

**Auditors' Report
and
Audited Financial Statements
of
LafargeHolcim Bangladesh Limited
For the year ended 31 December 2017**

**Independent Auditors' Report
to the Shareholders
of
LafargeHolcim Bangladesh Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of LafargeHolcim Bangladesh Limited, which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss, 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 misstatement, 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 misstatement.

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 and fair presentation 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 present fairly, in all material respects, the financial position of LafargeHolcim Bangladesh Limited as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

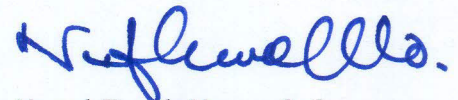
Report on Other Legal and Regulatory Requirements

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

We also report that:

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

Dhaka, Bangladesh
Dated: 20 March 2018




Nurul Faruk Hasan & Co
Chartered Accountants

LAFARGEHOLCIM BANGLADESH LIMITED
Statement of Financial Position
As at 31 December 2017

	NOTES	2017 <u>Taka'000</u>	2016 <u>Taka'000</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	9,994,612	10,471,206
Intangible assets	7	134,682	31,639
Investment in subsidiaries	8	532,662	477,078
Loan to subsidiary company	9	-	64,222
		<u>10,661,956</u>	<u>11,044,145</u>
CURRENT ASSETS			
Inventories	10	1,232,948	1,103,363
Trade receivables	11	1,531,303	1,361,677
Other receivables	12	1,735,862	1,566,294
Cash and cash equivalents	13	3,315,578	3,598,307
		<u>7,815,691</u>	<u>7,629,641</u>
TOTAL ASSETS		<u><u>18,477,647</u></u>	<u><u>18,673,786</u></u>
EQUITY & LIABILITIES			
Share capital	14.3	11,613,735	11,613,735
Retained earnings		2,034,173	2,690,847
Other components of equity	14.6	(49,987)	(123,314)
EQUITY		<u>13,597,921</u>	<u>14,181,268</u>
NON-CURRENT LIABILITIES			
Deferred tax liability	15	1,989,150	2,061,888
Employee benefits	16	14,714	51,365
		<u>2,003,864</u>	<u>2,113,253</u>
CURRENT LIABILITIES			
Trade payables	17	2,362,390	2,027,464
Other payables	18	513,472	351,801
		<u>2,875,862</u>	<u>2,379,265</u>
TOTAL EQUITY AND LIABILITIES		<u><u>18,477,647</u></u>	<u><u>18,673,786</u></u>

The accompanying Notes 1 to 41 form an integral part of these financial statements.


Chief Financial Officer


Company Secretary

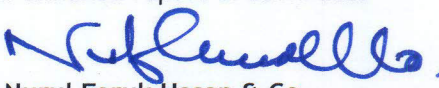

Director


Chief Executive Officer

Dhaka, Bangladesh
Dated: 20 March 2018

As per our annexed report of same date






Nurul Faruk Hasan & Co
Chartered Accountants

LAFARGEHOLCIM BANGLADESH LIMITED
Statement of Profit or Loss
for the year ended 31 December 2017


	NOTES	2017	2016
		<u>Taka '000</u>	<u>Taka '000</u>
REVENUE	21	10,819,131	10,728,855
Cost of sales	22	(9,128,184)	(8,030,776)
GROSS PROFIT		<u>1,690,947</u>	<u>2,698,079</u>
General and administrative expenses	23	(1,030,382)	(613,945)
Sales and marketing expenses	24	(263,029)	(195,972)
Other operating income	25	312,484	(10,800)
OPERATING PROFIT		<u>710,020</u>	<u>1,877,362</u>
Finance cost	26	(35,400)	(18,977)
Finance income	26	108,477	145,098
PROFIT BEFORE WPPF & TAX		<u>783,097</u>	<u>2,003,483</u>
Workers' profit participation and welfare fund (WPPF)	3.9 (iii)	(39,155)	(100,174)
PROFIT BEFORE TAX		<u>743,942</u>	<u>1,903,309</u>
Income tax	27	(239,242)	(493,886)
PROFIT FOR THE YEAR		<u>504,700</u>	<u>1,409,423</u>
Basic earnings per share (Taka)	28	0.43	1.21
Diluted earnings per share (Taka)	28	0.43	1.21

The accompanying Notes 1 to 41 form an integral part of these financial statements.


 Chief Financial Officer


 Company Secretary

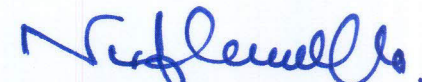

 Director


 Chief Executive Officer

As per our annexed report of same date

Dhaka, Bangladesh
 Dated: 20 March 2018





 Nurul Faruk Hasan & Co
 Chartered Accountants

LAFARGEHOLCIM BANGLADESH LIMITED
Statement of Comprehensive Income
for the year ended 31 December 2017


	2017 Taka '000	2016 Taka '000
PROFIT FOR THE YEAR	504,700	1,409,423
Items that will not be reclassified subsequently to profit or loss		
Actuarial gain/(loss)	23,657	(41,284)
Income tax on items that will not be reclassified to profit or loss	(5,914)	10,321
Total items that will not be reclassified to profit or loss	17,743	(30,963)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	55,584	(9,552)
Total items that may be reclassified to profit or loss	55,584	(9,552)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	73,327	(40,515)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	578,027	1,368,908

The accompanying Notes 1 to 41 form an integral part of these financial statements.


