

**Deloitte.**

**Auditors' Report  
and  
Audited Separate Financial Statements  
of  
LafargeHolcim Bangladesh Limited  
For the year ended 31 December 2018**

**Nurul Faruk Hasan & Co**  
Chartered Accountants

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of LafargeHolcim Bangladesh Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of LafargeHolcim Bangladesh Limited, (the "Company") which comprise the statement of financial position as at 31 December 2018, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for Opinion

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

#### Emphasis of Matter

We draw attention to Note 7C to the financial statements which describes the amalgamation of the fully owned subsidiary Holcim Cement (Bangladesh) Limited (the "Subsidiary") with the Company. The Board of Directors of the Company in its meeting held on 29 November 2018, approved the amalgamation of the Company with the Subsidiary whereby the Subsidiary will merge with the Company, and the Company shall be the surviving entity. The approval is subject to requisite approval of the banks and other creditors to the subsidiary, approval of the shareholders of the Company, and finally, the sanction of the Hon'ble High Court Division of the Supreme Court of Bangladesh. The amalgamation is currently in process. The financial statements of the current year have not been adjusted due to the proposed amalgamation. Our opinion is not modified in respect of this matter.



## **Key Audit Matters**

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

### ***Investment in Subsidiary***

*The key audit matter:*

The Company acquired 100% of outstanding shares of Holcim Cement (Bangladesh) Limited (the "Subsidiary") for consideration of Tk5,047 million. The transfer of share for this acquisition was completed on 7 January 2018. This has been recognised as an investment in the Subsidiary and disclosed in Note 7 to the financial statements. Due to the size and significance of the event, we considered this to be a key audit matter.

*How the matter was addressed in our audit:*

Our audit procedures in this area included, among others:

- Assessing the accuracy of the amount recognised as an investment in the Subsidiary and verifying relevant regulatory approval for the investment.
- Verifying the accounting for material acquisition-related costs per IFRS.
- Verifying the completeness of transfer of ownership of the Subsidiary.
- Evaluating the adequacy of the financial statement disclosures for the acquisition of the Subsidiary.

## **Information Other than the Financial Statements and Auditors' Report Thereon**

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of the auditors' report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance of the Company.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, the Companies Act, 1994, the Securities and Exchange Rules, 1987, 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.

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or,



if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

## **Report on Other Legal and Regulatory Requirements**

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

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b. in our opinion, proper books of account as required by law have been kept by the 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 were for the purposes of the Company's business.

The engagement partner on the audit resulting in this independent auditors' report is Md. Faruk Uddin Ahammed.



**Nurul Faruk Hasan & Co**  
Chartered Accountants

Dhaka, Bangladesh  
Date: 27 February 2019

**LAFARGEHOLCIM BANGLADESH LIMITED**  
**Statement of financial position**  
**As at 31 December**

	Note	2018 Taka'000	2017 Taka'000 (Restated)*
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	9,830,244	9,994,612
Intangible assets	6	84,139	134,682
Investment in subsidiaries	7	5,567,713	519,893
<b>Total non-current assets</b>		<b>15,482,096</b>	<b>10,649,187</b>
<b>Current assets</b>			
Inventories	8	1,501,367	1,232,948
Trade receivables	9	2,907,068	1,786,699
Other current assets	10	380,641	483,709
Advance income tax	11	849,947	996,757
Cash and cash equivalents	12	201,900	3,315,578
<b>Total current assets</b>		<b>5,840,923</b>	<b>7,815,691</b>
<b>Total assets</b>		<b>21,323,019</b>	<b>18,464,878</b>
<b>Equity &amp; liabilities</b>			
<b>Equity</b>			
Share capital	13.4	11,613,735	11,613,735
Retained earnings		2,298,905	2,034,173
Other components of equity	13.7	(98,942)	(62,756)
<b>Total equity</b>		<b>13,813,698</b>	<b>13,585,152</b>
<b>Non-current liabilities</b>			
Borrowings	14A	984,478	-
Deferred tax liability	15	1,897,124	1,989,150
Employee benefits	16	95,558	14,714
<b>Total non-current liabilities</b>		<b>2,977,160</b>	<b>2,003,864</b>
<b>Current liabilities</b>			
Trade payables	17	2,528,987	2,362,390
Other current liabilities	18	594,008	513,472
Borrowings	14B	1,409,166	-
<b>Total current liabilities</b>		<b>4,532,161</b>	<b>2,875,862</b>
<b>Total equity and liabilities</b>		<b>21,323,019</b>	<b>18,464,878</b>

