employees. Provision made on the account relates to the amount of discount on subscription.

| | 2012 | 2011 |
|--|------------------|------------------|
| | Taka'000 | Taka'000 |
| 19 Derivative Instruments-Liabilities | | |
| 19.1 Derivative instruments- long term | - | 6,146 |
| The Company entered into Interest Rate Swap (IRS) contract with Standard Chartered Bank in order to manage the interest rate risk associated with the Loan from Asian Development Bank (ADB) due to change in variable interest rate (the base rate : 6 Months' LIBOR). The amount is the difference between market prices and prices the company would pay to settle the IRS contract at close of the period. | | |
| 19.2 Derivative instruments- Short term | 780 | 28,764 |
| 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 close of the period. | | |
| 20 Trade Payables | | |
| Raw materials | 251,070 | 227,596 |
| Packing bags | 70,603 | 38,543 |
| Marketing expenses | 35,848 | 24,707 |
| Distribution cost | 114,654 | 129,501 |
| Computer expenses | 114,597 | 72,798 |
| Audit fee | 1,448 | 1,411 |
| Maintenance | 45,199 | 16,394 |
| Administrative office expenses | 50,456 | 36,621 |
| General assistance fee (Note- 20.1) | 304,884 | 225,236 |
| Trademark license fee (Note- 20.2) | 304,884 | 225,235 |
| Gas bill | 134,001 | 135,534 |
| Operation and maintenance bill-Power Plant | 12,069 | 10,468 |
| Discount on sales | 78,156 | 73,293 |
| Advances paid by customers | 64,224 | 137,971 |
| Self insurance (Note- 20.3) | 9,104 | 2,861 |
| Others | 231,446 | 136,678 |
| | 1,822,643 | 1,494,847 |
| 20.1 General assistance fee | | |
| The amount is payable to Lafarge S.A. and Cementos Molins for general assistance fee (1 percent of annual net turnover of the company in accordance with the General Assistance Agreement). | | |
| 20.2 Trademark license fee | | |
| The amount is equally payable to Lafarge S.A. and Cementos Molins for trademark license fee (1 percent of annual net turnover of the company in accordance with the Trademark License Agreement). | | |
| 20.3 Self insurance | | |
| The Company provided the amount for covering future loss of product during transportation in lieu of the transport insurance. The objectives of this provision are i) recognition of the risks; ii) mitigate the higher insurance cost; iii) non availability of insurance cover for certain type of barges. | | |
| 21 Other Payables | | |
| Payables to supplier of property, plant & equipment | 77,426 | 67,420 |
| Accrued interest and commitment fees | 63,728 | 103,882 |
| Payable to employees | 95,246 | 49,211 |
| Workers' Profit Participation and welfare Fund | 112,589 | - |
| Income tax & VAT deducted at source | 84,190 | 78,059 |
| | 433,179 | 298,572 |

| | | 2012 | 2011 |
|-------------|---|------------------|------------------|
| | | Taka'000 | Taka'000 |
| 22 | Short Term Debt | | |
| | Bank overdraft facilities (Note- 22.1) | 80,643 | 165,737 |
| | Short term credit facilities (Note- 22.2) | 1,382,733 | 1,568,171 |
| | | 1,463,376 | 1,733,908 |
| 22.1 | Used bank overdrafts facilities | | |
| | Standard Chartered Bank | 52,850 | 156,849 |
| | Trust Bank Limited | 4,634 | 165 |
| | Citibank N.A. | 23,159 | 8,723 |
| | | 80,643 | 165,737 |
| 22.2 | Used short term credit facilities | | |
| | Citibank N.A. | 808,353 | 999,639 |
| | The Hongkong and Shanghai Banking Corporation Limited | 574,380 | 130,000 |
| | Standard Chartered Bank | - | 438,532 |
| | | 1,382,733 | 1,568,171 |
| 23 | Current Tax Liabilities | | |
| | Balance at 1 January | 62,147 | 1,251 |
| | Provision for the year | 53,445 | 60,896 |
| | Balance at 31 December | 115,592 | 62,147 |

24 Commitments and Contingencies

| | Less than 1 year | 1 to 5 years | More than 5 years | At Dec 31, 2012 | At Dec 31, 2011 |
|--|---------------------|--------------|----------------------|--------------------|--------------------|
|--|---------------------|--------------|----------------------|--------------------|--------------------|

24.1 Commitments

Commitments given

Commitments related to operating activities

| | | | | | |
|---------------------------------|---------|---------|-------|---------|---------|
| Purchase commitments | 536,857 | - | - | 536,857 | 465,774 |
| Capital expenditure commitments | 79,667 | - | - | 79,667 | 4,388 |
| Operating leases | 33,461 | 124,725 | - | 158,186 | 22,948 |
| Guarantees given | 308,276 | - | 7,301 | 315,577 | 315,577 |

Commitments related to financing operations

| | | | | | |
|-------------------|------------|-----|---|------------|------------|
| Assets pledged | 13,477,050 | - | - | 13,477,050 | 13,477,050 |
| Other commitments | 84,127 | 365 | - | 84,492 | 310,287 |

Commitments received

| | | | | | |
|---------------------|---------|-------|---|---------|---------|
| Guarantees received | 495,683 | 6,727 | - | 502,410 | 355,700 |
|---------------------|---------|-------|---|---------|---------|

24.2 Contingent Liability and Claims

Contingent liability

Clinker production of the Company at the plant got stopped from April 2011 due to the stoppage of supply limestone from the quarry and resumed in August 2012. During this period, the gas consumption from Jalalabad Gas Transmission and Distribution System limited drastically reduced since there was no clinker production. Under the current agreement with Jalalabad Gas, the Company needs to take a minimum quantity failing which the Company needs to pay as advance the shortfall between the minimum quantity and the actual quantity consumed. The Company raised a dispute with Jalalabad Gas that this is a force majeure event and hence, the Company is not liable to pay this advance but this was not accepted by them. Thereafter the matter has been referred to arbitration. The lawyers of the Company have given an opinion that the Company has good chance of getting a favourable judgement. An amount of BDT 568 million was accumulated provision in this respect.

| | |
|---------|---------|
| 568,515 | 568,515 |
|---------|---------|

Claim of VAT Authority for cancellation of VAT rebate relating to 2008-2009 & 2009-2010 for which Writ Petitions 6074/2011 & 6493/2012 respectively have been filed by the company before the Hon'ble High Court of Dhaka, the outcome of which are yet to be received. However, the Company is in the opinion that the claim by the VAT authority is unjustified and has no merit as well.

| | |
|--------|---|
| 21,747 | - |
|--------|---|

Claim of VAT Authority for cancellation of VAT rebate relating to 2006-2008 for which a Writ Petition No. 6492/2012 has been filed and the Company has already received a favourable decision from VAT Appellate Tribunal but the VAT authority has preferred a writ petition before the Hon'ble High Court of Dhaka, and the matter is awaiting disposal. However, the Company expects a favourable decision since there is no strong ground in support of the claim raised by the VAT authority.

| | |
|--------|---|
| 74,157 | - |
|--------|---|

Claims

a. Claims against the Company not acknowledged as debt

| | |
|-----|-----|
| Nil | Nil |
|-----|-----|

b. Claims by the Company not acknowledged as receivable

| | |
|-----|-----|
| Nil | Nil |
|-----|-----|

| | 2012 | 2011 |
|---|-------------------|------------------|
| | Taka'000 | Taka'000 |
| 25 Revenue | | |
| Sale of gray cement* | 8,576,544 | 5,157,300 |
| Sale of cement clinker | 2,063,517 | 941,178 |
| | 10,640,061 | 6,098,478 |
| *Sale of gray cement | | |
| Local sales | 8,560,810 | 5,144,816 |
| Export | 15,734 | 12,484 |
| | 8,576,544 | 5,157,300 |
| 26 Cost of Sales | | |
| Opening finished goods and work in process (Note- 41) | 503,658 | 164,181 |
| Raw materials consumed (Note- 26.1) | 4,012,691 | 3,811,423 |
| Power and fuel consumed | 827,030 | 429,406 |
| Production and maintenance overhead (Note- 26.2) | 971,679 | 759,489 |
| General and social expenses (Note- 26.3) | 267,047 | 215,840 |
| Distribution cost to customers | 275,296 | 264,193 |
| Internal distribution cost | 638,930 | 437,260 |
| Closing finished goods and work in process (Note- 41) | (303,402) | (503,658) |
| | 7,192,929 | 5,578,134 |

| | 2012 | 2011 |
|---|------------------|------------------|
| | Taka'000 | Taka'000 |
| 26.1 Raw materials consumed | | |
| Limestone | 2,720,399 | 1,290,659 |
| Shale | - | 7,887 |
| Clay | 85,508 | 26,864 |
| Gypsum | 221,834 | 123,250 |
| Iron Ore | 116,259 | 42,426 |
| Sand | 14,184 | 3,903 |
| Slag | 220,470 | 46,527 |
| Packing Bag | 464,324 | 279,745 |
| Purchase Clinker | - | 1,925,346 |
| Others | 169,713 | 64,816 |
| | 4,012,691 | 3,811,423 |
| 26.2 Production and maintenance overhead | | |
| Salary, allowances and benefits | 172,864 | 120,745 |
| Contributions to employees' benefit schemes | 15,959 | 10,149 |
| Maintenance | 57,090 | 20,674 |
| Other supplies and spares | 150,545 | 78,635 |
| Material handling | 95,636 | 51,922 |
| Other expenses | 2,297 | 1,524 |
| Technical studies | 4,881 | 7,646 |
| Depreciation (Note- 6.2) | 472,407 | 468,194 |
| | 971,679 | 759,489 |
| 26.3 General and social expenses | | |
| Salary, allowances and benefits | 56,193 | 46,979 |
| Contributions to employees' benefit schemes | 2,783 | 2,316 |
| Staff welfare expenses | 14,410 | 10,868 |
| Training, seminars and meeting | 1,848 | 2,695 |
| Travelling | 5,059 | 3,736 |
| Rent | 606 | 518 |
| Gas, electricity and water | 32 | 357 |
| Telephone, fax and postage | 1,928 | 1,560 |
| Office maintenance | 39,134 | 30,615 |
| Security services | 23,616 | 18,519 |
| Printing and stationery | 737 | 745 |
| Computer expenses | 18,250 | 15,122 |
| Other supplies and spares | 10,820 | 5,452 |
| Other office expenses | 3,144 | 2,243 |
| Registration and other fees | - | 9 |
| Consultancy | 1,616 | 113 |
| Vehicles running expenses | 11,646 | 9,257 |
| Corporate social activities | 9,653 | 2,072 |
| Insurance | 65,572 | 62,664 |
| | 267,047 | 215,840 |

| | 2012 | 2011 |
|--|----------------|----------------|
| | Taka'000 | Taka'000 |
| 27 General and Administrative Expenses | | |
| Salary, allowances and benefits | 158,198 | 114,672 |
| Contributions to retirement benefit scheme | 16,092 | 11,334 |
| Staff welfare expenses | 2,436 | 1,485 |
| Training, seminars and meeting | 19,411 | 25,503 |
| Travelling | 10,173 | 12,712 |
| Rent | 27,147 | 22,948 |
| Gas, electricity and water | 2,125 | 1,483 |
| Telephone, fax and postage | 3,808 | 3,971 |
| Entertainment | 2,837 | 2,537 |
| Office maintenance | 6,343 | 5,082 |
| Office security services | 3,035 | 1,227 |
| Printing and stationery | 1,547 | 1,109 |
| Computer expenses | 29,986 | 27,109 |
| Other office expenses | 11,030 | 1,293 |
| Registration and other fees | 1,088 | 1,023 |
| Audit and tax advisory fees (Note- 27.1) | 1,551 | 1,288 |
| Legal expenses | 1,600 | 2,542 |
| Vehicles running expenses | 16,435 | 13,484 |
| Publicity and public relation | 13,342 | 13,594 |
| General assistance fee | 103,648 | 39,087 |
| Trademark license fee | 103,648 | 39,086 |
| Insurance | 2,410 | 2,049 |
| General survey and studies | 2,089 | 1,804 |
| Administrative depreciation | 24,414 | 25,223 |
| Amortization of intangible assets | 1,783 | 3,057 |
| Contribution to Workers' Profit Participation and welfare Fund | 112,589 | - |
| | 678,765 | 374,702 |
| 27.1 Audit and Tax Advisory Fees | | |
| Statutory audit fee | 200 | 200 |
| Group audit fee | 510 | 510 |
| Certification fees | 50 | 50 |
| Annual consolidation audit | 200 | 200 |
| Pocket expenses | 32 | 30 |
| Tax and VAT advisory services | 559 | 298 |
| | 1,551 | 1,288 |
| 28 Sales and Marketing Expenses | | |
| Salary, allowances and benefits | 58,022 | 37,468 |
| Contributions to retirement benefit scheme | 5,274 | 3,456 |
| Training, seminars and meeting | 2,997 | 1,139 |
| Travelling | 6,790 | 4,204 |
| Gas, electricity and water | 131 | 85 |
| Telephone, fax and postage | 1,146 | 970 |

| | 2012 | 2011 |
|---|-----------------|------------------|
| | Taka'000 | Taka'000 |
| Entertainment | 79 | 77 |
| Office maintenance | 503 | 403 |
| Printing and stationery | 1,066 | 814 |
| Other office expenses | 162 | 592 |
| Registration and other fees | 1,630 | 1,931 |
| Vehicles running expenses | 5,469 | 5,300 |
| Advertisement and promotion | 68,884 | 10,123 |
| Insurance | 211 | 205 |
| Bad debts | 107 | - |
| Provision for trade receivables | 100 | 1,141 |
| General survey and studies | 713 | 432 |
| | 153,284 | 68,340 |
| 29 Other Operating (expenses)/Income | | |
| Loss on sale of property, plant and equipment | (31,210) | (190) |
| Sale of miscellaneous scrap items | 3,044 | 1,025 |
| Cancellation of provisions | 7,241 | 35,485 |
| Insurance claim received | - | 220 |
| Reversal of non-operating receivable (Note- 29.1) | - | 286,094 |
| Others | 46 | - |
| | (20,879) | 322,634 |
| 29.1 Reversal made in the year 2011 for loss on adjustable minimum payment against gas contract with the Jalalabad Gas Transmission and Distribution System Limited. The amount has been shown as contingent liability since the likelihood of payment is low. | | |
| 30 Finance Costs and Income | | |
| Interest on long term debt | 158,182 | 203,297 |
| Interest on short term debt | 148,629 | 747,051 |
| Fees for long term debt | 21,561 | 42,669 |
| Derivative expenses | - | 8,908 |
| Exchange loss | 105,630 | 644,546 |
| Other finance costs | 53,175 | 31,633 |
| Bank charges and commission | 13,690 | 13,203 |
| Finance costs | 500,867 | 1,691,307 |
| Interest on loan to subsidiary company (note- 9) | 45,467 | 40,874 |
| Interest Income on Bank Deposits | 391 | 149 |
| Finance income | 45,858 | 41,023 |
| Net finance costs | 455,009 | 1,650,284 |
| 31 Income Tax | | |
| Current income tax expenses | 53,445 | 60,896 |
| Deferred income tax income | 600,695 | (161,196) |
| | 654,140 | (100,300) |

| | | 2012 | 2011 |
|-----------|---|------------------|--------------------|
| | | Taka'000 | Taka'000 |
| 32 | Earnings Per Share | | |
| | The computation of basic earnings per share for the years ended 2012 and 2011 are as follows: | | |
| | NUMERATOR (Thousand Taka) | | |
| | INCOME/(LOSS) FOR THE YEAR- ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY | 1,485,055 | (1,150,048) |
| | DENOMINATOR (Thousand Shares) | | |
| | WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING | 1,161,374 | 1,161,374 |
| | WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING- DILUTED | 1,161,374 | 1,161,374 |
| | BASIC EARNINGS PER SHARE | Taka 1.28 | (0.99) |
| | DILUTED EARNINGS PER SHARE | Taka 1.28 | (0.99) |