 Chief Financial Officer


 Company Secretary

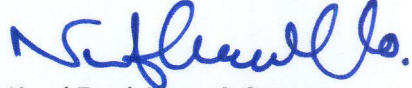

 Director


 Chief Executive Officer

As per our annexed report of same date

Dhaka, Bangladesh
 Dated: 20 March 2018




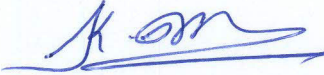

 Nurul Faruk Hasan & Co
 Chartered Accountants


LAFARGEHOLCIM BANGLADESH LIMITED
Statement of Changes in Equity
for the year ended 31 December 2017


(All figures are in Taka '000)

	Share capital	Retained earnings	Other components of equity	Total equity
Balance at 1 January 2016	11,613,735	2,442,798	(82,799)	13,973,734
Total comprehensive income/(loss) for the year	-	1,409,423	(40,515)	1,368,908
Interim dividend	-	(580,687)	-	(580,687)
Final dividend	-	(580,687)	-	(580,687)
Balance at 31 December 2016	11,613,735	2,690,847	(123,314)	14,181,268
Balance at 1 January 2017	11,613,735	2,690,847	(123,314)	14,181,268
Total comprehensive income for the year	-	504,700	73,327	578,027
Interim dividend	-	(580,687)	-	(580,687)
Final dividend	-	(580,687)	-	(580,687)
Balance at 31 December 2017	11,613,735	2,034,173	(49,987)	13,597,921


 Chief Financial Officer


 Company Secretary


 Director


 Chief Executive Officer

Dhaka, Bangladesh
 Dated: 20 March 2018


LAFARGEHOLCIM BANGLADESH LIMITED
Statement of Cash Flows
for the year ended 31 December 2017

	2017	2016
	<u>Taka '000</u>	<u>Taka '000</u>
Cash Flows From Operating Activities		
Cash receipts from customers	10,471,052	10,277,743
Cash paid to suppliers and employees	<u>(9,588,118)</u>	<u>(8,430,905)</u>
Cash generated in operations	882,934	1,846,838
Income taxes paid	(290,572)	(303,464)
Other receipts	7,667	7,979
Net cash generated by operating activities	<u>600,029</u>	<u>1,551,353</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(224,997)	(445,717)
Payments for intangible assets	(537)	(15,707)
Proceeds from sale of property, plant and equipment	1,442	598
Interest income	123,174	131,632
Received against loan to subsidiary company	64,222	255,437
Dividend received from subsidiary company	307,182	-
Interest received from subsidiary company	16,468	75,400
Net cash (used)/generated by investing activities	<u>286,954</u>	<u>1,643</u>
Cash Flows From Financing Activities		
Payment of interest and other finance costs	(14,510)	(19,167)
Dividend paid	<u>(1,155,202)</u>	<u>(1,145,412)</u>
Net cash used in financing activities	<u>(1,169,712)</u>	<u>(1,164,579)</u>
Net increase in cash and cash equivalents	<u>(282,729)</u>	<u>388,417</u>
Cash and Cash Equivalents at Beginning of the Year	<u>3,598,307</u>	<u>3,209,890</u>
Cash and Cash Equivalents at End of the Year	<u>3,315,578</u>	<u>3,598,307</u>


 Chief Financial Officer


 Company Secretary


 Director


 Chief Executive Officer

Dhaka, Bangladesh
 Dated: 20 March 2018

LAFARGEHOLCIM BANGLADESH LIMITED
Notes to the Financial Statements
for the year ended 31 December 2017

1 Background and Introduction

Formation and legal status

LafargeHolcim Bangladesh Limited (LHBL) - (hereinafter referred to as "the Company") was incorporated on 11 November 1997 as a private limited company in Bangladesh under the Companies Act 1994 having its registered office in Dhaka. 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. At the time of incorporation the name of the Company was "Lafarge Surma Cement Limited". On 07 February 2017 the Registrar of Joint Stock Companies and Firms of Bangladesh (RJSC) approved the name change to "LafargeHolcim Bangladesh Limited" of the Company.

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 of limestone from its own quarry in Meghalaya. A 17 kilometres 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 LafargeHolcim 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 financial statements of the Company have been prepared in accordance with the provisions of Bangladesh Accounting Standard 27 "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; and
- ii) financial instruments at fair value through profit or loss, measured at fair value.

3.2 Use of Estimates and Judgements

i) Estimates

The preparation of financial statements in conformity with 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 and are established based on currently available information. Changes in facts and circumstances may result in revised estimates, and actual results could differ from the estimates.

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

ii) Judgements

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

3.3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka which is the 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 capitalised 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) Construction in progress

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

iv) Depreciation of property, plant and equipment

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

<u>Category of PP&E</u>	<u>Rate %</u>
Leasehold improvement	20
Building	2
Plant building	2.5
Plant & machinery	3.33
Vehicles	20
Computer equipment	33.33
Office equipment	10 & 20
Furniture & fixtures	10

v) Impairment of property, plant and equipment

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

3.5 Intangible assets

i) Software

Software costs are capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include license fees and cost of implementation/ system integration services which are capitalised 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

Capitalisation 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 are capitalised and recognised as operating assets upon completion of the development process.

iv) Amortization of intangible assets

a) Software

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

b) Others

The leased land and quarry land are amortised using the straight-line method over their amortisation year calculated on the basis of different leased years. However, the quarry lands are amortised over a maximum of thirty years.

3.6 Inventories

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

3.7 Financial instruments

A 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 receivables, other receivables (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 amounts of all non-derivative financial assets are reviewed for impairment on an annual basis to assess if there is any indication that the assets 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 recognised in the statement of profit or loss.

b) Cash and cash equivalents

Cash and cash equivalents consist of bank balances, cash, highly liquid investments and cash equivalents which are not subject to significant changes in value with an original maturity date of generally less than three months from the time of purchase.

ii) Non-derivative financial liabilities

Non-derivative financial liabilities consist of trade payables, other payables, short term debts 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 liability when its contractual obligations are discharged, 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.

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 values. The accounting of changes in fair value of a derivative depends on the intended use of the derivative and the resulting designation. The Company designates its derivatives based on the criteria established under BAS 39.