\* See Note 7

The accompanying Notes 1 to 40 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

  
Nurul Faruk Hasan & Co  
Chartered Accountants

Dhaka, Bangladesh  
Dated: 27 February 2019



**LAFARGEHOLCIM BANGLADESH LIMITED**  
**Statement of profit or loss**  
**For the year ended 31 December**

	Note	2018 <u>Taka '000</u>	2017 <u>Taka '000</u>
<b>Revenue</b>	20	12,115,261	10,819,131
Cost of sales	21	(9,352,077)	(9,128,184)
<b>Gross Profit</b>		<u><b>2,763,184</b></u>	<u><b>1,690,947</b></u>
Other operating income	24A	8,065	314,849
General and administrative expenses	22	(837,987)	(1,029,784)
Sales and marketing expenses	23	(276,654)	(263,627)
Other operating expense	24B	(155,038)	(2,365)
<b>Operating Profit</b>		<u><b>1,501,570</b></u>	<u><b>710,020</b></u>
Finance cost	25	(234,307)	(35,400)
Finance income	25	2,431	108,477
<b>Net finance (cost)/income</b>		<u><b>(231,876)</b></u>	<u><b>73,077</b></u>
<b>Profit before WPPF &amp; tax</b>		<u><b>1,269,694</b></u>	<u><b>783,097</b></u>
Workers' profit participation and welfare fund (WPPF)		(63,485)	(39,155)
<b>Profit before tax</b>		<u><b>1,206,209</b></u>	<u><b>743,942</b></u>
Income tax expense	26	(360,790)	(239,242)
<b>Profit for the year</b>		<u><b>845,419</b></u>	<u><b>504,700</b></u>
<b>Earnings Per Share</b>			
Basic	27	0.73	0.43
Diluted	27	0.73	0.43

*The accompanying Notes 1 to 40 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: 27 February 2019

  
**Nurul Faruk Hasan & Co**  
Chartered Accountants


**LAFARGEHOLCIM BANGLADESH LIMITED**  
**Statement of comprehensive income**  
**For the year ended 31 December**

	2018 <u>Taka '000</u>	2017 <u>Taka '000</u> <u>(Restated)*</u>
<b>Profit for the year</b>	<u>845,419</u>	<u>504,700</u>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Actuarial gain/(loss)	(37,870)	23,657
Related tax	11,002	(5,914)
	<u>(26,868)</u>	<u>17,743</u>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Cash flow hedge	(9,318)	-
	<u>(9,318)</u>	<u>-</u>
<b>Other comprehensive income for the year net of tax</b>	<u>(36,186)</u>	<u>17,743</u>
<b>Total comprehensive income for the year</b>	<u>809,233</u>	<u>522,443</u>

\* See Note 7

The accompanying Notes 1 to 40 form an integral part of these financial statements.