33 Related Party Transactions (Amount in Taka '000)

During the year, the company 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 BAS 24.

| Name of the Party and relationship | Nature of transaction | Transaction value during the Year | Receivable/" (Payable) |
|--|--|-----------------------------------|------------------------------|
| | | | amount '000 at 31 Dec 2012 " |
| Lafarge Asia SDN BHD-Group Company | Intercompany services/Technical assistance | 22,380 | (106,120) |
| Lafarge Halla Cement Limited-Group Company | Intercompany services | 5025 | (1,238) |
| Lafarge Cement UK-Group Company | Intercompany services | 7,743 | (33,423) |
| Lafarge S.A.-Group Company | Technical assistance/Trademark license | 135,122 | (483,281) |
| Cementia Asia SDN BHD-Group Company | Travel expenses | 571 | (25,636) |
| Cementos Molins-Group Company | Trademark license/Travel expenses | 89,985 | (282,201) |
| Eastern Housing Ltd.-Shareholder | Cement sales | 27,634 | 1,771 |
| Bengal Development Corp.-Shareholder | Cement sales | 15,610 | (15,610) |
| Sinha Textile Ltd.-Shareholder | Cement sales | 1,613 | 110 |
| Aftab Bahumukhi Farms Ltd Shareholder | Cement sales | 11,448 | 698 |

There is no transaction during the year with Surma Holdings BV (the major shareholder of the Company).

| | | 2012 | 2011 |
|-----------|---|----------------|----------------|
| | | Taka'000 | Taka'000 |
| 34 | Directors', Managers' and Officers' Remuneration | | |
| | Salary, allowances and benefits | 174,252 | 147,445 |
| | Contributions to employees' benefit scheme | 11,541 | 10,004 |
| | Reimbursable expenses | 9,213 | 7,935 |
| | | 195,006 | 165,384 |

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

35 Financial Instruments

35.1 Credit risk

Credit risk represents the financial loss to the Company if a customer or counterparty to a financial instrument fail to meet its contractual obligations. It mainly comprises of trade receivables, advances to suppliers, trade deposits and bank balances. The Company's maximum exposure to credit risk at the reporting date is trade receivable. To mitigate the credit risk against trade receivable, the Company has a system of specific credit line period to the customer. This outstanding period and amount are regularly monitored. The Company has obtained Bank Guarantees from all trade customers. A large part of non trade customers are also covered by Bank Guarantees.

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

| | 2012 | 2011 |
|--|------------------|------------------|
| | Taka'000 | Taka'000 |
| Trade receivables (Note- 11) | 711,629 | 533,487 |
| Other receivables excluding prepaid expenses- (Note- 12) | 1,032,581 | 751,442 |
| | 1,744,210 | 1,284,929 |

35.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient resources and arrangement of credit lines with the various banks for managing its liquidity risk.

Contractual maturity analysis for financial liabilities of the Company at reporting date are as follows:

| | Carrying amount Taka'000 | 6 months or less Taka'000 | From 6 to 12 months Taka'000 | From 1 to 5 years Taka'000 |
|------------------------------------|-----------------------------|---------------------------------|------------------------------------|----------------------------------|
| Long-term debt | 8,356 | - | - | 8,356 |
| Trade payables | 1,822,643 | 1,202,323 | 620,320 | - |
| Other payables | 433,179 | 355,753 | 77,426 | - |
| Current portion of long term debt | 2,443,545 | 1,449,167 | 994,378 | - |
| Short-term debt | 1,463,376 | 1,463,376 | - | - |
| Derivative instruments | 780 | 780 | - | - |
| Balance at 31 December 2012 | 6,171,879 | 4,471,399 | 1,692,124 | 8,356 |

| | Carrying amount Taka'000 | 6 months or less Taka'000 | From 6 to 12 months Taka'000 | From 1 to 5 years Taka'000 |
|------------------------------------|-----------------------------|---------------------------------|------------------------------------|----------------------------------|
| Long-term debt | 2,511,995 | - | - | 2,511,995 |
| Trade payables | 1,494,847 | 1,040,103 | 454,744 | - |
| Other payables | 298,572 | 231,152 | 67,420 | - |
| Current portion of long term debt | 2,302,811 | 816,901 | 1,485,910 | - |
| Short-term debt | 1,733,908 | 1,733,908 | - | - |
| Derivative instruments | 35,510 | - | 28,764 | 6,746 |
| Balance at 31 December 2011 | 8,377,643 | 3,822,064 | 2,036,838 | 2,518,741 |

35.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and other price risks. The objective of market risk management is to manage and control market risk exposures within an acceptable range. The Company uses derivative instruments to hedge exposure to exchange rate and interest rate risks.

a) Foreign currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk on its certain short & long term debts and purchases that are denominated in foreign currencies. Majority of the Company's foreign currency transactions are denominated in INR, USD, EURO, and GBP. The Company also has exposure in foreign currencies relating to some services.

Exposure to currency risk of the Company at reporting date are as follows:

| Balance at 31 December 2012 | BDT'000 | INR'000 | USD'000 | EUR'000 | GBP'000 |
|--|------------------|----------------|---------------|----------|----------|
| <i>Foreign currency denominated assets</i> | | | | | |
| Investment in subsidiaries | 599,651 | 411,736 | - | - | - |
| Loan to subsidiary company | 1,105,620 | - | 13,859 | - | - |
| Accrued interest | 294,902 | - | 3,697 | - | - |
| Cash and cash equivalents | 344 | - | 3 | 1 | - |
| Total | 2,000,517 | 411,736 | 17,559 | 1 | - |

| Balance at 31 December 2012 | BDT'000 | INR'000 | USD'000 | EUR'000 | GBP'000 |
|---|------------------|----------|---------------|--------------|------------|
| Foreign currency denominated liabilities | | | | | |
| Long-term debt | - | - | - | - | - |
| Trade payables | 373,677 | - | 4,357 | 248 | - |
| Other payables | 187,920 | - | 404 | 1,162 | 258 |
| Current portion of long term debt | 2,415,662 | - | 30,280 | - | - |
| Short-term debt | 1,232,763 | - | 15,453 | - | - |
| Total | 4,210,022 | - | 50,494 | 1,410 | 258 |

| Balance at 31 December 2011 | BDT'000 | INR'000 | USD'000 | EUR'000 | GBP'000 |
|--|------------------|----------------|---------------|----------|----------|
| Foreign currency denominated assets | | | | | |
| Investment in subsidiaries | 633,249 | 411,736 | - | - | - |
| Loan to subsidiary company | 1,335,097 | - | 16,313 | - | - |
| Accrued interest | 346,082 | - | 4,229 | - | - |
| Cash and cash equivalents | 270 | - | 2 | 1 | - |
| Total | 2,314,698 | 411,736 | 20,544 | 1 | - |

| | | | | | |
|---|------------------|----------|---------------|--------------|------------|
| Foreign currency denominated liabilities | | | | | |
| Long-term debt | 2,478,343 | - | 30,280 | - | - |
| Trade payables | 208,316 | - | 2,236 | 239 | - |
| Other payables | 202,269 | - | 414 | 1,344 | 206 |
| Current portion of long term debt | 2,247,859 | - | 23,713 | 2,900 | - |
| Short-term debt | 1,138,137 | - | 13,906 | - | - |
| Total | 6,274,924 | - | 70,549 | 4,483 | 206 |

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 currency 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 our non-BDT assets, liabilities, income and expenses, even though the value of these items has not changed in their original currency.

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

| Particulars | 2012 Estimated impact on profit/loss and equity (+/-) Taka'000 | 2011 Estimated impact on profit/loss and equity (+/-) Taka'000 |
|--------------------------------------|---|---|
| Assets denominated in USD | 7,004 | 8,407 |
| Debt denominated in USD | 18,242 | 27,786 |
| Debt denominated in EUR | - | 1,536 |
| Other liabilities denominated in USD | 1,899 | 1,056 |
| Other liabilities denominated in EUR | 742 | 838 |
| Other liabilities denominated in GBP | 167 | 130 |

b) Interest rate risk

The risk 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 long term debts with the foreign lenders.

The Company entered into Interest Rate Swap (IRS) contract with Standard Chartered Bank in order to manage the interest rate risk associated with the Loan from Asian Development Bank (ADB) due to change in variable interest rate (the base rate : 6 Months' LIBOR).

Interest rate sensitivity

A +/- 1% change in short-term interest rates calculated on the net floating rate debt, taking into account derivative instruments would have a maximum impact on the Company's 2012 income before tax of +/- Taka 19,502 (Taka 24,196 for 2011) in thousand.

Interest bearing financial instruments of the Company at reporting date are as follows:

| | 2012 | 2011 |
|--|------------------|------------------|
| | Taka'000 | Taka'000 |
| Financial assets | | |
| Loan to subsidiary company | | |
| Floating-rate portion | 1,105,620 | 1,335,097 |
| Fixed-rate portion | - | - |
| | 1,105,620 | 1,335,097 |
| Financial liabilities | | |
| Debt* | | |
| Floating-rate portion | 1,304,718 | 2,595,630 |
| Fixed-rate portion | 1,147,183 | 2,219,176 |
| Short-term bank borrowings | 1,463,376 | 1,733,908 |
| | 3,915,277 | 6,548,714 |
| * Including the current-portion of long-term debt. | | |
| Interest rate hedging activity | | |
| Debt | 2,451,901 | 4,814,806 |
| Net position before hedging | 2,451,901 | 4,814,806 |
| Hedging instruments | 273,514 | 841,834 |
| Net position after hedging | 2,178,387 | 3,972,972 |

c) Other price risk

The risk 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.

35.4 Fair values

The following details the cost and fair values of financial instruments:

FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION

| At 31 December Thousand Taka | 2012 | | 2011 | |
|---|-----------------|------------|-----------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| ASSETS | | | | |
| Financial assets at fair value through profit and loss | | | | |
| Accrued interest | 294,902 | 294,902 | 346,082 | 346,082 |
| Loans and Receivables at amortized costs | | | | |
| Investment in subsidiaries | 599,651 | 599,651 | 633,249 | 633,249 |
| Loan to subsidiary company | 1,105,620 | 1,105,620 | 1,335,097 | 1,335,097 |
| Trade receivables | 711,629 | 711,629 | 533,487 | 533,487 |
| Other receivables | 1,143,791 | 1,143,791 | 812,682 | 812,682 |
| Cash and cash equivalents | 143,503 | 143,503 | 236,064 | 236,064 |
| Derivative instruments | - | - | 19,855 | 19,855 |
| LIABILITIES | | | | |
| Financial liabilities at amortized cost | | | | |
| Long term debt (including current portion) | 2,451,901 | 2,451,901 | 4,814,806 | 4,814,806 |
| Trade payables | 1,822,643 | 1,822,643 | 1,494,847 | 1,494,847 |
| Other payables | 433,179 | 433,179 | 298,572 | 298,572 |
| Short-term debt | 1,463,376 | 1,463,376 | 1,733,908 | 1,733,908 |
| Derivative instruments | 780 | 780 | 35,510 | 35,510 |

36 Number of Employees

Lafarge Surma Cement Limited

Nationality:

| | 2012 | 2011 |
|-----------------------------|------------|------------|
| Bangladeshi | 356 | 347 |
| Non-Bangladeshi | 4 | 6 |
| | 360 | 353 |
| Salary range: | | |
| Monthly Taka 3,000 or above | 360 | 353 |
| Monthly below Taka 3,000 | Nil | Nil |

37 Subsequent Events

Lafarge Surma and Madina Cement Industries ("Madina") have entered into an outsourced Toll Grinding Agreement (the "Agreement") on March 10, 2013. The Agreement is for three years with provisions for further extension by mutual agreement. Under the agreement Madina will produce Portland Composite Cement (PCC) for Lafarge Surma. Lafarge Surma shall supply clinker to Madina and Madina shall supply other raw materials to manufacture the bagged PCC cement strictly in accordance with Lafarge Surma's specification and quality standard. Madina shall sell the bagged cement, produced under the Agreement, exclusively to Lafarge Surma shall market and distribute the cement under the brand name "POWERCRETE".

| | 2012 | 2011 |
|--|------------------|------------------|
| | Taka'000 | Taka'000 |
| 38 Expenditure in Foreign Currencies | | |
| Technical assistance | 42,294 | 50,168 |
| Interest and fees on long term debts | 98,718 | 247,314 |
| Travel expenses | 3,053 | 5,037 |
| | 144,065 | 302,519 |
| 39 Earnings in Foreign Currencies | | |
| Interest on loan to subsidiary company | 45,467 | 40,874 |
| 40 Materials Consumption (Note- 26.1) | | |
| <i>In terms of value</i> | | |
| Imported | 3,448,675 | 3,500,911 |
| Indigenous | 564,016 | 310,512 |
| | 4,012,691 | 3,811,423 |
| <i>In terms of Percentage</i> | | |
| Imported | 86 | 92 |
| Indigenous | 14 | 8 |
| | 100 | 100 |

41 Opening and Closing Finished Goods and Work in Process (Note- 26)

| Items | Unit | 2012 | | 2011 | |
|-------------------------------|------|--------------|----------------|--------------|----------------|
| | | Quantity'000 | Taka'000 | Quantity'000 | Taka'000 |
| Grey cement | MT | 48 | 247,733 | 33 | 158,894 |
| Cement clinker | MT | 67 | 248,548 | - | - |
| Work in process | MT | 5 | 7,377 | 5 | 5,287 |
| Balance at 1 January | | 120 | 503,658 | 38 | 164,181 |
| Grey cement | MT | 56 | 245,643 | 48 | 247,733 |
| Cement clinker | MT | 16 | 54,532 | 67 | 248,548 |
| Work in process | MT | 2 | 3,227 | 5 | 7,377 |
| Balance at 31 December | | 74 | 303,402 | 120 | 503,658 |

42 Installed Capacity and Actual Production (Figures in Thousand MT)

| Products | Annual Installed Capacity | Actual Production | |
|----------------|---------------------------|-------------------|------|
| | | 2012 | 2011 |
| Grey cement | 1,200 | 1,288 | 885 |
| Cement clinker | 1,150 | 1,155 | 485 |


Company Secretary


Director


Chief Executive Officer

REPORT & FINANCIAL STATEMENTS OF LAFARGE UMIAM MINING PRIVATE LIMITED

For the year ended 31 December 2012



LAFARGE UMIAM MINING PVT. LTD.