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

In case of cash flow hedge relationship, changes in fair value on the hedging items are recognised directly in other comprehensive income for the effective portion and in the consolidated statement of profit or loss under the "Finance cost/income" caption for the ineffective portion. The gain and loss recognised in equity is subsequently reclassified to the consolidated statement of profit or loss 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 Bangladesh Bank (Central bank). The resultant gain and loss has been reflected in the financial statements. These rates are as follows:

Currencies	2017		2016	
	Closing rate	Average rate	Closing rate	Average rate
BDT/USD	82.7000	80.4475	78.7400	78.4695
BDT/EUR	98.3138	90.9579	81.9802	86.8486
BDT/GBP	110.7932	103.6984	96.2676	106.3512
BDT/INR	1.2937	1.2358	1.1587	1.1679

3.9 Employees' benefit schemes

i) Gratuity plan

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

ii) Provident fund

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

iii) Workers' profit participation and welfare funds

The Company recognises a provision for Workers' Profit Participation and Welfare Funds @ 5% of income before tax before charging such expenses as per Bangladesh 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 on the taxable income for the year, using the enacted tax rates at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements in accordance with the provisions of 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/commissions, is recognised upon raising invoices to customers.

3.12 Provision

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

3.13 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 recognised amounts and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

3.14 Materiality and aggregation

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

3.15 Comparatives

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

3.16 Dividend distribution

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

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 LafargeHolcim Bangladesh Limited and its subsidiaries. LafargeHolcim Bangladesh Limited has two subsidiary companies incorporated in India as detailed in Note-8.

6. Property, Plant and Equipment

Figures in Taka '000	Freehold land		Plant building	Plant & machinery	Vehicles	Computer equipment	Office equipment	Furniture & fixtures	Construction in progress	Total
	Building	land								
COST										
At January 1, 2017	532,077	550,331	13,198,736	193,450	102,516	199,568	60,441	547,161	15,446,901	
Additions	-	72,079	6,482	-	-	1,592	-	84,477	164,630	
Adjustments	-	-	-	-	-	-	428	-	428	
Disposals	-	-	-	(12,889)	(3,309)	(250)	(179)	(121,008)	(137,635)	
Transfers	-	-	39,388	-	-	46,877	-	(86,265)	-	
At December 31, 2017	532,077	550,331	13,310,203	187,043	99,207	247,787	60,690	424,365	15,474,324	
DEPRECIATION										
At January 1, 2017	-	128,790	4,429,632	136,666	91,779	126,622	48,225	-	4,975,695	
Disposals	-	-	-	(9,096)	(3,309)	(250)	(165)	-	(12,820)	
Adjustments	-	-	-	(520)	-	538	461	-	479	
Charge for the year	-	1,246	445,687	25,099	6,854	18,035	5,395	-	516,358	
At December 31, 2017	-	142,832	4,875,319	152,149	95,324	144,945	53,916	-	5,479,712	
CARRYING AMOUNT										
At December 31, 2017	532,077	407,499	8,434,884	34,894	3,883	102,842	6,774	424,365	9,994,612	
At December 31, 2016	532,077	421,541	8,769,104	56,784	10,737	72,946	12,216	547,161	10,471,206	

2017
Taka '000

2016
Taka '000

6.1 Depreciation charge for the year allocated to

Production and maintenance overhead (Note- 22.2)
 Depot operating and transportation costs (Note- 22.4)
 General and administrative expenses (Note- 23)

2017
Taka '000

2016
Taka '000

481,674
1,870
32,814
516,358

488,846
1,846
25,371
516,063

<i>Figures in Taka'000- Disposal details</i>						
	Vehicles	Computer equipment	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost	12,889	3,309	250	179	121,008	137,635
Accumulated depreciation	(9,096)	(3,309)	(250)	(165)	-	(12,820)
Carrying amount at December 31, 2017	3,793	-	-	14	121,008	124,815
Sale proceeds	1,289	110	17	26	-	1,442
Mode of disposal	Company policy	Company policy/tender	Company policy/tender	Company policy	Company policy	
Particulars of purchaser	Employees	Third party & Employees	Third party & Written off	Third party & Written off	Written off	
7. Intangible Assets						
<i>Figures in Taka'000</i>						
COST				Software	Construction in progress	Total
At January 1, 2017				102,165	6,334	108,499
Additions*				537	116,566	117,103
Disposals				(65,843)	(911)	(66,754)
Transfers				4,580	(4,580)	-
At December 31, 2017				41,439	117,409	158,848
AMORTIZATION						
At January 1, 2017				76,860	-	76,860
Disposals				(65,843)	-	(65,843)
Charge for the year				13,149	-	13,149
At December 31, 2017				24,166	-	24,166
CARRYING AMOUNT						
At December 31, 2017				17,273	117,409	134,682
At December 31, 2016				25,305	6,334	31,639

*Construction in progress of intangible assets related to migration of ERP Software (JDE to SAP) of BDT 116,566 (in thousands). This migration is required for the company to align with LafargeHolcim group.

	2017 <u>Taka'000</u>	2016 <u>Taka'000</u>
8 Investment in Subsidiaries		
Lafarge Umiam Mining Private Limited (LUMPL) - a fully owned subsidiary incorporated in India	532,139	476,609
Lum Mawshun Minerals Private Limited (LMPL) - a 74% owned subsidiary incorporated in India	523	469
Balance at 31 December	<u>532,662</u>	<u>477,078</u>

These represent investments made in the above entities against the shares issued by those Companies in the name of LafargeHolcim Bangladesh Limited (formerly known as 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	
		2017	2016
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

9 Loan to Subsidiary Company (LUMPL)

Balance at 1 January	64,222	320,173
Received during the year	(64,222)	(255,437)
Exchange gain	-	(514)
Balance at 31 December	<u>-</u>	<u>64,222</u>

10 Inventories

Raw materials	321,625	184,449
Spare parts	719,802	745,176
Packing materials	8,159	3,148
Other materials	3,633	46,456
Finished goods and work in process	179,729	124,134
	<u>1,232,948</u>	<u>1,103,363</u>