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Chief Executive Officer



**LAFARGEHOLCIM BANGLADESH LIMITED**  
**Statement of changes in equity**  
**For the year ended 31 December**

(Figures in Taka'000)

	Share capital	Retained earnings	Other components of equity	Total equity
<b>Balance at 1 January 2017</b>	11,613,735	2,690,847	(123,314)	14,181,268
Impact of restatement*	-	-	42,815	42,815
<b>Restated balance at 1 January 2017</b>	11,613,735	2,690,847	(80,499)	14,224,083
Total comprehensive income for the year	-	504,700	17,743	522,443
Final dividend for 2016	-	(580,687)	-	(580,687)
Interim dividend	-	(580,687)	-	(580,687)
<b>Restated balance at 31 December 2017</b>	11,613,735	2,034,173	(62,756)	13,585,152
<b>Balance at 1 January 2018</b>	11,613,735	2,034,173	(62,756)	13,585,152
Total comprehensive income for the year	-	845,419	(36,186)	809,233
Final dividend for 2017	-	(580,687)	-	(580,687)
<b>Balance at 31 December 2018</b>	11,613,735	2,298,905	(98,942)	13,813,698

\* See Note 7

  
 Chief Financial Officer

  
 Company Secretary

  
 Director

  
 Chief Executive Officer

**LAFARGEHOLCIM BANGLADESH LIMITED**  
**Statement of cash flows**  
**For the year ended 31 December**

	Note	2018 Taka '000	2017 Taka '000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		11,616,966	10,471,052
Cash paid to suppliers and employees		(10,465,772)	(9,588,118)
<b>Cash generated from operations</b>		<b>1,151,194</b>	<b>882,934</b>
Income taxes paid		(289,091)	(290,572)
Other receipts		8,065	7,667
<b>Net cash from operating activities*</b>	37	<b>870,168</b>	<b>600,029</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(521,488)	(224,997)
Payments for intangible assets		-	(537)
Proceeds from sale of property, plant and equipment		5,758	1,442
Interest income		5,758	123,174
Received against loan to subsidiary company		-	64,222
Interest received from subsidiary company		-	16,468
Dividend received from subsidiary company		-	307,182
Acquisition of subsidiary company		(5,047,820)	-
<b>Net cash (used)/generated in investing activities</b>		<b>(5,557,792)</b>	<b>286,954</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		2,370,100	-
Payment of interest and other finance costs		(219,234)	(14,510)
Dividend paid		(576,920)	(1,155,202)
<b>Net cash generated/(used) in financing activities</b>		<b>1,573,946</b>	<b>(1,169,712)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(3,113,678)</b>	<b>(282,729)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>3,315,578</b>	<b>3,598,307</b>
<b>Cash and cash equivalents at end of the year</b>		<b>201,900</b>	<b>3,315,578</b>

\*Refer to Note 37 for a reconciliation between net profit with cash flows from operating activities.

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Chief Executive Officer



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

**1 General information**

LafargeHolcim Bangladesh Limited (the "Company" or LHBL) 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 was subsequently 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 change of name of the Company to "LafargeHolcim Bangladesh Limited".

The Company operates a cement manufacturing plant at Chhatak under Sunamganj district. The Company extracts and processes the basic raw materials of limestone from the quarry in Meghalaya owned by the Company's fully owned subsidiary Lafarge Umiam Mining Private Limited. 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.

**2 Summary of significant accounting policies**

**2.1 Basis of preparation**

These financial statements have been prepared in line with the International Financial Reporting Standards (IFRS), the Companies Act 1994 and the Securities and Exchange Rules 1987. More specifically, the financial statements of the Company have been prepared in accordance with the provisions of International Accounting Standard 27 "Separate Financial Statements". They were authorized for issue by the Company's board of directors on 27 February 2019.

**2.2 Use of estimates and judgments**

**i) Estimates**

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

Significant estimates made by management in the preparation of these 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.

**iii) Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in Financial Instruments (Note 2.7 and 30)

### 2.3 Functional and presentation currency

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

### 2.4 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 are as follows:

<u>Category</u>	<u>Rate %</u>
Building	2-2.5
Plant & machinery	3.33
Vehicles	20
Office equipment	10, 20 & 33.33
Furniture & fixtures	10

#### v) Impairment of property, plant and equipment

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

### 2.5 Intangible assets

#### i) Software

Software costs are capitalised where it is expected to provide future 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.