Directors' Report

Dear Shareholders:

Your Directors have the pleasure in presenting the thirteenth annual report of Lafarge Umiyam Mining Private Limited (the "Company"), on the business and operations of your Company, together with the audited balance sheet and the profit and loss account for the year ended December 31, 2012.

State of the Company's Affairs:

The year 2012 has been one of the best performing years since the beginning of the operations in 2006. With limestone production of 2 million tonnes and export sales of 1.98 million tonnes, your Company achieved 100% capacity utilization of the targeted limestone production and export sales, while net profit earned after tax during the year was Rs. 2,906.36 lakhs.

On February 29, 2012 your Company was granted the Stage II Forest Clearance by the Ministry of Environment and Forests (MoEF). Further, your Company has been recognized as the "Best complied project in North East, India" by MoEF with regards to the Environmental Compliances. Your Company continues with its endeavors to maintain the highest level of environmental and forest compliances even after receiving this recognition.

With great pleasure, we would like to inform you that the North East Metalliferous Mines Safety Week for 2013 was held from February 04, 2013 to February 12, 2013. Your Company was bestowed with several awards following an audit done by Directorate General of Mines Safety (DGMS), Ministry of Mines. Your Company secured first place in five (5) categories. Those are: (i) Publicity and Propaganda, (ii) Open Cast Working Conditions, (iii) Use of Protective Equipment, (iv) Appointment of Officials, and (v) General Health and Working. In addition to these awards, your Company also secured second place in two (2) categories. Those are: (i) Accident Preventive Records, and (ii) Condition of Machinery. Your Company secured third place in two (2) categories. Those are: (i) Explosive Handling, and (ii) Survey Section.

It is also pertinent to mention that during the Mines Environment and Mineral Conservation Week, 2013 held from February 18, 2013 to February 24, 2013, your Company secured first place in four (4) categories. Those are: (i) Afforestation, (ii) Installation and Use of Mechanical Beneficiations, (iii) Community Development, and (iv) Sedimentation (Water Management). Your Company also secured second place in the category of Publicity Propaganda and Awareness.

Health and Safety

Safety continues to be the number one priority for your Company. It is devoted to the improvement of safety in all activities of the Company through better safety behavior amongst all employees and contractors. As a result, your Company has completed four consecutive years without any major injury (Lost Time Injury - LTI). You will be pleased to know that the year under review was completely an injury free year, despite of diversity in terms of geographical location and social atmosphere. HS activities and behavior change was challenging.

In 2012, your Company achieved the highest score in Hazard Identification and Safety Contacts with employees and contractors - "Visible Felt Leadership" (VFL). The numbers are highest in the history of LUMPL and through this we have established a wide base and thus ensured ZERO accidents with a sustainable standard. The emphasis on safety came from the top management and we all worked together to ensure that not a single accident occurred. All the basics of safety are mandatory for each and every person working or associated with your Company.

In 2012, a number of training programmes were organized to make sure that there was no laxity in the safety rules. Sessions with the contractors were arranged to engage them in the safety policy of the Company. The Company observed a Safety Month with the theme of "Personal Risk Assessment", through which every individual in your Company was taught how to assess hazards in a workplace, calculate the risks and work out a permanent solution to eliminate the risk. Elaborate programmes were also taken up in order to improve the safety awareness among the employees and contractors, with special emphasis on the behavioral aspects of a safety culture.

Your Company strives to be a leader in health and safety, the safest business unit of its kind. The efforts in this respect are seen and felt every day and we promise to continue with all our achievements.

Financial Performance:

The financial results of the Company are as follows:

| Particulars | Rupees in Lakhs | |
|--|-------------------------------|-------------------------------|
| | Year ended 31st December 2012 | Year ended 31st December 2011 |
| Gross Revenue | 17,208.60 | 5,644.10 |
| Expenditure | 10,225.36 | 8,127.28 |
| EBITDA | 6,983.24 | (2,483.18) |
| Interest and finance charges | 2,820.09 | 3,428.42 |
| Depreciation | 1,256.79 | 826.65 |
| Profit / (Loss) before Taxation | 2,906.36 | (6,732.25) |
| Provision for tax | - | - |
| Profit / (Loss) After Taxation | 2,906.36 | (6,732.25) |
| Earnings/(loss) per Share : | 7.07 | (16.38) |

Limestone production was 2 million tonnes and your Company achieved 100% capacity utilization. The export sale of limestone was 1.98 million tons.

The net profit earned after tax during the year was Rs. 2,906.36 lakhs as compared to net loss of Rs. 6,732.25 lakhs incurred during the previous year. This has resulted in improvement in net worth erosion. The accumulated loss as on December 31, 2012 was Rs. 14,319.97 lakhs (representing 348% of paid up capital). With the excellent business and financial performance in the current year, the accumulated loss has declined by 17% in comparison to the accumulated loss of Rs. 17,226.33 lakhs as on December 31, 2011.

The limestone requirement of the cement plant is consistent and it is expected that your Company will also be able to export its entire production in the future.

Production Performance:

In 2012, Nongtra Limestone Mines operated at full capacity and achieved the 2 million tonnes production target and despatched 1,983,344 million tonnes.

The quarry team made continuous efforts to improve their performance, skills and efficiency. The team implemented 15 good practices which enhanced the quarry performance and reliability. The Key Performance Indicators show that with the quality improvements in safety and technical efficiency, the crusher's reliability has been improved significantly. Crusher maintenance costs were reduced by adopting proper preventive maintenance planning coupled with relevant changes in the blasting process. The efforts have resulted in reducing cost, time and consumption of crusher spares.

Environment:

Your Company is committed to implement the most stringent environmental standards from amongst the local legislation and standards applied by the Sponsor Groups. The environmental studies for the implementation of the project were carried out by third party experts in the relevant fields to identify and measure the environmental impact. Your Company continues to be committed to the implementation of the environment management plans as suggested by the experts and approved by the regulatory authorities as well as the lenders. In addition, the Company is resolute in complying with its social commitments.

Your Company continues to adopt scientific mining methods to ensure full respect to the protection of the environment, ecology, local biodiversity and preservation of caves in the surrounding areas. To ensure full compliance of all the environmental standards for mining, your Company is continuously working towards up-gradation of mining techniques so that the impact to surrounding areas is fully mitigated. Your Company is working closely with the Village Durbar of Nongtra for protection of the biodiversity of the surrounding areas.

Corporate Social Responsibility:

Your Company continues to follow its belief that “business is a priority but social welfare is a responsibility”. This core objective of business and social responsibility has prompted your Company to embark upon substantial programmes around its quarry in Meghalaya.

Your Company endeavors to continuously provide a wide range of community development activities in the villages surrounding the mining site, especially the villages of Nongtraï and Shella. Enhanced skill development is essential to the “sustainable development” of the community, which is done through training and formation of Self Help Groups (SHGs). LUMPL sponsored development programs have been beneficial to 25 women and 12 men till date. We also encourage and support the community in availing the benefits available under various Government sponsorships for SHGs, educational programmes etc. Over 7,850 patients have availed the services of our existing health care facilities like mobile clinic, health centre and annual eye camps. In addition, infrastructure improvement projects like construction of village footpath, drains, hand rails, drinking water supply, community halls, environment protection education programmes etc, have improved the living conditions in the surrounding villages.

The Hon’ble Supreme Court of India by its order dated April 12, 2010 as well as the Judgment passed by it on July 06, 2011, mandated that a Special Purpose Vehicle (SPV) be constituted for the project area under the Chairmanship of the Chief Secretary, Government of Meghalaya. Your Company deposits a sum of Rs. 90/- per tonne of limestone produced to the SPV each month. As on March 31, 2013, your Company has contributed to SPV an amount of Rs. 7,038.84 Lakhs.

The welfare projects mandated upon the SPV include the development of health, education, economy, irrigation and agriculture in the project area of 50 kms solely for the local community and welfare of the tribals.

The SPV has started implementing various schemes for the project area and for the year 2012 -13, plans have been made with an annual outlay of about Rs. 18 crores. Your Company is confident that with the vision of the SPV, there will be a substantial amount of improvement in the welfare of the people in the areas surrounding the project.

Human Resources:

Your Company has always believed that human resource is the most important resource and thus continues to work for its development. The functioning and activities were further aligned to Company’s business objectives. Your Company has initiated aims at creating a blueprint for building adequate personnel in order to meet current and future requirements, through systematic investment in internal resources by Talent Development and Succession Planning for critical positions. These initiatives will ensure retention of talent to take over future positions and ensuring a long term career for them.

An extensive recruitment process is being followed to recruit the right talent for the right position from the market. Local tribal talents from the surrounding villages are being identified for training and taking over positions at the quarry.

Your Company continues to create benchmarks in the market with its compensation and benefits. It also offers competitive packages in order to attract new talent and keep the internal resources motivated.

Auditors’ Report:

The notes to accounts forming part of the financial statements are self-explanatory and need no further explanation.

There are no qualifications in the Auditors’ Report which require any clarification/explanation.

In the Audit Report to the shareholders, the Auditors without qualifying their report have drawn attention to Note 22 to the financial statement, regarding financial statements being prepared on a going concern basis, in spite of full erosion of net worth of the Company as at the year end, taking into account the continued financial support from its parent company.

In this regard, the Board of Directors of the Company would like to draw your attention to the relevant statements made above with regard to the state of the Company’s affairs and financial performance. The net profit earned after tax during the year was Rs. 2,906.36 lakhs and this has resulted in improvement in net worth erosion. The excellent business and financial performance in the current year resulted in the accumulated loss to decline by 17%. With sustained limestone production and export sales in coming years your Company is confident that net worth erosion will improve substantially.

Directors:

The Company has nine (9) Directors on the Board. The Directors are not liable to retire by rotation.

Directors' Responsibility Statement:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' responsibility statement, it is hereby confirmed:

1. That in preparation of the annual accounts for the year ending December 31, 2012; the applicable Accounting Standards have been followed along with proper explanations provided for material departures, if any.
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors had prepared the accounts for the financial year ending December 31, 2012 on a going concern basis.

Auditors :

M/s. Deloitte Haskins & Sells are the statutory Auditors of the Company since 2005. The Company has received a special notice pursuant to Section 225 of the Companies Act, 1956, from a member proposing to move a resolution for the appointment of M/s RKP Associates, Chartered Accountants, as Statutory Auditors of the Company in place of the retiring Auditors, M/s. Deloitte Haskins & Sells at the ensuing Annual General Meeting

M/s RKP Associates, Chartered Accountants, have expressed their willing to act as Statutory Auditors of the Company, if appointed, and have confirmed that the said appointment would be in conformity with provisions of Section 224(1B) of the Companies Act, 1956.

Particulars of employees:

The Particulars as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are set out in Annexure "A" included in this report.

Conservation of Energy, Technology Absorption and Foreign Exchange:

The particulars as required under section 217(1) (e) of the Indian Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, are set out in Annexure "B" to this report.

Fixed deposits:

During the year under review, the Company has not accepted any deposit from the public.

Acknowledgements

Your Directors wish to express their grateful appreciation for the valuable support and cooperation received from the Government of India, Government of Bangladesh, Government of Meghalaya, LSC, the lenders, banks, project consultants and the Durbars of Nongtraï and Shella villages. Your Directors also place on record their appreciation for the contribution of the employees of the Company, their commitment, dedication and hard work.

For and on Behalf of the Board

Place: Dhaka

Date: April 29, 2013


Directors

Annexure "A" to the Directors' Report-

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended and forming part of the Directors' Report for the year ended December 31, 2012.

Employed throughout the year and was in receipt of remuneration aggregating not less than Rs. 24 lakhs per annum.

| Name & age | Designation & nature | Remuneration received Rs.Lakhs | Qualification & Experience | Date of Joining | Particulars of last employment |
|------------------------------------|----------------------|--------------------------------|-----------------------------------|-----------------|--|
| Narayan Prasad Sharma, 49 years | VP & Director | 85.50 | B.E. (Mech.) & MBA 21 years | 1.10.1999 | Engineer, Lafarge Asia Pacific, PTE. Ltd. |

Note: 1. Mr. Sharma is not related to any of the Directors of the Company and does not hold any shares in the Company.

2. The appointment is contractual and the conditions of employment are governed by individual terms and conditions of service.

Annexure "B" to the Directors' Report:

Information pursuant to Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, as amended and forming part of the Directors' Report for the year ended December 31, 2012.

I. Conservation of Energy:

(a) Energy conservation measures taken:

1. Since the commencement of the mining operation, the Company's core principle with respect to equipment selection, operation and maintenance of the crushing plant and DG set has been based on the best engineering practices which are energy efficient and environment friendly, with no compromise in the quality of the final product. Today your Company is proud to state that since the beginning of the operations, there has been no compromise on this basic philosophy along with the commitment to adhere to it in the future.
2. Emphasizing on equipment selection as a guiding factor has not only improved your Company's performance in energy consumption but has also increased the production. This has been achieved by continuous monitoring of the equipment parameters from the aspect of both crushing and engineering in order to increase output and bring down energy consumption.
3. To keep pace with the developments taking place, international HRD activities are a regular feature at the mining unit. This has not only drastically improved the knowledge, skills and analytical ability of your Company team but also helped in bringing in new ideas which paves the way for modifications, adoption of latest developments in engineering and technology for overall improvement in efficiency of the quarry team and improvement in work culture.