11 Trade Receivables

Trade receivables (Note- 11.1)	1,546,505	1,373,631
Valuation allowance (Note- 11.2)	(15,202)	(11,954)
	<u>1,531,303</u>	<u>1,361,677</u>

11.1 Ageing of trade receivables

The ageing of gross trade receivables at reporting date are as follows:

Within the credit period	1,071,414	787,833
1-30 days	275,111	328,838
31-60 days	74,226	127,348
61-180 days	110,552	117,658
Over 180 days	15,202	11,954
	<u>1,546,505</u>	<u>1,373,631</u>

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

Balance at 1 January	(11,954)	(10,609)
Current year addition	(3,248)	(1,345)
Balance at 31 December	<u>(15,202)</u>	<u>(11,954)</u>

12 Other Receivables

Contractors, consultants, suppliers and others	327,662	128,324
VAT current account	290,901	238,810
Advance to employees	23,688	57,170
Security and other deposits	8,075	4,807
Prepaid expenses	53,906	52,664
Other receivables	31,546	25,947
Advance income tax (Note- 12.1)	996,757	1,024,080
Accrued interest on bank deposits	3,327	18,500
Accrued interest on loan to subsidiary company	-	15,992
	<u>1,735,862</u>	<u>1,566,294</u>

Receivables mentioned above are unsecured and considered good. Advances made to employees include advance related to employee matters and for running the day to day operation cost of different departments.

12.1 Advance income tax- net of tax provision

Advance income tax-deducted at source	2,177,323	1,886,752
Current tax liabilities (Note- 19)	(1,180,566)	(862,672)
	<u>996,757</u>	<u>1,024,080</u>

	2017 Taka'000	2016 Taka'000
13 Cash and Cash Equivalents		
Cash in hand	2,216	435
	<u>2,216</u>	<u>435</u>
Cash at banks		
In current accounts	1,787,378	990,814
In short term deposit accounts	20,514	112,989
In fixed deposit receipts	1,505,470	2,494,069
	<u>3,313,362</u>	<u>3,597,872</u>
	<u>3,315,578</u>	<u>3,598,307</u>

14 Share Capital

14.1 Authorized capital		
1,400,000,000 ordinary shares of Taka 10 each	<u>14,000,000</u>	<u>14,000,000</u>

In the year 2011, authorized capital has been increased from Taka 7,000,000,000 to Taka 14,000,000,000. Further 58,068,675 ordinary shares of Taka 100 per share were issued as right shares at par amounting to Taka 5,806,867,500 offered on the basis of 1:1, for which approval of Bangladesh Securities and Exchange Commission (BSEC) was obtained on 8 September 2011. Moreover, face value of each ordinary share has been denominated from Taka 100 to Taka 10 at 4 December 2011.

14.2 Issued and subscribed capital		
1,161,373,500 ordinary shares of Taka 10 each	<u>11,613,735</u>	<u>11,613,735</u>
14.3 Paid up capital		
Fully paid up in cash	5,759,888	5,759,888
Fully paid up in other than cash	46,980	46,980
Fully paid up in cash as rights issue	5,806,867	5,806,867
	<u>11,613,735</u>	<u>11,613,735</u>

14.4 Composition of shareholders at 31 December

Name of the shareholders	Nationality/ Incorporated In	Number of shares		Holding %	
		2017	2016	2017	2016
Surma Holding B.V.	The Netherlands	683,698,700	683,698,700	58.87	58.87
Sinha Fashions Limited	Bangladesh	35,100,000	35,100,000	3.02	3.02
Islam Cement Limited	Bangladesh	31,914,200	31,914,200	2.75	2.75
Other Shareholders	Bangladesh and NRB	410,660,600	410,660,600	35.36	35.36
		<u>1,161,373,500</u>	<u>1,161,373,500</u>	<u>100.00</u>	<u>100.00</u>

14.5 Classification of shares by holding at 31 December

Slabs by number of shares	Number of shareholders		Holding %	
	2017	2016	2017	2016
Less than 500 Shares	9,167	10,581	0.20	0.23
501 to 5,000 Shares	14,075	14,964	2.44	2.54
5,001 to 10,000 Shares	2,550	2,519	1.65	1.63
10,001 to 20,000 Shares	1,564	1,523	1.97	1.91
20,001 to 30,000 Shares	560	565	1.21	1.21
30,001 to 40,000 Shares	301	292	0.91	0.88
40,001 to 50,000 Shares	221	211	0.88	0.84
50,001 to 100,000 Shares	375	358	2.36	2.21
100,001 to 1,000,000 Shares	389	366	9.15	8.77
Over 1,000,000 Shares	43	45	79.23	79.78
	<u>29,245</u>	<u>31,424</u>	<u>100.00</u>	<u>100.00</u>

14.6 Other Components of Equity

Exchange differences on translating foreign operations	12,770	(42,814)
Actuarial loss-net of tax	(62,757)	(80,500)
	<u>(49,987)</u>	<u>(123,314)</u>

14.7 Dividends

The final dividend amounts to Taka 580,686,750 which is Taka 00.50 per share of Taka 10 each for the year 2017 proposed by the Board of Directors of the Company for approval at the Annual General Meeting of Shareholders. As this dividend is subject to approval by shareholders at the Annual General Meeting, it has not been included as a liability in these financial statements as of December 31, 2017.