#### Construction in progress

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

#### ii) Amortization of intangible assets

##### Software

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

### 2.6 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.



## 2.7 Financial instruments

### i. Recognition and initial measurement

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

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

### ii. Classification and subsequent measurement

#### Financial assets – Policy applicable from 1 January 2018

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

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

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

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

#### Financial assets – Business model assessment: Policy applicable from 1 January 2018

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

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

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

#### Financial assets – Subsequent measurement and gains and losses; Policy applicable from 1 January 2018.

##### Financial assets at amortised cost:

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

#### **Financial assets – Policy applicable before 1 January 2018**

The Company classified its financial assets into the following category:

- loans and receivables
- at FVTPL, and within this category as derivative hedging instruments

#### **Financial assets – Subsequent measurement and gains and losses: Policy applicable before 1 January 2018**

- loans and receivables
- at FVTPL, and within this category as derivative hedging instruments

#### **Financial liabilities – Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### **iii) Derivative instruments**

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

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

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

In case of fair value hedge relationship, changes in fair value on the hedging items are 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.

#### **iv. Derecognition**

##### **Financial assets**

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

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

##### **Financial liabilities**

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

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



#### **v. Offsetting**

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

#### **2.8 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.

#### **2.9 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 a 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 per Bangladesh Labour Act, 2006.

#### **2.10 Taxation**

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

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

##### **i) Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount or current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

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

##### **ii) Deferred tax**

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

Deferred tax liabilities are 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.

## 2.11 Revenue recognition

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

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

## 2.12 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.

## 2.13 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.

## 2.14 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 period.

## 2.15 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.

## 3 Adoption of new International Financial Reporting Standards

The Company has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards. Except for separately presenting impairment loss on trade receivables and contract liabilities.

### A. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control-at a point in time or over time-requires judgment.

IFRS 15 did not materially impact the Company as the net sales relate to delivery at a point in time of gray cement and cement clinker. The Company has adopted IFRS 15 using the cumulative effect method with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated- i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

### B. IFRS 9 Financial Instruments

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

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. However impairment of trade receivables are presented under selling and marketing expense similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and OCI due to materiality consideration.



## Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

Figures in Taka'000	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
<b>Financial assets</b>				
Trade receivables	Loans and receivables	Amortised cost	1,786,699	1,786,699
Other current assets	Loans and receivables	Amortised cost	483,709	483,709
			<b>2,270,408</b>	<b>2,270,408</b>
<b>Financial liabilities</b>				
Borrowings	Other financial liabilities	Other financial liabilities	-	-
Trade payables	Other financial liabilities	Other financial liabilities	2,362,390	2,362,390
Other current liabilities	Other financial liabilities	Other financial liabilities	513,472	513,472
Forward exchange contract used for hedging	Fair value-hedging instrument	Fair value-hedging instrument	-	-
			<b>2,875,862</b>	<b>2,875,862</b>

### 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 foreign exchange forward contract hedge qualified as cash flow hedges under IAS 39 as at 31 December 2017, also qualified as cash flow hedges under IFRS 9. Pursuant to the guidance in IFRS 9, the Company records in the separate 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. In case of fair value hedge relationship, changes in fair value on the hedging items are recognised in the separate statement of profit or loss of the period 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 separate 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.

### **C. IFRS 16- Leases**

IFRS 16 requires lessees to adopt a uniform approach to the presentation of leases. Correspondingly, assets must be recognised for the right of use received and liabilities must be recognised for payment obligations entered into for all leases. The Company currently expects to transition to IFRS 16 in accordance with the modified retrospective approach. For leases that have to date been classified as operating leases in accordance with IAS 17, the lease liability will be carried at the present value of the remaining lease payments, discounted using the lessees incremental borrowing rate at the time the standard is first applied. The right-of-use asset will generally be measured at the amount of the lease liability. The Company currently plans to make use of relief options available for leases or low value assets and short-term leases (shorter than twelve months).

The Company is currently finalizing its review of the results of the analysis of existing leases and the impact IFRS 16 will have on its financial statements.