(b) Additional Investment and proposals for energy conservation:

1. Automation of DG operation, control of parameters, installation of online fuel filtration plant etc.
2. Overhauling of the old DG set with RECON engine. This will help in reduction of fuel consumption per MWH power generation
3. Utilization of power saving light i.e. CFL, solar light etc.

(c) Impact of the measure of (a) and (b) above for reduction of Energy consumption and consequent impact on the cost of production of goods:

As these measures have been implemented recently, all the positive effects will be reflected in the coming days.

(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the Rules in respect of industries specified in the schedule thereto:

FORM A

| A. Power and Fuel Consumption | Current year (Jan1, 2012 –Dec 31, 2012) | Previous Year (Jan1, 2011 - Dec 31, 2011) |
|---|---|---|
| 1. Electricity | | |
| (a) Purchased | | |
| Unit (KWH) | 162,988 | 166,738 |
| Total Amount (Rs) | 716,750 | 674,811 |
| Rate/unit (Rs) | 4.39 | 4.04 |
| (b) Own Generation : | | |
| (i) Through diesel Generator | | |
| Units (KWH) | 3,316,516 | 1,659,310 |
| (ii) Units/litre of diesel oil | 2.76 | 2.64 |
| Cost /Unit (INR/Unit) | 12.68 | 12.46 |
| (iii) Through steam turbine/generator | | |
| Units | N.A | N.A |
| Units per litre of fuel oil/gas | N.A | N.A |
| Cost/Units | N.A | N.A |
| 2. Coal (specify quality and where used) | | |
| Quantity (tonnes) | N.A | N.A |
| Total cost | N.A | N.A |
| Average rate | N.A | N.A |
| 3. Furnace oil | | |
| Quantity (k. ltrs.) | N.A | N.A |
| Total amount | N.A | N.A |
| Average rate | N.A | N.A |
| 4. Others/internal generation (please give details) | | |
| Quantity | N.A | N.A |
| Total cost | N.A | N.A |
| Rate/unit | N.A | N.A |
| B. Consumption per unit of production | | |
| 2010 - 2.76 KWH/MT | | |
| 2011- 2.19 KWH /MT | | |
| 2012- 1.67 KWH /MT | | |

II. Technology Absorption:

The Efforts made in technology absorption as per Form B hereunder:

FORM B

A. Research and Development (R and D)

1. Specific areas in which R and D was carried out by Company: As it is new unit, hence no such action taken.
2. Future plan of action: NA
3. Expenditure on R & D (INR) NIL
 - (a) Capital
 - (b) Recurring
 - (c) Total
 - (d) Total R & D Exp. as a % of total
 - (e) turnover

B. Technology absorption, adaptation and innovation

As it is a new unit, no such action has been taken

III. Foreign Exchange earnings and outgo during the period:

The particulars relating to Foreign Exchange Earnings/Expenditure:

a) Expenditure in foreign currency:

| | Year Ended | |
|-------------------------------------|--------------------|--------------------|
| | 31st December 2012 | 31st December 2011 |
| | Rs. in lakhs | Rs. in lakhs |
| i) Professional and Consulting fees | 39.73 | 160.48 |
| iii) Interest | 297.79 | 257.42 |
| Total | 337.52 | 417.90 |

b) Earnings in foreign currency:

| | Year Ended | |
|-------------------------|--------------------|--------------------|
| | 31st December 2012 | 31st December 2011 |
| | Rs. in lakhs | Rs. in lakhs |
| i) FOB Value of Exports | 16,844.26 | 5,591.76 |
| Total | 16,844.26 | 5,591.76 |

Place: Dhaka

Date: April 29, 2013

For and on Behalf of the Board


Directors

AUDITORS' REPORT

Tel. : +91 (33) 6612 1000
Fax : +91 (33) 6612 1001

TO THE MEMBERS OF LAFARGE UMIAM MINING PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **LAFARGE UMIAM MINING PRIVATE LIMITED** ("the Company") as at 31st December, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our report, we invite attention to Note 22 to the financial statements, regarding financial statements being prepared on a going concern basis, in spite of full erosion of net worth of the Company as at the year end, taking into account the continued financial support from its parent company.
4. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in paragraph 3 and in the Annexure referred to in paragraph 4 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
6. On the basis of the written representations received from the Directors as on 31st December, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st December, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No. 302009E)

A Bhattacharya
Partner
(Membership No. 054110)



KOLKATA, March 8, 2013

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 4 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses (vi), (xii), (xiii), (xiv), (xv), (xviii), (xix), (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off any fixed asset during the year.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods. During the course of our audit, we have not observed any major weakness in such internal control. The Company does not have any sale of services.
- (vi) To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues, including Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

Deloitte Haskins & Sells

- (b) The unpaid undisputed dues in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st December, 2012 for a period of more than six months from the date they became payable, are:

| Name of the Statute | Nature of Dues | Due Date | Period to which the amount relates | Amount involved (Rs. In lakhs) |
|---------------------------|----------------|------------------|------------------------------------|--------------------------------|
| Meghalaya Stamp Act, 1993 | Stamp Duty | January 30, 2002 | January 2002 | 3.39 |

- (c) According to the information and explanations given to us, there are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st December 2012 on account of disputes.
- (x) The accumulated losses of the Company have exceeded fifty percent of its net worth as at the end of the year. The Company has not incurred cash losses in the financial year. The Company had incurred cash losses in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- (xii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis aggregating to Rs. 12,470.22 lakhs have, prima facie, been used during the year for long- term investment.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 302009E)



KOLKATA, March 8, 2013

A Bhattacharya
Partner
(Membership No. 054110)

LAFARGE UMIAM MINING PRIVATE LIMITED

Balance Sheet

as at 31st December 2012

| | Notes | As at 31.12.2012 (Rs. in lakhs) | As at 31.12.2011 (Rs. in lakhs) |
|-------------------------------------|-------|------------------------------------|------------------------------------|
| (I) EQUITY AND LIABILITIES | | | |
| (1) Shareholders' funds | | | |
| (a) Share Capital | 03 | 4,113.31 | 4,113.31 |
| (b) Reserves and surplus | 04 | (14,319.97) | (17,226.33) |
| | | (10,206.66) | (13,113.02) |
| (2) Non-current liabilities | | | |
| (a) Long-term borrowings | 05 | 12,266.08 | 14,148.31 |
| (b) Long term trade payables | 08 | 174.32 | 221.22 |
| (c) Long-term provisions | 06 | 59.84 | 37.86 |
| | | 12,500.24 | 14,407.39 |
| (3) Current liabilities | | | |
| (a) Short-term borrowings | 07 | 10,984.93 | 8,899.09 |
| (b) Trade payables | 08 | 1,216.14 | 1,143.37 |
| (c) Other current liabilities | 09 | 8,080.48 | 10,219.24 |
| (d) Short-term provisions | 06 | 1.58 | 0.86 |
| | | 20,283.13 | 20,262.56 |
| TOTAL EQUITY AND LIABILITIES | | 22,576.71 | 21,556.93 |
| (II) ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 10 A | 10,919.08 | 11,282.05 |
| (ii) Intangible assets | 10 B | 6,636.06 | 6,990.43 |
| (iii) Capital work-in-progress | 11 | 303.91 | 177.88 |
| | | 17,859.05 | 18,450.36 |
| (b) Long-term loans and advances | 12 | 1,406.52 | 1,206.91 |
| | | 19,265.57 | 19,657.27 |
| (2) Current assets | | | |
| (a) Inventories | 13 | 969.03 | 899.11 |
| (b) Trade receivables | 14 | 1,658.03 | 446.12 |
| (c) Cash and cash equivalents | 15 | 46.24 | 34.47 |
| (d) Short-term loans and advances | 12 | 637.84 | 519.96 |
| | | 3,311.14 | 1,899.66 |
| TOTAL ASSETS | | 22,576.71 | 21,556.93 |

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants



A. Bhattacharya

Partner

For and on behalf of the Board of Directors



Masud Khan

Director



Narayan Sharma

Director



Manjuree Rai
Company Secretary

Place : Kolkata

Date : 8th March, 2013

Place : Dhaka

Date : 28th Feb, 2013

LAFARGE UMIAM MINING PRIVATE LIMITED

Statement of Profit and Loss

for the year ended 31st December 2012

| | Note | Year ended 31.12.2012 (Rs. in lakhs) | Year ended 31.12.2011 (Rs. in lakhs) |
|---|------|--|--|
| I Revenue from operations (gross) | 16 | 16,844.26 | 5,591.76 |
| Less : Excise duty | | - | - |
| Revenue from operations (net) | | 16,844.26 | 5,591.76 |
| II Other Income | 17 | 364.34 | 52.34 |
| III Total Revenue (I + II) | | 17,208.60 | 5,644.10 |
| IV EXPENSES | | | |
| (a) Cost of extraction, royalty, cess and contribution to SPV | 18 | 7,156.33 | 2,710.50 |
| (b) Employee benefits expense | 19 | 607.66 | 424.45 |
| (c) Finance costs | 20 | 2,820.09 | 3,428.42 |
| (d) Depreciation and amortisation expense | 10 | 1,256.79 | 826.65 |
| (e) Other expenses | 21 | 2,461.37 | 4,992.33 |
| Total Expenses | | 14,302.24 | 12,382.35 |
| V Profit / (Loss) before tax (III-IV) | | 2,906.36 | (6,738.25) |
| VI Tax Expense | | | |
| (a) Current tax | | - | - |
| Total tax expense | | - | - |
| VII Profit/ (Loss) for the year (V - VI) | | 2,906.36 | (6,738.25) |
| VIII Earnings/ (Loss) per equity share (Rupees): | | | |
| Basic and Diluted | | 7.07 | (16.38) |

See accompanying notes forming part of the financial statements

The Notes referred to above form an integral part of the Profit and Loss Account

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants



A. Bhattacharya

Partner

For and on behalf of the Board of Directors

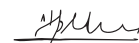


Masud Khan

Director



Manjuree Rai
Company Secretary



Narayan Sharma

Director

Place : Kolkata
Date : 8th March, 2013

Place : Dhaka
Date : 28th Feb, 2013

LAFARGE UMIAM MINING PRIVATE LIMITED

Cash Flow Statement

for the year ended 31st December 2012

| | Year ended 31.12.2012 (Rs. in lakhs) | Year ended 31.12.2011 (Rs. in lakhs) |
|--|--|--|
| A. Cash Flow from Operating activities: | | |
| Profit / (Loss) before taxes and exceptional item | 2,906.36 | (6,738.25) |
| Adjustments for: | | |
| Depreciation | 1,256.79 | 826.65 |
| Unrealised foreign exchange (gain)/loss | 238.88 | 613.72 |
| Excess liability written back | - | (49.98) |
| Financial Charges | 1,801.13 | 2,044.07 |
| Fixed Assets written off | - | 372.67 |
| Interest Income | (2.40) | (2.36) |
| Operating profit before working capital changes | 6,200.76 | (2,933.48) |
| Changes in Working Capital: | | |
| Adjustments for (increase) / decrease in operating assets: | | |
| Trade receivables | (1,199.45) | (453.34) |
| Short term and long term loans and advances | (315.33) | (32.68) |
| Inventories | (69.92) | (539.52) |
| Adjustments for increase / (decrease) in operating liabilities: | | |
| Trade payables and other current and non current liabilities | 166.78 | 1,467.14 |
| Long and short term Provisions | 22.70 | 15.44 |
| Cash from / (used in) operations | 4,805.54 | (2,476.44) |
| Direct taxes paid | - | (1.55) |
| Net cash from/(used in) operating activities | 4,805.54 | (2,477.99) |
| B. Cash Flow from Investing activities: | | |
| Capital Expenditure on fixed assets and capital work in progress | (665.48) | (1,236.50) |
| Interest received | 0.24 | 1.52 |
| Net cash used in investing activities | (665.24) | (1,234.98) |
| C. Cash Flow from Financing activities: | | |
| Proceed from Short term borrowings | 40,773.98 | 54,357.13 |
| Repayment of short term borrowings | (38,750.97) | (49,909.61) |
| Proceeds from long term borrowings | - | 1,441.11 |
| Repayment of long term borrowings | (4,093.51) | (700.00) |
| Financial charges paid | (2,058.03) | (1,447.30) |
| Net cash from/ (used in) financing activities | (4,128.53) | 3,741.33 |
| Net increase or (decrease) in cash or cash equivalents | 11.77 | 28.36 |
| Cash and cash equivalents as at 1st January | 34.47 | 6.11 |
| Cash and cash equivalents as at 31st December | 46.24 | 34.47 |

Notes:

1. Include cash and Cheques on hand, balance in current and deposit accounts with banks (refer note - 15) .
2. Cash and cash equivalent includes unrealised foreign exchange gain of Rs. 0.12 lakhs (as at 31st December, 2011 Rs.2.06 lakhs).
3. Figures in brackets represent outflows.
4. Previous year figures have been regrouped/restated wherever necessary.

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants



A. Bhattacharya

Partner

For and on behalf of the Board of Directors



Masud Khan

Director



Narayan Sharma

Director



Manjuree Rai
Company Secretary

Place : Kolkata

Date : 8th March, 2013

Place : Dhaka

Date : 28th Feb, 2013

LAFARGE UMIAM MINING PRIVATE LIMITED

Notes to the Financial Statements

01 Background

Lafarge Umiam Mining Private Ltd ("LUMPL"), a private limited company incorporated under the laws of India, having its registered office in Shillong, Meghalaya, is a 100% subsidiary company of Lafarge Surma Cement Ltd. ("LSC"), a public limited company incorporated under the laws of Bangladesh.

LUMPL owns and operates the limestone and shale mine located at Nongtra and Shella area of East Khasi Hills District, Meghalaya. LSC has set up a cement plant at Chattak in Bangladesh promoted by Lafarge SA of France and Cementos Molins of Spain. The project involves supply of limestone and shale from the mines of LUMPL located in the State of Meghalaya to the cement plant in Bangladesh through a continuous cross border elevated belt conveyor. The belt conveyor is the means of export of crushed limestone from the mines to the Cement plant in Bangladesh.

02 Significant Accounting Policies

a) Basis of accounting and preparation of financial statements

The financial statements are prepared under the historical cost convention, on accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India to comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006 to the extent applicable and in accordance with the provisions of Companies Act, 1956, as adopted consistently by the Company.

b) Use of Estimates

The preparation of the financial statements requires the management to make estimates and assumptions that affect the reporting balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reporting amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and useful life of fixed assets and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c) Revenue Recognition

Revenue from sale of products is recognized on the basis of dispatch to customers.