	2017 Taka'000	2016 Taka'000
15 Deferred Tax Liability		
<i>Deferred tax by type of temporary differences that resulted in deferred tax assets and liability.</i>		
Property, plant and equipment	2,011,774	2,085,861
Deferred tax liabilities	<u>2,011,774</u>	<u>2,085,861</u>
Provision for gratuity	18,823	20,985
Provision for doubtful debts	3,801	2,988
Deferred tax assets	<u>22,624</u>	<u>23,973</u>
Net deferred tax liability	<u>1,989,150</u>	<u>2,061,888</u>
15.1 Change in deferred tax assets and liability		
Balance at 1 January- deferred tax liability	2,061,888	2,136,371
Deferred tax (income)/expenses for the year (Note- 27)	(78,652)	(64,162)
Other component of equity	5,914	(10,321)
Balance at 31 December- deferred tax liability	<u>1,989,150</u>	<u>2,061,888</u>
16 Employee Benefits		
Contribution to gratuity plan		
<i>Lafarge Surma Cement Limited (Funded Plan)</i>		
Net position of gratuity plan		
Present value of defined benefit obligation	264,157	269,679
Fair value of plan assets	(249,443)	(218,314)
Net funded status	<u>14,714</u>	<u>51,365</u>
Actuarial valuation		
The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2017 by a professional actuary using Projected Unit Credit Method.		
Assumptions employed for the valuations are as follows:	2017	2016
	%	%
Expected rate of salary increase	8.00	8.00
Expected return on plan assets	8.00	8.00
Movement in the present value of the defined benefit obligation are as follows:	2017	2016
	Taka'000	Taka'000
Balance at 1 January	269,679	249,656
Adjustment	-	5,573
Current service cost	36,758	31,399
Interest cost	20,297	20,418
Actuarial gain	(23,657)	(24,298)
Benefits paid during the year	(38,920)	(13,069)
Balance at 31 December	<u>264,157</u>	<u>269,679</u>
Movement in the fair value of the plan assets are as follows:		
Balance at 1 January	218,314	221,755
Adjustment	-	5,652
Contributions from employer	51,365	51,365
Expected return on plan assets	18,684	18,193
Actuarial loss	-	(65,582)
Benefits paid during the year	(38,920)	(13,069)
Balance at 31 December	<u>249,443</u>	<u>218,314</u>
17 Trade Payables		
Payable for goods and services	1,630,952	1,300,835
General assistance fee (Note- 17.1)	294,990	203,359
Trademark license fee (Note- 17.2)	294,990	203,359
Advance payments from customers	141,458	319,911
	<u>2,362,390</u>	<u>2,027,464</u>

17.1 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).

17.2 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).

		2017 Taka'000	2016 Taka'000
18 Other Payables			
Payables to suppliers of property, plant and equipment		173,110	50,554
Income tax and VAT deducted at source		134,467	88,583
Others		158,054	170,995
Dividend payable		47,841	41,669
		<u>513,472</u>	<u>351,801</u>
19 Current Tax Liabilities			
Balance at 1 January		862,672	304,624
Provision for the year		317,894	558,048
Balance at 31 December		<u>1,180,566</u>	<u>862,672</u>
20 Commitments and Contingencies			
20.1 Commitments			
	Less than 1 year Taka'000	1 to 5 years Taka'000	More than 5 years Taka'000
	2017 Taka'000	2016 Taka'000	
Commitments related to operating activities			
Purchase commitments	1,696,897	-	-
Capital expenditure commitments	141,178	-	-
Guarantees given	17,750	379,294	63,068
			460,112
			<u>1,033,527</u>
			<u>24,271</u>
			<u>422,797</u>
20.2 Contingent Liabilities			
Claim of VAT Authority for cancellation of VAT rebate relating to 2008-2009, 2009-2010 and 2010-2011 for which Writ Petitions 6074/2011, 6493/2012 and 11839/2014 respectively have been filed by the Company before the Hon'ble High Court of Dhaka, the outcomes 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.		<u>35,066</u>	<u>35,066</u>
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.		<u>74,157</u>	<u>74,157</u>
During the assessment year 2008-2009 the rate of Gross Profit (GP) of the Company was 11.51% as per the audited financial statements. At that time of tax assessment, the Deputy Commissioner of Taxes (DCT) unilaterally raised the GP rate to 29.68% with reference to past records. The Company filed an appeal against the Order of DCT and at the first appeal the rate was reduced to 25%. Thereafter, the Company went for the second appeal with the Taxes Appellate Tribunal, Division Bench-1, Dhaka. The Tribunal, after hearing, reduced the GP to 24%. This resulted in an additional amount of Gross Profit of Taka 299,745 (in thousands) as per the tax assessment. However, the Company's management feels that the claim by the Tax authority is unjustified and has no merit. The Company has filed reference case No. 80 of 2015 before the Hon'ble High Court against the Order of the Tribunal.		<u>112,404</u>	<u>112,404</u>
During the assessment year 2009-2010 following the Taxes Appellate Tribunal's order a tax demand has been created. This was due mainly to the fact that Company's contribution to Workers' Profit Participation and Welfare Fund was disallowed unlawfully and the receipts of insurance claim were considered twice. Moreover, treatment of exchange loss and cost of goods were also unjust and not maintainable in the eye of law. However, the Company's management feels that the claim by the Tax authority is unjustified and has no merit. The Company has filed reference case No. 81 of 2015 before the Hon'ble High Court against the Order of the Tribunal.		<u>135,111</u>	<u>135,111</u>
20.3 Claims			
a. Claims against the Company not acknowledged as debt		Nil	Nil
b. Claims by the Company not acknowledged as receivable		Nil	Nil
20.4 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 Company has received the arbitration Award in its favour on 30 June 2015. Jalalabad Gas has applied for set aside of the arbitration award which, in all probability, will not change the position, except delaying the closing of the issue.			
21 Revenue			
Sale of gray cement*		7,748,241	8,875,577
Sale of cement clinker		2,944,913	1,853,278
Other sales (Limestone and slag sales to Holcim Cement Bangladesh Limited)		125,977	-
		<u>10,819,131</u>	<u>10,728,855</u>
*Sale of gray cement			
Local sales		7,741,722	8,855,378
Export in Export Processing Zones		6,519	20,199
		<u>7,748,241</u>	<u>8,875,577</u>