### **D. International Financial Reporting Standards (IFRS)**

The Institute of Chartered Accountants of Bangladesh has adopted IFRS effective from annual periods beginning on or after 1 January 2018. IFRS replaced all Bangladesh Financial Reporting Standards. Adoption of IFRS does have major impact on the Company's financial statements.

## **4 Preparation and presentation of the separate financial statements**

The Board of Directors are responsible for the preparation and fair presentation of the separate financial statements of LafargeHolcim Bangladesh Limited. LafargeHolcim Bangladesh Limited has three subsidiary companies incorporated in India and Bangladesh as detailed in Note-7.



## 5 Property, plant and equipment

### A. Reconciliation of carrying amount

<i>Figures in Taka'000</i>	Freehold land	Building	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost								
At January 1, 2018	532,077	612,952	13,310,203	187,043	346,994	60,690	424,365	15,474,324
Additions	-	8,308	247,957	8,125	22,912	-	243,275	530,577
Disposals	-	-	(260,914)	(7,710)	(5,293)	(19,772)	-	(293,689)
Transfers	-	17,010	383,865	-	-	-	(400,875)	-
At December 31, 2018	532,077	638,270	13,681,111	187,458	364,613	40,918	266,765	15,711,212
Accumulated depreciation								
At January 1, 2018	-	158,059	4,875,319	152,149	240,269	53,916	-	5,479,712
Disposals	-	-	(101,784)	(6,257)	(5,284)	(19,568)	-	(132,893)
Charge for the year	-	15,642	476,276	15,458	23,763	3,010	-	534,149
At December 31, 2018	-	173,701	5,249,811	161,350	258,748	37,358	-	5,880,968
<b>Carrying amount</b>								
<b>At December 31, 2018</b>	<b>532,077</b>	<b>464,569</b>	<b>8,431,300</b>	<b>26,108</b>	<b>105,865</b>	<b>3,560</b>	<b>266,765</b>	<b>9,830,244</b>
<b>At December 31, 2017</b>	<b>532,077</b>	<b>454,893</b>	<b>8,434,884</b>	<b>34,894</b>	<b>106,725</b>	<b>6,774</b>	<b>424,365</b>	<b>9,994,612</b>

### Depreciation charge for the year allocated to

	2018	2017
	Taka'000	Taka'000
Production and maintenance costs (Note 21.2)	501,920	481,674
Depot operating and transportation costs (Note 21.4)	8,192	1,870
General and administrative expenses (Note 22)	23,350	32,216
Sales and Marketing Expenses (Note 23)	687	598
	<b>534,149</b>	<b>516,358</b>

**B. Details of disposal of property plant and equipment**

<i>Figures in Taka'000- Disposal details</i>		<b>Plant &amp; machinery</b>	<b>Vehicles</b>	<b>Office equipment</b>	<b>Furniture &amp; fixtures</b>	<b>Total</b>
Cost		260,914	7,710	5,293	19,772	293,689
Accumulated depreciation		(101,784)	(6,257)	(5,284)	(19,568)	(132,893)
<b>Carrying amount at December 31, 2018</b>		<b>159,130</b>	<b>1,453</b>	<b>9</b>	<b>204</b>	<b>160,796</b>
<b>Sale proceeds</b>		-	<b>3,899</b>	<b>1,391</b>	<b>468</b>	<b>5,758</b>
<b>Mode of disposal</b>		Company policy	Company policy/tender	Company policy	Company policy	
<b>Particulars of purchaser/type of disposal</b>		Written off	Third party & employees	Third party & Written off	Third party	
<b>6 Intangible assets</b>						
<i>Figures in Taka'000</i>		<b>Software</b>		<b>Construction in progress</b>		<b>Total</b>
Cost						
At January 1, 2018		41,439	117,409	-	-	158,848
Transfers		117,409	(117,409)	-	-	-
At December 31, 2018		158,848	-	-	-	158,848
Accumulated depreciation						
At January 1, 2018		24,166	-	-	-	24,166
Charge for the year		50,543	-	-	-	50,543
At December 31, 2018		74,709	-	-	-	74,709
<b>Carrying amount</b>						
<b>At December 31, 2018</b>		<b>84,139</b>	-	-	-	<b>84,139</b>
<b>At December 31, 2017</b>		<b>17,273</b>	<b>117,409</b>	-	-	<b>134,682</b>