Interest on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

d) Fixed Assets

Fixed Assets are stated at original cost of acquisition less accumulated depreciation. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation of asset.

Software expected to provide future enduring economic benefits is stated at cost less amortization. All up gradation/enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

e) Development of Quarry

Cost as listed below incurred in relation to quarry where the future economic benefits associated with those cost flows are capitalized and amortized over the mining lease rights period.

a) Cost for development of quarry for commercial exploration.

b) Cost for obtaining definite extraction permit which includes amongst others environmental clearance as per statutory rules and regulations in force from time to time and as imposed by regulatory authorities.

c) Cost to expand the capacity of the quarry.

f) Inventory

Extracted Limestone and Shalestone are valued at the lower of cost and net realizable value.

Spare parts, oil & fuel and other supplies are valued at/ under cost.

Cost of inventories is ascertained on the weighted average basis

g) Depreciation/Amortisation

Depreciation is provided on straight line basis applying the rates specified in Schedule XIV to the Companies Act, 1956 or based on useful live whichever is higher. The cases where the rates derived from useful lives of various categories of fixed assets as estimated by the management are higher than the rates prescribed by Schedule XIV to the Companies Act, 1956 are as follows:

| | |
|--------------------------------------|--------|
| Building | |
| Non Factory Building | 2.50% |
| Plant and Machinery | |
| Technical Facilities | 10.00% |
| Capital Spares | 20.00% |
| Furniture and Fixtures | 10.00% |
| Office & Household Equipments | 20.00% |
| Electronic Data Processing Equipment | 33.33% |
| Vehicles | 20.00% |

Leasehold Land is amortised over the remaining tenure of the lease. Development of property pertaining to Limestone and Shalestone quarry is amortised over the remaining tenure of legal rights or useful period of the mine whichever is higher.

Intangible assets (other than development of property) are amortised over the best estimate of its useful life ranging from a period of 3 to 5 years.

h) Foreign exchange transaction

a) Foreign currency transactions entered during the year are recorded at the rate of exchange prevailing on the date of transactions.

b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. Non monetary foreign currency items are carried at cost . Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.

c) In case of forward exchange contracts which are entered into to hedge the foreign exchange risks in respect of existing assets/liabilities, the premium or discount on such contracts is recognized over the life of the contract. In case of forward exchange contracts entered into to hedge the foreign currency risk of a firm commitment or a highly probable future forecast transactions, mark to market loss, if any, arising in respect of such outstanding forward contracts at the balance sheet date is recognized in the Statement of Profit and Loss.

i) Employee benefits

Defined Contribution Schemes: Company's contribution towards Provident Fund paid / payable during the year to the Provident Fund Authority are charged to Statement of Profit and Loss.

Defined Benefit Schemes: Company's liabilities towards Gratuity are defined benefit scheme. All liability of Defined Benefit Schemes is ascertained by independent actuarial valuations as per the requirements of Accounting Standard- 15 on "Employee Benefits."

j) Borrowing Cost

Borrowing costs to the extent / attributed to the acquisition / construction of qualifying assets are capitalized up to the date when such assets are ready for its intended use and all other borrowing costs are recognized as an expense in the period in which they are incurred

k) Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act 1961.

Deferred tax is recognized subject to the consideration of prudence in respect of deferred tax assets, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or subsequently enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realization.

l) Impairment of Fixed Assets

An impairment loss is recognized wherever the carrying amount of fixed assets of cash generating unit exceeds the recoverable amount i.e. net selling price or value in use, whichever is higher.

m) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

| | | As at 31.12.2012 | As at 31.12.2011 |
|-----------|---|------------------|------------------|
| | | (Rs. in lakhs) | (Rs. in lakhs) |
| 03 | Share Capital | | |
| | Authorised: | | |
| | 42,000,000 (as at 31st December, 2011: 42,000,000) equity shares of Rs. 10 each | 4,200.00 | 4,200.00 |
| | | 4,200.00 | 4,200.00 |
| | Issued, Subscribed and Fully Paid up: | | |
| | 41,133,099 (as at 31st December, 2011: 41,133,099) equity shares of Rs. 10 each | 4,113.31 | 4,113.31 |
| | | 4,113.31 | 4,113.31 |

03.1 Share Capital

Reconciliation of Number of shares

| | As at 31.12.2012 | | As at 31.12.2011 | |
|--|------------------|-----------------------|------------------|-----------------------|
| | No. of Shares | Amount (Rs. in lakhs) | No. of Shares | Amount (Rs. in lakhs) |
| Issued, Subscribed and Fully paid | | | | |
| At the beginning of the year | 41,133,099 | 4,113.31 | 41,133,099 | 4,113.31 |
| At the end of the year | 41,133,099 | 4,113.31 | 41,133,099 | 4,113.31 |

03.2 Details of shareholders holding more than 5% of outstanding shares

| | As at 31.12.2012 | | As at 31.12.2011 | |
|---|------------------|------|------------------|------|
| | No. of Shares | % | No. of Shares | % |
| Shareholder | | | | |
| (1) Lafarge Surma Cement Ltd, Bangladesh, the holding company | 41,133,098 | 100% | 41,133,098 | 100% |
| | 41,133,098 | 100% | 41,133,098 | 100% |

03.3 Rights, preferences and restrictions attached to the equity shareholders

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

| | | As at 31.12.2012 | As at 31.12.2011 |
|-----------|---|--------------------|--------------------|
| | | (Rs. in lakhs) | (Rs. in lakhs) |
| 04 | Reserves and Surplus | | |
| | Surplus / (Deficit) in Statement of Profit and Loss : | | |
| | Opening Balance | (17,226.33) | (10,488.08) |
| | Add: Profit / (Loss) for the year | 2,906.36 | (6,738.25) |
| | Closing Balance | (14,319.97) | (17,226.33) |

05 Long-term borrowings

| | As at 31.12.2012 | | | | As at 31.12.2011 | | | |
|---|--------------------|-----------|----------------|--|--------------------|-----------|----------------|-----------|
| | (Rs. in lakhs) | | (Rs. in lakhs) | | (Rs. in lakhs) | | (Rs. in lakhs) | |
| | Current Maturities | Long Term | Total | | Current Maturities | Long Term | Total | |
| (a) Term loans from related parties (Secured) | | | | | | | | |
| External commercial borrowing from | | | | | | | | |
| Lafarge Surma Cement Ltd, Bangladesh ⁽¹⁾ | 1,787.11 | 5,808.11 | 7,595.22 | | 3,595.46 | 5,093.56 | | 8,689.02 |
| (b) Loans from banks (Unsecured) ⁽²⁾ | 2,714.66 | 6,457.97 | 9,172.63 | | 2,997.98 | 9,054.75 | | 12,052.73 |
| | 4,501.77 | 12,266.08 | 16,767.85 | | 6,593.44 | 14,148.31 | | 20,741.75 |

Additional information

- (1) For security and other disclosure refer note 23
- (2) Based on autonomous guarantee from Financiere Lafarge S.A.S, France - Group Company
- (3) Terms of repayment and interest rate of borrowings as at December 31, 2012 are as follows

| Particulars | Currency | INR Equivalent ("lakhs) | Installment amount in "lakhs | No. of Installment paid | No. of Installment due | Start date of loan repayment | Maturity date | Remarks |
|--|----------|-------------------------|------------------------------|-------------------------|------------------------|------------------------------|----------------|--------------|
| External commercial borrowing (ECB) | USD | 7,595.22 | USD 8.16 | 3 (quarterly) | 17 | June 15, 2012 | March 15, 2017 | Refer note 5 |
| Term loan from Citi Bank | USD | 4,272.63 | USD 6.00 | 7 (quarterly) | 13 | June 30, 2011 | March 31, 2016 | |
| Term loan from Standard Chartered Bank | INR | 4,900.00 | INR 350.00 | 6 (quarterly) | 14 | September 30, 2011 | June 30, 2016 | |

(4) Terms of repayment and interest rate of borrowings as at December 31, 2011 are as follows

| Particulars | Currency | INR Equivalent ("lakhs) | Installment amount in "lakhs | No. of Installment paid | No. of Installment due | Start date of loan repayment | Maturity date | Remarks |
|--|----------|-------------------------|------------------------------|-------------------------|------------------------|------------------------------|----------------|--------------|
| External commercial borrowing (ECB) | USD | 8,689.02 | USD 5.63 | 3 (quarterly) | 29 | June 15, 2009 | March 15, 2017 | Refer note 5 |
| Term loan from Citi Bank | USD | 5,752.73 | USD 6.00 | 2 (quarterly) | 18 | June 30, 2011 | March 31, 2016 | |
| Term loan from Standard Chartered Bank | INR | 6,300.00 | INR 350.00 | 2 (quarterly) | 18 | September 30, 2011 | June 30, 2016 | |

(5) The Company has defaulted in repayment of loans and interest in respect of the following:

| Particulars | As at 31 December, 2012 | | As at 31 December, 2011 | |
|---|-------------------------|----------------------|--|----------------------|
| | Period of default | Amount (Rs.in lakhs) | Period of default | Amount (Rs.in lakhs) |
| External commercial borrowing | | | | |
| - Principal | Nil* | Nil* | March 2010 to December 2011 (8 installments) | 2,396.97 |
| - Interest (net off Tax deducted at source) | Nil* | Nil* | March 2010 to December 2011 (8 installments) | 1,075.60 |

* As per the fourth amendment of the loan agreement dated March 20, 2012, the borrower and the lender have agreed to a revised repayment schedule for repayment of outstanding principal loan amount along with interest thereon in 20 equal quarterly installments starting from June 15, 2012.

06 Provisions

| | As at 31.12.2012 (Rs. in lakhs) | | As at 31.12.2011 (Rs. in lakhs) | |
|---|------------------------------------|-------------|------------------------------------|-------------|
| | Long Term | Short Term | Long Term | Short Term |
| (a) Provision for employee benefits | | | | |
| Post-employment Defined Benefits | | | | |
| Retiring Gratuity | 44.81 | 0.75 | 30.50 | 0.53 |
| (b) Provision for stock appreciation right | 15.03 | - | 7.36 | - |
| (c) Provision for Wealth Tax ⁽¹⁾ | - | 0.83 | - | 0.33 |
| Total Provisions | 59.84 | 1.58 | 37.86 | 0.86 |

Additional information

(1) Net of Advance Taxes Rs. 1.97 lakhs (as at 31st December, 2011 Rs. 1.80 lakhs)

07 Short-term borrowings

Loans from banks

Unsecured

(1) From Citibank NA, Mumbai :

Working capital demand loan

7,515.95 5,646.70

(2) From Standard Chartered Bank, Mumbai :

Working capital demand loan

2,845.55 2,896.97

Overdraft

623.43 355.42

10,984.93 8,899.09

08 Trade Payables

| | As at 31.12.2012 (Rs. in lakhs) | | As at 31.12.2011 (Rs. in lakhs) | |
|--|------------------------------------|-----------------|------------------------------------|-----------------|
| | Long Term | Short Term | Long Term | Short Term |
| Creditors for supplies / services | 174.32 | 1,120.32 | 221.22 | 1,096.72 |
| Creditors for accrued wages and salaries | - | 95.82 | - | 46.65 |
| Total Trade Payables | 174.32 | 1,216.14 | 221.22 | 1,143.37 |

09 Other Current Liabilities

(a) Current maturities of long-term debt (Refer Note 5)

4,501.77 6,593.44

(b) Creditors for capital liability

265.05 289.99

(c) Creditors for other liabilities

(1) Interest accrued but not due on borrowings

2,068.67 1,226.86

(2) Interest accrued and due on borrowings

- 1,075.60

(3) Statutory Dues

1,022.65 928.91

(4) Other credit balances

222.34 104.44

Total Other current liabilities

8,080.48 10,219.24

10 Fixed assets

| Particulars | Gross Block - At Cost | | | Depreciation / Amortisation | | | Net Block | | |
|---|-------------------------|---------------------------|-----------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|-------------------------|------------------|
| | As at 1st January, 2012 | Additions during the year | Adjustments during the year | As at 1st January, 2012 | Additions during the year | Adjustments during the year | As at 31st December, 2012 | As at 1st January, 2012 | |
| | Rs. in lakhs | Rs. in lakhs | Rs. in lakhs | Rs. in lakhs | Rs. in lakhs | Rs. in lakhs | Rs. in lakhs | Rs. in lakhs | |
| 10 A. Tangible Assets | | | | | | | | | |
| Freehold Land | 204.90 | - | - | - | - | - | 204.90 | 204.90 | |
| Leasehold Land | 138.85 | - | - | 138.85 | 32.46 | 6.50 | 38.96 | 106.39 | |
| Building | 671.05 | 25.69 | - | 696.74 | 61.35 | 17.61 | 78.96 | 609.70 | |
| Plant and Machinery | 12,144.89 | 400.92 | - | 12,545.81 | 2,739.31 | 790.01 | 3,529.32 | 9,405.58 | |
| Development of property | 1,073.62 | - | - | 1,073.62 | 209.57 | 43.69 | 253.26 | 864.05 | |
| Furniture and Fixtures | 33.58 | 15.74 | - | 49.32 | 16.08 | 3.58 | 19.66 | 17.50 | |
| Office & Household Equipments | 53.67 | 16.78 | - | 70.45 | 40.33 | 5.82 | 46.15 | 13.34 | |
| Electronic Data Processing Equipment | 58.48 | 24.17 | - | 82.65 | 50.16 | 10.99 | 61.15 | 8.32 | |
| Vehicles | 193.17 | 53.55 | - | 246.72 | 140.90 | 21.62 | 162.52 | 52.27 | |
| Total | 14,572.21 | 536.85 | - | 15,109.06 | 3,290.16 | 899.82 | - | 4,189.98 | 10,919.08 |
| Previous year | 14,087.52 | 919.63 | (434.94) | 14,572.21 | 2,671.12 | 681.31 | (62.27) | 3,290.16 | 11,282.05 |
| 10 B. Intangible Assets | | | | | | | | | |
| Software (acquired) | 33.45 | 2.60 | - | 36.05 | 31.43 | 1.53 | 32.96 | 3.09 | 2.02 |
| Development of property | 7,132.14 | - | - | 7,132.14 | 143.73 | 355.44 | 499.17 | 6,632.97 | 6,988.41 |
| Total | 7,165.59 | 2.60 | - | 7,168.19 | 175.16 | 356.97 | - | 532.13 | 6,636.06 |
| Previous year | 30.75 | 7,134.84 | - | 7,165.59 | 29.82 | 145.34 | - | 175.16 | 6,990.43 |
| Additional information | | | | | | | | | |
| (1) Adjustment during the previous year represents the write off of machinery spare parts | | | | | | | | | |

| | As at 31.12.2012 | As at 31.12.2011 |
|--|------------------|------------------|
| | (Rs. in lakhs) | (Rs. in lakhs) |
| 11 Capital work-in-progress | | |
| (a) Development of property ⁽¹⁾ | 136.88 | 136.88 |
| (b) Building | 41.08 | 25.69 |
| (c) Plant & Machinery | 101.44 | 14.41 |
| (d) Others | 24.51 | 0.90 |
| Total capital work-in-progress | 303.91 | 177.88 |