	2017 <u>Taka'000</u>	2016 <u>Taka'000</u>
22 Cost of Sales		
Opening finished goods and work in process (Note- 37)	124,134	176,145
Raw materials costs (Note- 22.1)	3,835,499	3,849,160
Toll manufacturing costs	1,005,749	82,234
Power and fuel costs	1,241,433	1,214,710
Production and maintenance costs (Note- 22.2)	1,388,742	1,061,143
Plant general and administrative costs (Note- 22.3)	239,061	265,314
Freight cost to customers	650,260	607,249
Depot operating and transportation costs (Note- 22.4)	823,035	898,955
Closing finished goods and work in process (Note- 37)	(179,729)	(124,134)
	<u>9,128,184</u>	<u>8,030,776</u>
22.1 Raw materials costs		
Limestone	2,883,460	2,663,242
Clay	73,653	85,506
Gypsum	201,533	220,617
Iron Ore	78,348	47,985
Sand	32,261	32,428
Slag	192,952	187,358
Packing Bags	363,976	430,671
Others	9,316	181,353
	<u>3,835,499</u>	<u>3,849,160</u>
22.2 Production and maintenance costs		
Salary, allowances and benefits	205,521	193,239
Contributions to employees' benefit schemes	15,411	17,006
Maintenance	66,960	95,986
Other supplies and spares	264,937	200,767
Material handling	67,848	57,356
Other expenses	156,569	6,209
Technical studies	649	1,734
Impairment of construction in progress	121,008	-
Depreciation (Note- 6.1)	481,674	488,846
Amortization of intangible assets	8,165	-
	<u>1,388,742</u>	<u>1,061,143</u>
22.3 Plant general and administrative costs		
Salary, allowances and benefits	81,749	72,329
Contributions to employees' benefit schemes	2,637	4,404
Staff welfare expenses	36,874	13,547
Training, seminars and meetings	1,035	1,833
Travelling	3,880	2,586
Rent	758	1,406
Gas, electricity and water	195	187
Telephone, fax and postage	1,444	1,707
Office maintenance	27,046	47,376
Security services	27,303	26,152
Printing and stationery	508	680
Other supplies and spares	1,102	9,567
Other office expenses	21,078	7,154
Consultancy	-	626
Vehicles running expenses	7,131	16,615
Corporate social activities	7,355	7,310
Insurance	18,966	51,835
	<u>239,061</u>	<u>265,314</u>
22.4 Depot operating and transportation costs		
Salary, allowances and benefits	106,754	98,587
Contributions to employees' benefit schemes	9,192	6,915
Staff welfare expenses	2,956	1,339
Training, seminars and meeting	1,062	3
Depreciation (Note- 6.1)	1,870	1,846
Depot other maintenance costs	155,403	122,193
Transportation costs	545,798	668,072
	<u>823,035</u>	<u>898,955</u>

	2017 Taka'000	2016 Taka'000
23 General and Administrative Expenses		
Salary, allowances and benefits	241,582	152,534
Contributions to employees' benefit schemes	18,603	14,243
Staff welfare expenses	3,892	4,618
Training, seminars and meeting	18,034	10,762
Travelling	12,327	9,046
Rent	46,794	44,718
Gas, electricity and water	3,551	3,057
Telephone, fax and postage	4,748	3,705
Entertainment	8,496	4,038
Office maintenance	10,893	5,072
Office security services	2,287	2,322
Printing and stationery	2,030	978
IT maintenance expenses	90,480	81,942
Other office expenses	14,388	7,717
Registration and other fees	3,710	2,418
Audit and tax advisory fees (Note- 23.1)	2,163	2,299
Legal expenses	668	1,763
Vehicles running expenses	18,672	14,137
Publicity and public relation	15,092	9,289
General assistance fee	91,631	100,394
Trademark license fee	91,631	100,394
Consulting, survey and studies	290,914	3,495
Administrative depreciation (Note- 6.1)	32,814	25,371
Amortization of intangible assets	4,982	9,633
	1,030,382	613,945
23.1 Audit and Tax Advisory Fees		
Statutory audit fee	250	200
Group audit fees	1,000	1,020
Interim audit fee	230	230
Certification fees	52	144
Pocket expenses	70	70
Tax and VAT advisory services	561	635
	2,163	2,299
24 Sales and Marketing Expenses		
Salary, allowances and benefits	121,325	82,180
Contributions to employees' benefit schemes	12,181	6,562
Staff welfare expenses	1,459	-
Training, seminars and meeting	129	2,159
Travelling	9,255	27,210
Gas, electricity and water	139	266
Telephone, fax and postage	1,217	1,264
Entertainment	1,766	1,085
Office maintenance	6,196	1,083
Printing and stationery	105	239
Other office expenses	2,152	411
Registration and other fees	2,087	1,893
Vehicles running expenses	23,016	5,024
Advertisement and promotion	78,384	64,678
Provision for trade receivables	3,247	1,345
General survey and studies	371	573
	263,029	195,972
25 Other Operating (Expenses)/Income		
Loss on sale of property, plant and equipment	(2,365)	(19,967)
Sale of miscellaneous scrap items	7,667	7,979
Dividend income from subsidiary company	307,182	-
Others	-	1,188
	312,484	(10,800)
26 Finance Costs and Income		
Interest on short term debt	56	109
Other finance costs	2,922	7,602
Bank charges and commission	13,146	11,266
Exchange loss	19,276	-
Finance costs	35,400	18,977
Interest income on bank deposits	102,908	115,090
Interest on loan to subsidiary company	476	7,820
Other finance income	5,093	16,734
Exchange gain	-	5,454
Finance income	108,477	145,098
Net finance costs	(73,077)	(126,121)