Additional information

(1) Development of property includes expenditure incurred on account of development of quarry

12 Loans and advances

| | As at 31.12.2012 | | As at 31.12.2011 | |
|--|------------------|---------------|------------------|---------------|
| | Long Term | Short Term | Long Term | Short Term |
| | (Rs. in lakhs) | | (Rs. in lakhs) | |
| Loans and advances (Unsecured, considered good) | | | | |
| (a) Capital advances | 57.02 | - | 5.00 | - |
| (b) Security deposits | 17.21 | - | 17.21 | - |
| (c) Interest accrued on deposits | 6.33 | 0.26 | 4.19 | 0.24 |
| (d) Advance income tax ⁽¹⁾ | 403.06 | - | 403.06 | - |
| (e) Other loans and advances | | | | |
| (1) Prepayments | 381.57 | 66.26 | 0.56 | 1.62 |
| (2) Advances to suppliers | 399.07 | 556.70 | 663.57 | 493.14 |
| (3) Deposit account ^{(2) & (3)} | 23.62 | 2.79 | 23.62 | 2.55 |
| (4) Others ⁽⁴⁾ | 118.64 | 11.83 | 89.70 | 22.41 |
| | 922.90 | 637.58 | 777.45 | 519.72 |
| Total Loans and advances | 1,406.52 | 637.84 | 1,206.91 | 519.96 |

Additional information

1. Includes MAT credit of Rs. 361.56 lakhs (as at 31st December, 2011 Rs. 361.56 lakhs). Net of provision for income tax Rs. 361.56 lakhs (as at 31st December, 2011 Rs. 361.56 lakhs).

2. Represents deposit with banks that are restricted from being exchanged or used to settle a liability for more than 12 months.

3. Includes Rs. 6.50 lakhs (as at 31st December, 2011 Rs. 6.50 lakhs) pledged with the Office of Commissioner of Central Excise, Meghalaya; Rs. 2.79 lakhs (as at 31st December, 2011 Rs. 2.55 lakhs) pledged in respect of Bank Guarantee issued by State Bank of India, Shillong in favour of Indian Bureau of Mines.

4. Includes amount receivable from Department of Commerce, Falta Special Economic Zone towards excise duty and cess on purchase of oil and fuel.

| | As at 31.12.2012 | As at 31.12.2011 |
|-----------------------------------|------------------|------------------|
| | (Rs. in lakhs) | (Rs. in lakhs) |
| 13 Inventories | | |
| (a) Extracted Limestone | 501.52 | 431.19 |
| (b) Extracted Shalestone | 12.12 | 12.12 |
| Less : Provision for Obsolescence | (12.12) | (12.12) |
| (c) Oil and Fuel | 20.43 | 19.23 |
| (d) Stores and Spare parts | 447.08 | 448.69 |
| Total Inventories | 969.03 | 899.11 |

| | As at 31.12.2012 | As at 31.12.2011 |
|--|-------------------|-------------------|
| | (Rs. in lakhs) | (Rs. in lakhs) |
| 14 Trade receivables | | |
| Current trade receivables | | |
| Unsecured, considered good unless otherwise stated | | |
| Outstanding for a period exceeding six months, from the date they were due for payment | - | - |
| Others | 1,658.03 | 446.12 |
| Total current trade receivables | 1,658.03 | 446.12 |
| 15 Cash and cash equivalents | | |
| (a) Cash on hand | 0.50 | 1.21 |
| (b) Balances with banks | | |
| In Current Accounts | 45.74 | 33.26 |
| Total cash and cash equivalents | 46.24 | 34.47 |
| | | |
| Out of above, the balances that meet the definition of Cash and cash equivalents as per Accounting Standard 3 Cash Flow Statements | 46.24 | 34.47 |
| | | |
| | Year Ended | Year Ended |
| | 31.12.2012 | 31.12.2011 |
| 16 Revenue from operations | | |
| Revenue from operations (gross) | 16,844.26 | 5,591.76 |
| Less : Excise duty on revenue from operations | - | - |
| Revenue from operations (net) | 16,844.26 | 5,591.76 |
| 16.1 Revenue from operations (net) | | |
| Particulars | | |
| (a) Sale of lime stone ⁽¹⁾ | 16,844.26 | 5,591.76 |
| | 16,844.26 | 5,591.76 |
| Additional information | | |
| (1) Sales of limestone represent 100% export sales to holding company, Lafarge Surma Cement Ltd, Bangladesh | | |
| 17 Other Income | | |
| (a) Interest Income from bank deposits | 2.40 | 2.14 |
| (b) Excess liability written back | - | 49.98 |
| (c) Gain on foreign exchange fluctuation (net) | 361.94 | - |
| (d) Others | - | 0.22 |
| Total Other Income | 364.34 | 52.34 |
| 18 Cost of extraction, royalty, cess and contribution to SPV | | |
| (a) Extracted Limestone | | |
| Opening stock | 431.19 | 1.96 |
| Add:- Cost of extraction | 3,358.88 | 1,413.22 |
| Less : Closing stock | 501.52 | 431.19 |
| Extracted Limestone Consumed | 3,288.55 | 983.99 |
| (b) Royalty, cess and contribution to Special Purpose Vehicle (SPV) | | |
| Royalty | 1,660.05 | 720.11 |
| Cess to local bodies and others | 387.90 | 223.40 |
| Welfare Cess | 19.83 | 7.56 |
| Contribution to Special Purpose Vehicle (SPV) | 1,800.00 | 775.44 |
| | 3,867.78 | 1,726.51 |
| | 7,156.33 | 2,710.50 |

| | Year Ended | Year Ended |
|---|-----------------|-----------------|
| | 31.12.2012 | 31.12.2011 |
| 19 Employee Benefits Expenses | | |
| (a) Salaries and wages, including bonus | 567.30 | 389.68 |
| (b) Contribution to provident and other funds | 40.36 | 34.77 |
| Total Employee Benefits Expenses | 607.66 | 424.45 |
| 20 Finance Cost | | |
| (a) Interest expenses | | |
| Interest on External Commercial Borrowings | 297.79 | 257.41 |
| Interest on working capital demand loan and overdraft | 560.14 | 702.43 |
| Interest on term loan from banks | 931.89 | 1,055.93 |
| (b) Bank charges | 11.31 | 4.76 |
| (c) Other borrowing costs | - | 23.54 |
| (d) Net loss on foreign currency transactions and translation (considered as finance cost) | 1,018.96 | 1,384.35 |
| | 2,820.09 | 3,428.42 |
| 21 Other Expenses | | |
| Consumption of stores, spare parts and loose tools | 249.94 | 135.00 |
| Rent | 21.37 | 16.54 |
| Repairs to buildings | 8.76 | - |
| Repairs to machinery | 92.77 | 76.54 |
| Repairs to others | 137.88 | 84.17 |
| Insurance | 43.64 | 30.18 |
| Rates & taxes [Wealth tax - Rs 0.67 lakhs (Previous year: Rs. 0.24 lakhs)] | 0.67 | 0.24 |
| Business Promotion & Public Relations | 49.34 | 59.97 |
| Consultancy fees | 71.29 | 27.13 |
| IT Cost | 65.10 | 49.69 |
| Security cost | 400.07 | 388.19 |
| Loss on foreign exchange fluctuation (net) | - | 1,934.60 |
| Communication charges | 8.99 | 10.46 |
| Community Development | 105.71 | 81.94 |
| Environmental cost | 158.54 | 75.32 |
| Gas, Water & Electricity | 50.16 | 30.07 |
| Fuel for power generation | 420.44 | 206.88 |
| Idle Charges for mining operations | - | 943.75 |
| Legal fees | 41.22 | 46.85 |
| Travelling and conveyance | 144.86 | 225.09 |
| Cost of operation and maintenance of DG Sets | 117.38 | 97.48 |
| Safety expense | 22.12 | 21.15 |
| Site restoration cost | 150.10 | 1.67 |
| Fixed assets written off | - | 372.67 |

| | Year Ended | Year Ended |
|--|-----------------|-----------------|
| | 31.12.2012 | 31.12.2011 |
| Deputation of custom officials at site | 33.70 | 23.45 |
| Auditors remuneration and out-of-pocket expenses (including service tax) | | |
| (i) Statutory Auditors | 8.43 | 5.52 |
| (ii) Tax Audit related matter | 3.15 | 3.09 |
| (iii) For other services | 3.08 | 3.31 |
| (iv) Reimbursement of Expense | 0.07 | 0.10 |
| Miscellaneous expenses | 52.59 | 41.28 |
| Total Other Expenses | 2,461.37 | 4,992.33 |

- 22 The net worth of the Company as at 31st December 2012 has been fully eroded due to unavoidable interruptions of production for environmental regulatory issues relating to quarry operations in earlier years. The Company is receiving continued financial support from its parent Company, Lafarge Surma Cement Ltd (LSC), and also from the Group Company, Lafarge, S.A. The Company has received an undertaking from the parent Company that it shall continue to receive financial support for its operation. Accordingly the management considers that the going concern assumption is not vitiated. In view of this the financial statements have been prepared on the assumption that the Company is going concern despite its net worth being fully eroded.
- 23 The Company has availed an "offshore loan" from Lafarge Surma Cement Limited (LSC), Bangladesh, holding 41,133,098 shares of the Company (as at 31st December 2011: 41,133,098 shares) to fund its limestone and shale mining project development and operation. The outstanding balance as on 31st December 2012 was Rs. 7,595.22 lakhs (as at 31st December, 2011 Rs. 8,689.02 lakhs) towards principal loan amount, Rs. Nil (as at 31st December, 2011 Rs. 1,075.60 lakhs) towards interest accrued and due and Rs. 2,023.24 lakhs (as at 31st December, 2011 Rs. 1,194.25 lakhs) towards interest accrued but not due. The said loan has been granted by LSC out of an aggregate loan availed by LSC from certain "offshore lenders".
- As per the terms of the offshore loan, Lafarge Surma Cement Ltd and all its associates are required to create security of their respective assets in favour of the offshore lenders. The same is classified as secured loan, having charge against the over all present and future movable and intangible assets, contracts, investments and insurance policies of the Company except for stock in trade and receivable under a composite security agreement in favour of secured offshore lenders.
- 24 Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. 452.70 lakhs (as at 31st December, 2011 Rs. 371.86 lakhs).

25 **Deferred tax:**

| The breakup of deferred tax is as under | Year Ended | |
|---|-----------------|-----------------|
| | 31.12.2012 | 31.12.2011 |
| | (Rs. in lakhs) | (Rs. in lakhs) |
| Deferred Tax Liabilities | | |
| Timing difference on account of:- | | |
| -Depreciation | 1,106.12 | 1,914.76 |
| Gross Deferred Tax Liabilities (A) | 1,106.12 | 1,914.76 |
| Deferred Tax Assets | | |
| -Unabsorbed depreciation (restricted to the extent of deferred tax liability on depreciation) | 1,106.12 | 1,914.76 |
| Gross Deferred Tax Assets (B) | 1,106.12 | 1,914.76 |
| Deferred Tax Assets (Net) (A-B) | NIL | NIL |

The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax.

26 **Micro, Small and Medium Enterprises Development Act, 2006.**

The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, and hence disclosures if any, relating to amounts unpaid as at the year end together with interest paid/ payable are required under the said act have not been given.

27 **Expenditure / Earnings in foreign currency:**

a) Value of imports calculated on CIF basis:

| | Year Ended | |
|---------------------------|---------------|---------------|
| | 31.12.2012 | 31.12.2011 |
| | Rs. in lakhs | Rs. in lakhs |
| i) Stores and Spare parts | 51.82 | 189.28 |
| ii) Capital goods | 327.69 | 185.92 |
| Total | 379.51 | 375.20 |

b) Expenditure in foreign currency:

| | Year Ended | |
|-------------------------------------|---------------|---------------|
| | 31.12.2012 | 31.12.2011 |
| | Rs. in lakhs | Rs. in lakhs |
| i) Professional and Consulting fees | 39.73 | 160.48 |
| ii) Interest | 297.79 | 257.42 |
| Total | 337.52 | 417.90 |

c) Earnings in foreign currency :

| | Year Ended | |
|-------------------------|------------------|-----------------|
| | 31.12.2012 | 31.12.2011 |
| | Rs. in lakhs | Rs. in lakhs |
| i) FOB Value of Exports | 16,844.26 | 5,591.76 |
| Total | 16,844.26 | 5,591.76 |

d) Details of consumption of imported and indigenous items :

| | Year Ended | | | |
|-------------------|--------------|------|--------------|------|
| | 31.12.2012 | | 31.12.2011 | |
| | Rs. in lakhs | % | Rs. in lakhs | % |
| i) Imported | | | | |
| Raw materials | nil | nil | nil | nil |
| Stores and Spares | 146.62 | 59% | 110.99 | 82% |
| ii) Indigenous | | | | |
| Raw materials | 3,288.55 | 100% | 983.99 | 100% |
| Stores and Spares | 103.32 | 41% | 24.01 | 18% |

28 Contingent Liability not provided for :

Bank Guarantee amounting to Rs. 2.00 lakhs (as at 31st December, 2011 Rs. 2.00 lakhs) issued by State Bank of India, Main Branch Shillong and Rs. 10.77 lakhs (as at 31st December, 2011 Rs. 10.77 lakhs) issued by Standard Chartered Bank, Mumbai Branch on behalf of the Company favoring Indian Bureau of Mines as financial assurance for the progressive mines closure plan.

29 Claim against the Company for mining operations not acknowledged as debt for Rs. 111.27 lakhs (as at 31st December, 2011 Rs. Nil)

30 Being 100% Export Oriented Unit (EOU), the Company is entitled to claim refund of taxes and duties incurred in relation to procurement of certain goods and raw materials. The Company filed refund claim for taxes and duties paid in relation to construction of Long Belt Conveyor and Crusher. On January 6, 2009 the Board of Approval (BOA), Department of Commerce, Government of India decided that the long belt conveyor of the Company is installed outside the EOU premises for transportation of goods and is not eligible for duty free import/procurement under EOU scheme. The Company had filed an appeal against the order of the BOA before the Shillong Bench, Guwahati High Court on July 30, 2009 and the Hon'ble High Court vide its order dated 13th August 2010 had passed its judgment whereby the order of BOA not to grant approval to the Company's long belt conveyor as a part of EOU premise was quashed. The judgment passed by Hon'ble High Court which was subject to further appeal by the respondent party has been filed by the respondent party and if the appeal filed by the respondent party is successful at a later stage, the Company shall not be entitled to obtain the refund of Rs. 293.22 lakhs (as at 31st December, 2011 Rs. 293.22 lakhs) from the authorities. However the amount of taxes and duties paid in relation to the long belt conveyor have been included in the cost of assets and has been presented in the financial statements accordingly.

31 LEA (Lafarge 2009 and 2011 international employee) share ownership plan

The Company pursuant to Lafarge S.A.'s global human resource policy has established the Lafarge Group stock bonus rights plan ("LEA 2009" and "LEA 2011" or "the Plans") whereby the employees have been granted Stock Appreciation Rights on December 9, 2009 and on July 28, 2011 respectively under the two plans. On account of the Plans the Company has created a provision of Rs. 15.03 lakhs (as at 31st December, 2011 Rs. 7.36 lakhs) towards Stock Appreciation Rights.

32 The Company is under a legal obligation to restore the mines in terms of final mines closure plan submitted to Indian Bureau of Mines at the end of mining operations. Based on the tenure of the current mining lease, estimated cost of site restoration has been provided during the year.

The details of provisions for site restoration cost are summarized below:

| | Year Ended | |
|------------------------|---------------|--------------|
| | 31.12.2012 | 31.12.2011 |
| | Rs. in lakhs | Rs. in lakhs |
| Opening balance | 8.76 | 7.09 |
| Additions* | 150.10 | 1.67 |
| Reversals | Nil | Nil |
| Closing balance | 158.86 | 8.76 |

*During the year, the Company has reassessed the basis of estimate and adjusted the provision accordingly.

33 **The Company is recognizing the provision for the employee retirement benefits as per Accounting Standard 15 “Employee Benefits”.**

Independent Actuarial Valuation of all employee benefit scheme was made on 31st March 2012 which is in the nature of unfunded gratuity benefit.

The following tables set out the details of amount recognised in the financial statements in respect of defined benefit scheme for unfunded gratuity as per the actuarial valuation under the Projected Unit Credit Method.

I. Component of Expenses recognized in the Statement of Profit and Loss

| Sl. No. | | Year Ended | Year Ended |
|----------|---|--------------|--------------|
| | | 31.12.2012 | 31.12.2011 |
| | | Rs. in lakhs | Rs. in lakhs |
| 1 | Current Service cost | 9.18 | 6.94 |
| 2 | Interest cost | 2.56 | 1.77 |
| 3 | Expected return on plan assets | - | - |
| 4 | Curtailment cost/(credit) | - | - |
| 5 | Settlement cost/(credit) | - | - |
| 6 | Amortization of Past Service Cost | - | - |
| 7 | Actuarial Losses/(Gains) | 2.79 | 2.57 |
| 8 | Total expense recognized in the Statement of Profit & Loss | 14.53 | 11.28 |

The Gratuity expenses have been recognized under “Contribution to provident and other funds” in Note 19.

II. Net Asset/(Liabilities)

| Sl. No. | | Current Year | Previous Year | | | |
|----------|--|----------------|-------------------|-------------------|-------------------|-------------------|
| | | | As on 31st Dec 11 | As on 31st Dec 10 | As on 31st Dec 09 | As on 31st Dec 08 |
| | | | Rs. in lakhs | Rs. in lakhs | Rs. in lakhs | Rs. in lakhs |
| 1 | Present value of Defined Benefit Obligation | 45.56 | 31.03 | 20.26 | 7.75 | 5.30 |
| 2 | Fair value of plan assets | - | - | - | - | - |
| 3 | Funded status [Surplus/(Deficit)] | (45.56) | (31.03) | (20.26) | (7.75) | (5.30) |
| 4 | Effect of balance sheet asset limit | - | - | - | - | - |
| 5 | Unrecognized Past Service Costs | - | - | - | - | - |
| 6 | Net asset/(liability) recognized in balance sheet | (45.56) | (31.03) | (20.26) | (7.75) | (5.30) |
| 7 | Experience (Gain)/Loss adjustments on plan liabilities | 1.26 | 4.84 | - | - | - |

III. Reconciliation of opening and closing balance of the Present Value of the Defined Benefit Obligation (DBO)

| Sl. No. | | Year Ended | Year Ended |
|---------|---|--------------|--------------|
| | | 31.12.2012 | 31.12.2011 |
| | | Rs. in lakhs | Rs. in lakhs |
| 1 | Present Value of DBO at beginning of period | 31.03 | 20.26 |
| 2 | Current Service cost | 9.18 | 6.94 |
| 3 | Interest cost | 2.56 | 1.77 |
| 4 | Curtailment cost/(credit) | - | - |
| 5 | Settlement cost/(credit) | - | - |
| 6 | Employee contribution | - | - |
| 7 | Plan amendments | - | - |
| 8 | Acquisitions | - | - |
| 9 | Actuarial (gains)/ losses | 2.79 | 2.57 |
| 10 | Benefits paid | - | (0.51) |
| 11 | Present Value of DBO at the end of period | 45.56 | 31.03 |

IV. Actuarial Assumptions

| Sl. No. | | Year Ended 31.12.2012 | Year Ended 31.12.2011 |
|---------|---|--------------------------|--------------------------|
| 1 | Discount Rate per annum Compound | 8.25% | 8.75% |
| 2 | Rate of increase in salaries | 8.00% | 8.00% |
| 3 | Rate of return on Plan Assets | Not Applicable | Not Applicable |
| 4 | Expected Average remaining working lives of employees (years) | 22.79 | 24.59 |

Note:

(i) The estimate of future salary increase takes into account seniority, promotion and other relevant factors.

(ii) Experience adjustment arising on plan liabilities Rs 1.26 lakhs (as at 31st December, 2011 Rs 4.84 lakhs).

Contribution to Defined Contribution Plan recognized as expense for the year and disclosed under "Contribution to provident and other funds" in Note 19:

| Sl. No. | | Year Ended 31.12.2012 | Year Ended 31.12.2011 |
|---------|--|--------------------------|--------------------------|
| | | Rs. in lakhs | Rs. in lakhs |
| 1 | Employer's Contribution to recognized Provident Fund | 25.84 | 23.49 |

34 Related party disclosure as per Accounting Standard -18 :

a) Key Managerial Personnel (KMP):

| Name | Nature of relationship | Transactions for the year ended | | |
|--|------------------------|---------------------------------|----------------------------|-----------------------|
| | | 31.12.2012 Rs. in lakhs | 31.12.2011 Rs. in lakhs | Nature of transaction |
| Mr. Shivesh Kumar Sinha | Chairman | 15.00 | Nil | Remuneration |
| Mr. Tarek Samir Ahmed Elba (appointed as KMP w.e.f 07.04.2012) | Director | Nil | Nil | --- |
| Mr. Michael Andrew Cowell (Ceased to be KMP w.e.f 01.05. 2012) | Director | Nil | Nil | --- |
| Mr. Masud Khan | Director | Nil | Nil | --- |
| Mr. Asim Chattopadhyay | Director | Nil | Nil | --- |
| Mr. Jose Maria Fontdecaba | Director | Nil | Nil | --- |
| Mr. Narayan Prasad Sharma | Director | 85.50 | 65.23 | Remuneration |
| Mr. Mohammed Arif Bhuiyan (appointed as KMP w.e.f 15.02.2012) | Director | Nil | Nil | --- |
| Mr. Ashim Kr. Chattopadhyay | Director | 1.80 | 1.80 | Remuneration |
| Ms. Sayeda Tahya Hossain | Director | Nil | Nil | --- |

b) Holding Company : Lafarge Surma Cement Ltd, Bangladesh

Ultimate Holding Company : Surma Holdings B.V, Netherland

i) Secured External Commercial Borrowings (ECB):

| | 31.12.2012 | 31.12.2011 |
|---|--------------|--------------|
| | Rs. in lakhs | Rs. in lakhs |
| Closing balance | 7,595.22 | 8,689.02 |
| Interest accrued and due | Nil | 1,075.60 |
| Interest accrued but not due | 2,023.24 | 1,194.24 |
| Loan availed during the year | Nil | Nil |
| Foreign exchange fluctuation [(gain)/ loss] on ECB loan | 236.23 | 1,466.83 |
| Foreign exchange fluctuation [(gain)/ loss] on outstanding interest | 66.19 | 349.06 |
| Loan repaid during the year | 1,330.03 | Nil |
| Interest paid during the year including withholding tax | 610.58 | 26.12 |

ii) Interest on External Commercial Borrowing (ECB):

| | 31.12.2012 | 31.12.2011 |
|----------------------------------|--------------|--------------|
| | Rs. in lakhs | Rs. in lakhs |
| Interest charged during the year | 297.79 | 257.41 |

iii) Export sales transaction:

| | 31.12.2012 | 31.12.2011 |
|---|--------------|--------------|
| | Rs. in lakhs | Rs. in lakhs |
| Closing balance of export sales receivables as at | 1,658.03 | 446.12 |
| Total value of export sales transaction during the year ended | 16,844.26 | 5,591.76 |

c) Fellow Subsidiary Company:

Name of the related party: Lum Mawshun Minerals Pvt Ltd Transactions:

| | 31.12.2012 | 31.12.2011 |
|--|--------------|--------------|
| | Rs. in lakhs | Rs. in lakhs |
| Closing balance as at | 2.22 | 0.92 |
| Expense paid by the Company on behalf of the fellow subsidiary company during the year ended | 1.30 | 0.92 |

35 Earnings per Share (EPS) – The numerators and denominators used to calculate

Basic and Diluted EPS:

| | 31.12.2012 | 31.12.2011 |
|---|------------|------------|
| a) Net Profit / (Loss) after Tax available for Equity Shareholders (Rs. in lakhs) | 2,906.36 | (6,738.25) |
| b) Weighted average number of equity shares of nominal value of Rs. 10 /- each (Nos.) | 41,133,099 | 41,133,099 |
| c) Basic and diluted Earnings/(Loss) per Share including exceptional item (a ÷ b) (Rupees) | 7.07 | (16.38) |

36 None of the Company's fixed assets are considered impaired as on the Balance Sheet Date.

37 During the year the Company had entered into certain forward exchange contracts which are not intended for speculation purpose but only for hedging currency related risks. The Company has provided foreign exchange loss of Rs. 45.71 lakhs (as at 31st December, 2011 Rs. 78.87 lakhs) due to fluctuation in foreign exchange rates in respect of all outstanding forward contracts at the balance sheet date not backed by any underlying existing assets/liabilities by marking them to the market.

Forward contracts outstanding as on 31st December, 2012 are as follows:

| As at | No. of Contracts | Amount | Amount |
|--------------------|------------------|----------------|----------------|
| | | (USD in lakhs) | (Rs. in lakhs) |
| 31st December 2012 | 2 | 16.00 | 879.92 |
| 31st December 2011 | 5 | 40.00 | 2,165.91 |

38 The year end foreign currency exposures that are not hedged by a derivative Instrument or otherwise are given below:

| Particulars | Currency | Convertible amount as at | | | |
|--|----------|---------------------------|--------------|---------------------------|--------------|
| | | 31.12.2012 | | 31.12.2011 | |
| | | Foreign Currency in lakhs | Rs. in lakhs | Foreign Currency in lakhs | Rs. in lakhs |
| External Commercials Borrowings | USD | 138.66 | 7,595.22 | 163.13 | 8,689.02 |
| Interest on External Commercial Borrowings | USD | 36.94 | 2,023.24 | 42.61 | 2,269.85 |
| Working capital loan | USD | 128.00 | 7,011.49 | 143.50 | 7,643.67 |
| Interest on Working capital loan | USD | 0.26 | 14.29 | 0.21 | 11.35 |
| Unsecured loan | USD | 78.00 | 4,272.63 | 108.00 | 5,752.73 |
| Interest on Unsecured loan | USD | 0.25 | 13.66 | 0.32 | 16.85 |
| Sundry Creditors | USD | 0.36 | 19.78 | 2.11 | 112.59 |
| Sundry Receivables | USD | 30.27 | 1,658.03 | 8.38 | 446.12 |


39 The Company has no reportable segment as the company is primarily engaged in the mining activities and the entire sales are export sales.

40 The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board


Masud Khan
Director


Manjuree Rai
Company Secretary


Narayan Sharma
Director

Place : Dhaka
Date : 28th Feb, 2013



REPORT & FINANCIAL STATEMENTS OF LUM MAWSHUN MINERALS PVT. LTD.

For the year ended 31 December 2012



LUM MAWSHUN MINERALS PVT. LTD.

Directors' Report

Dear Shareholders:

Your Directors have the pleasure in presenting the Annual Report of Lum Mawshun Minerals Private Limited (the "Company"), together with the audited balance sheet and the profit and loss account for the year ended December 31, 2012.

Review of the Activities:

Your Company had been set up as a subsidiary of Lafarge Surma Cement Limited ("LSC") to obtain the land rights and mining leases for the mining project in Meghalaya, India. The Company with due approval of the Government of Meghalaya, transferred all lands acquired for the project to Lafarge Umiyam Mining Private Limited ("LUMPL"), the operating company for the Mining project. Your Company is now exploring new opportunities for development of future business.

Financial Highlights:

The net loss for the year 2012 was Rs. 91,363/-

Directors:

The Company has six (6) Directors on the Board. The Directors are not liable to retire by rotation.

Resignation:

Mr. Jean de Desazars Montgaihard, had been appointed as a Director on the Board of the Company on May 20, 1999. Mr. Jean de Desazars Montgaihard (nominee of LSC) resigned from the Board by a letter dated May 8, 2012.

Directors' Responsibility Statement:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' responsibility statement, it is hereby confirmed:

1. That in the preparation of the annual accounts for the year ended December 31, 2012, the applicable Accounting Standards have been followed along with proper explanations were provided for material departures, if any.
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. That the Directors had prepared the accounts for the financial year ended on December 31, 2012 on a going concern basis.