	2017 Taka'000	2016 Taka'000
27 Income Tax		
Current income tax expenses	317,894	558,048
Deferred income tax (income)/expenses	(78,652)	(64,162)
	<u>239,242</u>	<u>493,886</u>
27.1 Reconciliation of effective tax rate (%)		
Statutory tax rate	25.00	25.00
Dividend income from subsidiary company	(2.06)	-
Permanent differences	9.22	0.95
Effective tax rate	<u>32.16</u>	<u>25.95</u>

28 Earnings Per Share	<u>2017</u>	<u>2016</u>
The computation of basic earnings per share for the years ended 31 December 2017 and 31 December 2016 are as follows:		
NUMERATOR (Thousands of Taka)		
INCOME FOR THE YEAR- ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	504,700	1,409,423
DENOMINATOR (Thousands of Shares)		
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	1,161,374	1,161,374
BASIC EARNINGS PER SHARE	<i>Taka</i> 0.43	1.21
DILUTED EARNINGS PER SHARE	<i>Taka</i> 0.43	1.21

29 Related Party Transactions

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) at 31 Dec 2017
		Taka '000	Taka '000
Surma Holdings B.V.-Group Company	Dividend payment	615,328	-
Holcim Asean Business Service Centre	Intercompany services/Technical assistance	149,621	(173,097)
Lafarge S.A.-Group Company	Technical assistance/Trademark license	114,691	(381,986)
Cementos Molins-Group Company	Trademark license/Travel expenses	76,970	(259,627)
LafargeHolcim Ltd-Group Company	Intercompany services	2,364	2,364
LH Trading Ltd- Group Company	Intercompany services	-	16,276
LH Trading Pte Ltd- Group Company	Intercompany purchase	262,081	(76,932)
PT Lafarge Cement Indonesia Group Company	Intercompany services	-	664
MBEYA Cement Company Ltd. Group Company	Intercompany services	3,618	5,987
Holcim Group Services Ltd. Group Company	Intercompany services	1,151	(1,343)
Lafarge International Services Singapore Pte Ltd. Group Company	Intercompany services	5,380	(2,379)
Holcim Cement (Bangladesh) Ltd. Group Company	Clinker sales and intercompany services	2,250,566	578,136
Holcim Cement (Bangladesh) Ltd. Group Company	Cement purchase	1,157,646	(149,323)
Eastern Housing Ltd. Shareholder's associated entity	Cement sales	7,382	1,290
Aftab Bahumukhi Farms Ltd.- Shareholder's associated entity	Cement sales	17	(14)
Bengal Development Corporation- Shareholder's associated entity	Cement sales	11,605	3,179
Jahurul Islam Medical College- Shareholder's associated entity	Cement sales	1,570	212
Opex Group- Shareholder's associated entity	Cement sales	4,103	258
Shikharaa Developments Ltd.- Shareholder's associated entity	Cement sales	-	12
Sinha Peoples Energy Ltd.- Shareholder's associated entity	Cement sales	1,713	329
Lafarge Umiam Mining Private Limited - Subsidiary company	Purchase of limestone	2,799,669	(136,226)

30 Directors', Managers' and Officers' Remuneration

Salary, allowances and benefits	318,672	248,163
Contributions to employees' benefit scheme	26,509	21,446
Reimbursable expenses	12,694	10,890
	<u>357,875</u>	<u>280,499</u>

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

2017
Taka'000

2016
Taka'000

31 Financial Instruments

31.1 Credit risk

Credit risk represents the financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It mainly comprises trade receivables, advances to suppliers, trade deposits and bank balances. The Company's maximum exposure to credit risk at the reporting date are its trade receivables. To mitigate the credit risk against trade receivables, the Company has a system of specific credit line to the customer. These outstanding amounts 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- 11)	1,531,303	1,361,677
Other receivables excluding prepaid expenses (Note- 12)	1,681,956	1,513,630
	<u>3,213,259</u>	<u>2,875,307</u>

31.2 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 is 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
Trade payables	2,362,390	1,631,685	730,705	-
Other payables	513,472	372,102	141,370	-
Balance at 31 December 2017	2,875,862	2,003,787	872,075	-

	Carrying amount Taka'000	6 months or less Taka'000	From 6 to 12 months Taka'000	From 1 to 5 years Taka'000
Trade payables	2,027,464	1,521,073	506,391	-
Other payables	351,801	327,174	24,627	-
Balance at 31 December 2016	2,379,265	1,848,247	531,018	-

31.3 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.

a) Foreign currency risk

The risk is 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 purchases that are denominated in foreign currencies. The 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 is as follows:

Balance at 31 December 2017	BDT'000	INR'000	USD'000	EUR'000	GBP'000
Foreign currency denominated assets					
Investment in subsidiaries	532,662	411,736	-	-	-
Other receivables	17,119	-	207	-	-
Cash and cash equivalents	755	-	2	6	-
Total	550,536	411,736	209	6	-
Foreign currency denominated liabilities					
Trade payables	226,685	-	2,470	228	-
Other payables	95,403	-	879	231	-
Total	322,088	-	3,349	459	-
Balance at 31 December 2016					
Foreign currency denominated assets					
Investment in subsidiaries	477,078	411,736	-	-	-
Loan to subsidiary company	64,222	-	816	-	-
Other receivables	16,299	-	207	-	-
Cash and cash equivalents	318	-	3	1	-
Total	557,917	411,736	1,026	1	-
Foreign currency denominated liabilities					
Trade payables	282,967	-	3,222	357	-
Other payables	18,610	-	-	227	-
Total	301,577	-	3,222	584	-

Exchange rate sensitivity

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

2017
Taka'000

2016
Taka'000

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

<u>Particulars</u>	2017	2016
	Estimated impact on profit/loss and equity (+/-) Taka'000	Estimated impact on profit/loss and equity (+/-) Taka'000
Assets denominated in USD	86	404
Assets denominated in INR	2,663	2,385
Liabilities denominated in USD	1,385	1,269
Liabilities denominated in EUR	226	239

b) Interest rate risk

The risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate sensitivity

A +/- 1% change in short-term interest rates calculated on the financial assets, would have a maximum impact on the Company's 2017 profit before tax of +/- Taka 15,146 (Taka 26,713 for 2016) in thousands.

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

Financial assets

Loan to subsidiary company	-	64,222
Term deposits	1,525,984	2,607,058
	<u>1,525,984</u>	<u>2,671,280</u>

c) Other price risk

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

31.4 Fair values

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

FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION

<u>At 31 December</u> <u>Thousand Taka</u>	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
ASSETS				
<i>Financial assets at fair value through profit and loss</i>				
Accrued interest	3,327	3,327	34,492	34,492
<i>Loans and Receivables at amortized costs</i>				
Investment in subsidiaries	532,662	532,662	477,078	477,078
Loan to subsidiary company	-	-	64,222	64,222
Trade receivables	1,531,303	1,531,303	1,361,677	1,361,677
Other receivables	1,732,535	1,732,535	1,531,802	1,531,802
Cash and cash equivalents	3,315,578	3,315,578	3,598,307	3,598,307
LIABILITIES				
<i>Financial liabilities at amortized cost</i>				
Trade payables	2,362,390	2,362,390	2,027,464	2,027,464
Other payables	513,472	513,472	351,801	351,801

32 Number of Employees

LafargeHolcim Bangladesh Limited

Nationality:

Bangladeshi	386	380
Non-Bangladeshi	8	5
	<u>394</u>	<u>385</u>

Salary range:

Monthly Taka 3,000 or above	394	385
Monthly below Taka 3,000	Nil	Nil

33 Subsequent Events

LafargeHolcim Bangladesh Limited (the "Company") has acquired 100% shares of Holcim Cement (Bangladesh) Limited for a consideration of BDT 5,047,820 (in thousand) only. The transfer of shares of Holcim Cement Bangladesh Limited in the name of the company has been completed on 07 January 2018. Accordingly, Holcim Cement Bangladesh Limited has become 100% owned subsidiary of the company.

	2017 Taka'000	2016 Taka'000
34 Expenditure in Foreign Currencies		
Technical assistance	59,110	50,414
	<u>59,110</u>	<u>50,414</u>
35 Earnings in Foreign Currencies		
Interest on loan to subsidiary company	476	7,820
Dividend income from subsidiary company	307,182	-
	<u>307,658</u>	<u>7,820</u>
36 Materials Consumption		
<i>In terms of value</i>		
<i>Imported</i>		
Raw materials	3,365,609	3,300,555
Spare parts and other supplies	223,042	229,740
	<u>3,588,651</u>	<u>3,530,295</u>
<i>Indigenous</i>		
Raw materials	469,890	548,605
Spare parts and other supplies	78,366	76,580
	<u>548,256</u>	<u>625,185</u>
	<u>4,136,907</u>	<u>4,155,480</u>
	<u>2017</u>	<u>2016</u>
<i>In terms of Percentage</i>		
<i>Imported</i>		
Raw materials	81	79
Spare parts and other supplies	6	6
	<u>87</u>	<u>85</u>
<i>Indigenous</i>		
Raw materials	11	13
Spare parts and other supplies	2	2
	<u>13</u>	<u>15</u>
	<u>100</u>	<u>100</u>

37 Opening and Closing Finished Goods and Work in Process (Note- 22)

Items	Unit	2017		2016	
		Quantity'000	Taka'000	Quantity'000	Taka'000
Gray cement	MT	21	70,004	31	117,750
Cement clinker	MT	16	50,510	17	54,518
Work in process	MT	3	3,620	3	3,877
Balance at 1 January		<u>40</u>	<u>124,134</u>	<u>51</u>	<u>176,145</u>
Gray cement	MT	30	106,676	21	70,004
Cement clinker	MT	20	68,522	16	50,510
Work in process	MT	3	4,531	3	3,620
Balance at 31 December		<u>53</u>	<u>179,729</u>	<u>40</u>	<u>124,134</u>

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

Products	Annual Installed Capacity	Actual Production	
		2017	2016
Gray cement	1,500	1,161	1,457
Cement clinker	1,400	1,403	1,391

	2017 Taka'000	2016 Taka'000
39 Value of Imports		
Raw materials	2,826,787	2,768,449
Spare parts and other supplies	203,028	208,176
Capital goods	253,732	354,759
	<u>3,283,547</u>	<u>3,331,384</u>

40 Remittances of Foreign Currency

Interim and final dividend

Name of Shareholder	Number of shares	2017	2016
		Final for 2016 and interim for 2017 Taka'000	Final for 2015 and interim for 2016 Taka'000
Surma Holding B.V. (The Netherlands)*	341,849,350	307,664	307,664
Jean Hidier (France)	11,560	8	8
Mohammed Abdul Gaffar (UK)	18,010	12	12
Nadia Begh (UK)	-	-	27,060

2017
Taka'000

2016
Taka'000

Name of Shareholder	Currency	2017		2016	
		Currency	Amount	Currency	Amount
Surma Holding B.V. (The Netherlands)	EUR		3,352,548	EUR	3,568,726
Jean Hidier (France)	EUR		88	EUR	94
Mohammed Abdul Gaffar (UK)	GBP		118	GBP	123
Nadia Begh (UK)	-		-	GBP	185

* In addition to the above, an amount of Taka 307,664,415 (EUR 3,348,825) representing 341,849,350 shares has been remitted through NITA account.

41 Standards issued but not yet effective

BFRS 15: The company will not be materially impacted by BFRS 15 since the company is primarily involved in the delivery at a point of clinker and cement which are separately itemized on the invoice, net of discount.

BFRS 9: Except for the disclosure requirements, the standard will not materially impact the company's financial statements.



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

Nurul Faruk Hasan & Co

Chartered Accountants

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