Auditors and Auditors' Report:

Auditors:

M/s. Deloitte Haskins & Sells are the statutory Auditors of the Company since 2005. The Company has received a special notice pursuant to Section 225 of the Companies Act, 1956, from a member proposing to move a resolution for the appointment of M/s RKP Associate, Chartered Accountants, as Statutory Auditors of the Company in place of the retiring Auditors, M/s. Deloitte Haskins & Sells at the ensuing Annual General Meeting

M/s RKP Associate, Chartered Accountants, have expressed their willing to act as Statutory Auditors of the Company, if appointed, and have confirmed that the said appointment would be in conformity with provisions of Section 224(1B) of the Companies Act, 1956.

The notes to accounts forming part of the financial statements are self-explanatory and need no further explanation.

There is no qualification in the Auditors' Report which requires any clarification/explanation.

Particulars of employees:

As there was no employee drawing the remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules 1975 as amended from time to time, statement under section 217(2A) is not annexed.

Conservation of Energy, Technology Absorption and Foreign Exchange:

The particulars as required under section 217(1) (e) of the Indian Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, are set out in Annexure "A" to this report

Fixed deposits:

During the year under review, the Company has not accepted any deposit from the public.

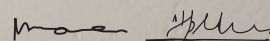
Acknowledgements

Your Directors wish to express their grateful appreciation for the valuable support and cooperation received from LSC, LUMPL, lenders, project consultants and the Durbars of Nongtraï and Shella for their continued support.

For and on Behalf of the Board

Place: Dhaka

Date: April 29, 2013



Directors

Annexure "A" to the Directors' Report:

Particulars furnished pursuant to the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988.

- A. Conservation of Energy : The Company is not a manufacturing Company and hence the details in respect of Conservation of Energy are not applicable.
- B. Technology absorption : NIL
- C. Foreign Exchange earnings & outgo during the period : NIL

Place: Dhaka

Date: April 29, 2013

For and on Behalf of the Board



Directors

AUDITORS' REPORT
TO THE MEMBERS OF
LUM MAWSHUN MINERALS PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **LUM MAWSHUN MINERALS PRIVATE LIMITED** ("the Company") as at 31st December, 2012 and the Statement of Profit and Loss of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our report, we invite attention to Note 11 to the financial statements, regarding financial statements being prepared on a going concern basis in spite of full erosion of net worth of the Company as at the year end, taking into account the continued support from its parent company.
4. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to in paragraph 4 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet and the Statement of Profit and Loss dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet and the Statement of Profit and Loss dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2012 and
 - (ii) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that.
6. On the basis of the written representations received from the Directors as on 31st December, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st December, 2012 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No. 302009E)



A Bhattacharya
Partner
(Membership No. 054110)



KOLKATA, March 8, 2013

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 4 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses (i), (ii), (iv), (vi), (vii), (viii), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix), (xx) of CARO are not applicable.
- (ii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iii) To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements to be entered in the register maintained in pursuance in Section 301 of the Companies Act, 1956.
- (iv) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st December, 2012 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st December 2012 on account of disputes.
 - (v) The accumulated losses of the Company have exceeded fifty percent of its net worth as at the end of the year. The Company has incurred cash losses in the financial year as well as in the immediately preceding financial year.
 - (vi) In our opinion and according to the information and explanations given to us, the Company does not have any dues to banks, financial institutions and debenture holders.
 - (vii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis aggregating to Rs. 509,133 have, prima facie, been used during the year for long- term investment.
 - (viii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

KOLKATA, March 8, 2013



For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 302009E)

A handwritten signature in black ink, appearing to be "A Bhattacharya".

A Bhattacharya
Partner
(Membership No. 054110)

LUM MAWSHUN MINERALS PRIVATE LIMITED

Balance Sheet

as at 31st December 2012

| | Notes | As at 31.12.2012 | As at 31.12.2011 |
|-------------------------------------|-------|------------------|------------------|
| | | (Rupees) | (Rupees) |
| (I) EQUITY AND LIABILITIES | | | |
| (1) Shareholders' funds | | | |
| (a) Share Capital | 03 | 546,600 | 546,600 |
| (b) Reserves and surplus | 04 | (1,035,334) | (943,971) |
| | | (488,734) | (397,371) |
| (2) Current liabilities | | | |
| (a) Trade payables | 05 | 537,749 | 436,154 |
| (b) Other current liabilities | 06 | 3,371 | 10,258 |
| | | 541,120 | 446,412 |
| TOTAL EQUITY AND LIABILITIES | | 52,386 | 49,041 |
| (II) ASSETS | | | |
| (1) Non-current assets | | | |
| Long-term loans and advances | 07 | 20,399 | 42,380 |
| | | 20,399 | 42,380 |
| (2) Current assets | | | |
| (a) Cash and cash equivalents | 08 | 31,987 | 6,661 |
| (b) Short-term loans and advances | 07 | - | - |
| | | 31,987 | 6,661 |
| TOTAL ASSETS | | 52,386 | 49,041 |

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants



A. Bhattacharya

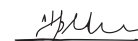
Partner

For and on behalf of the Board of Directors



Masud Khan

Director



Narayan Sharma

Director

Place : Kolkata

Date : March 8, 2013

Place : Dhaka

Date : 28th Feb, 2013

LUM MAWSHUN MINERALS PRIVATE LIMITED

Statement of Profit and Loss

for the year ended 31st December 2012

| | Note | Year ended | Year ended |
|-----|---|------------|------------|
| | | 31.12.2012 | 31.12.2011 |
| | | (Rupees) | (Rupees) |
| I | Other Income (interest on bank deposit) | 3,447 | 3,599 |
| II | Total Revenue | 3,447 | 3,599 |
| III | EXPENSES | | |
| | - Other expenses | 09 94,810 | 107,825 |
| | Total Expenses | 94,810 | 107,825 |
| IV | Profit / (Loss) before tax (II-III) | (91,363) | (104,226) |
| V | Tax Expense | - | - |
| VI | Loss for the year (IV - V) | (91,363) | (104,226) |
| VII | Loss per equity share (Rupees): | | |
| | Basic and Diluted | 12 (16.71) | (19.07) |

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants



A. Bhattacharya

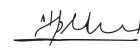
Partner

For and on behalf of the Board of Directors



Masud Khan

Director



Narayan Sharma

Director

Place : Kolkata
Date : March 8, 2013

Place : Dhaka
Date : 28th Feb, 2013

LUM MAWSHUN MINERALS PRIVATE LIMITED

Notes to the Financial Statements

01 Background

Lum Mawshun Minerals Private Limited ("LMMPL"), a private limited company incorporated under the laws of India, having its registered office in Shillong, Meghalaya, is a 100% subsidiary company of Lafarge Surma Cement Ltd. ("LSC"), a public limited company incorporated under the laws of Bangladesh.

The Company was formed for acquisition of mining and land rights to facilitate the mining operation of limestone & shale by Lafarge Umiam Mining Pvt Ltd (LUMPL), another subsidiary of the parent Company and supply of the same to the cement plant being set up by the parent Company at Bangladesh. During the earlier years the Company had transferred the Mining & Land rights as well as freehold & 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. Consequently there has been no business during the year as well as in the previous years. However, the Company is exploring new opportunities.

02 Significant Accounting Policies

a) Basis of accounting and preparation of financial statements

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ("GAAP") in India to comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006 to the extent applicable and in accordance with the provisions of Companies Act, 1956, as adopted consistently by the Company.

b) Use of Estimates

The preparation of the financial statements requires the management to make estimates and assumptions that affect the reporting balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reporting amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, foreseeable estimated contract losses and useful life of fixed assets and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c) Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act 1961.

Deferred tax is recognized subject to the consideration of prudence in respect of deferred tax assets, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or subsequently enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realization.

d) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

| | | As at 31.12.2012 | As at 31.12.2011 |
|-----------|--|---------------------|---------------------|
| | | (Rupees) | (Rupees) |
| 03 | Share Capital | | |
| | Authorised: | | |
| | 168,000 (Previous year 168,000) equity shares of Rs 100 each | 16,800,000 | 16,800,000 |
| | | 16,800,000 | 16,800,000 |
| | Issued, Subscribed and Fully Paid up: | | |
| | 5,466 (Previous year 5,466) equity shares of Rs. 100 each | 546,600 | 546,600 |
| | | 546,600 | 546,600 |

03.1 Share Capital

Reconciliation of Number of shares

| | As at 31.12.2012 | | As at 31.12.2011 | |
|-----------------------------------|------------------|----------------|------------------|----------|
| | No. of Shares | Amount | No. of Shares | Amount |
| | | (Rupees) | | (Rupees) |
| Issued, Subscribed and Fully paid | | | | |
| At the beginning of the year | 5,466 | 546,600 | 5,466 | 546,600 |
| Issued during the year | - | - | - | - |
| At the end of the year | 5,466 | 546,600 | 5,466 | 546,600 |

03.2 Details of shareholders holding more than 5% of outstanding shares

| Shareholder | As at 31.12.2012 | | As at 31.12.2011 | |
|---|------------------|-------------|------------------|------|
| | No. of Shares | % | No. of Shares | % |
| (1) Lafarge Surma Cement Ltd, Bangladesh, the holding company | 4,046 | 74% | 4,046 | 74% |
| (1) SG Lyngdoh | 710 | 13% | 710 | 13% |
| (1) Kitty Doris | 710 | 13% | 710 | 13% |
| | 5,466 | 100% | 5,466 | 100% |

03.3 Rights, preferences and restrictions attached to the equity shareholders

The Company has one class of equity shares having a par value of Rs. 100 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

| | | As at 31.12.2012 | As at 31.12.2011 |
|-----------|---|---------------------|---------------------|
| | | (Rupees) | (Rupees) |
| 04 | Reserves and Surplus | | |
| | Surplus / (Deficit) in Statement of Profit and Loss : | | |
| | Opening Balance | (943,971) | (839,745) |
| | Add: Profit / (Loss) for the year | (91,363) | (104,226) |
| | Closing Balance | (1,035,334) | (943,971) |

| | | As at 31.12.2012 | As at 31.12.2011 |
|-----------|--|---------------------|---------------------|
| | | (Rupees) | (Rupees) |
| 05 | Trade Payables | | |
| | Creditors for supplies / services | 537,749 | 436,154 |
| | Total Trade Payables | 537,749 | 436,154 |
| 06 | Other current liabilities | | |
| | Creditors for other liabilities | | |
| | Statutory dues | 3,371 | 10,258 |
| | Total Other current liabilities | 3,371 | 10,258 |

07 **Loans and advances**

| | As at 31.12.2012 | | As at 31.12.2011 | |
|---|------------------|----------------|------------------|----------------|
| | " Long Term " | " Short Term " | " Long Term " | " Short Term " |
| | (Rupees) | | (Rupees) | |
| Loans and advances | | | | |
| (a) Interest accrued on deposits | 399 | - | 9,750 | - |
| (b) Other loans and advances | | | | |
| - Deposit account ⁽¹⁾ | 20,000 | - | 32,630 | - |
| Total Loans and advances | 20,399 | - | 42,380 | - |
| Classification of loans and advances | | | | |
| Secured, considered good | - | - | - | - |
| Unsecured, considered good | 20,399 | - | 42,380 | - |
| Doubtful | - | - | - | - |
| Gross Loans and advances | 20,399 | - | 42,380 | - |

Additional information

1. Pledged with the Director of Mineral Resources, Meghalaya

| | | As at 31.12.2012 | As at 31.12.2011 |
|-----------|---|---------------------|---------------------|
| | | (Rupees) | (Rupees) |
| 08 | Cash and cash equivalents | | |
| | (a) Cash on hand | 274 | 274 |
| | (b) Balances with banks | | |
| | - In Current Accounts | 31,713 | 6,387 |
| | Total cash and cash equivalents | 31,987 | 6,661 |
| | Out of above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements | 31,987 | 6,661 |
| 09 | Other Expenses | | |
| | (a) Auditors Remuneration | 70,787 | 102,579 |
| | (b) Filing fees | 23,921 | 5,206 |
| | (c) Others | 102 | 40 |
| | | 94,810 | 107,825 |

10 Micro, Small and Medium Enterprises Development Act, 2006

The Company has not received any intimation from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, and hence disclosures if any, relating to amounts unpaid as at the period end together with interest paid/ payable are required under the said act have not been given.

11 The net worth of the Company as on 31.12.2012 has been fully eroded and the Company has been incurring losses over the years including the current year. However, the Company enjoys continued supports from its parent company. In view of this, going concern assumption has not been vitiated.

12 Earnings per Share (EPS) – The numerators and denominators used to calculate Basic and Diluted EPS:

| Particulars | Year ended | Year ended |
|---|---------------------|---------------------|
| | 31-Dec-2012 (Rs) | 31-Dec-2011 (Rs) |
| 1 Net loss after tax attributable to Equity Shareholders (Rs) {A} | (91,363) | (104,226) |
| 2 Weighted average number of Equity Shares outstanding during the year (Nos.) {B} | 5,466 | 5,466 |
| 3 Nominal Value of Equity per share (Rs.) | 100 | 100 |
| 4 Basic / Diluted loss per share (Rs.) {A ÷ B} | (16.71) | (19.07) |

13 Deferred tax Asset/Liability has not been created during the year, there being no timing difference between the accounting income and taxable income, which is capable of reversing in subsequent periods.

14 Related party disclosure as per Accounting Standard 18.

a) Holding Company:

Name: Lafarge Surma Cement Ltd, Bangladesh

Ultimate Holding Company: Surma Holdings B.V, Netherland

b) Fellow Subsidiary:

Name: Lafarge Umiam Mining Pvt Ltd

Transaction: Expense paid by the fellow subsidiary on behalf of the Company Rs. 130,090/- (Previous Year Rs. 92,321/-); Balance at the year end: Rs. 222,411/- (Previous Year Rs. 92,321/-)

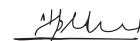
15 The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors



Masud Khan

Director



Narayan Sharma

Director



Place : Dhaka
Date : 28th Feb, 2013



A series of horizontal dotted lines spanning the width of the page, providing a template for text entry.



Lafarge Surma Cement Ltd.

A company of  **LAFARGE** and  **CEMENTOS MOLINS**

Suvastu Imam Square, 65 Gulshan Avenue (3rd Floor) Gulshan 1, Dhaka 1212, Bangladesh

Telephone: +880 2 8812026, 8854847, Fax: +880 2 8825413, 8815167

E-mail: info@bd.lafarge.com, Web: www.lafarge-bd.com