**Amortization charge for the year allocated to**

Production and maintenance costs (Note 21.2)  
General and administrative expenses (Note 22)

	<b>2018</b>	<b>2017</b>
	<b>Taka'000</b>	<b>Taka'000</b>
	9,204	8,165
	41,339	4,982
	<b>50,543</b>	<b>13,147</b>



	2018 Taka'000	2017 Taka'000
<b>7 Investment in subsidiaries</b>		
<b>A. Details of investment in subsidiary</b>		
Lafarge Umiam Mining Private Limited (LUMPL)* <i>- a fully owned subsidiary incorporated in India</i>	519,356	519,356
Lum Mawshun Minerals Private Limited (LMMPL)* <i>- a 74% owned subsidiary incorporated in India</i>	537	537
Holcim Cement (Bangladesh) Limited <i>- a fully owned subsidiary incorporated in Bangladesh</i>	5,047,820	-
	<b>5,567,713</b>	<b>519,893</b>

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	
		2018	2017
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
Holcim Cement (Bangladesh) Limited	Bangladesh Tk. 100	88,243	-
<b>B. Restatement of prior year balance*</b>			
Lafarge Umiam Mining Private Limited			532,139
Lum Mawshun Minerals Private Limited			523
<b>Balance at 31 December 2017 (A)</b>			<b>532,662</b>
<b>Adjustments</b>			
Lafarge Umiam Mining Private Limited			12,783
Lum Mawshun Minerals Private Limited			(14)
<b>Cumulative adjustments (B)</b>			<b>12,769</b>
Lafarge Umiam Mining Private Limited			519,356
Lum Mawshun Minerals Private Limited			537
<b>Restated balance at 31 December 2017 (A-B)</b>			<b>519,893</b>

Prior years, the Company translated investment in its Indian subsidiaries at closing exchange rate at reporting periods and recognized the effects of changes in foreign exchange rates in other comprehensive income. This treatment is not in accordance with IAS 27 *Separate Financial Statements*. The Company decided to recognise these investments at costs. Therefore, these investments have been restated at costs. The restatement does not have a material effect on the information in the statement of financial position as at 1 January 2017. As such a third statement of financial position as at 1 January 2017 has not been presented.

#### C. Amalgamation of Holcim Cement (Bangladesh) Limited

The Board of Directors of LafargeHolcim Bangladesh Limited in its meeting held on 29 November 2018, approved the amalgamation of the fully owned subsidiary Holcim Cement (Bangladesh) Limited with the Company. The approval is subject to requisite approval of the banks and other creditors to the subsidiary, approval of the shareholders of the Company, and finally, the sanction of the Hon'ble High Court Division of the Supreme Court of Bangladesh. The amalgamation of the Company is currently in process.

#### 8 Inventories

Raw materials	419,481	321,625
Semi-finished and finished products	315,757	179,729
Parts and supplies	766,129	731,594
	<b>1,501,367</b>	<b>1,232,948</b>

#### 9 Trade receivables

Trade receivables	2,609,708	1,531,303
Advance payment to trade suppliers	297,360	255,396
	<b>2,907,068</b>	<b>1,786,699</b>

See note 30B(i) for disclosures regarding credit risk, allowance for doubtful debts and ageing analysis of trade receivables.

#### 10 Other current assets

Prepaid expenses	55,970	53,906
VAT current account	264,748	290,901
Advance to employees	10,467	23,688
Security and other deposits	8,393	8,075
Other receivables	6,733	31,546
Advance payment to suppliers of fixed assets	34,330	72,266
Accrued interest on bank deposits	-	3,327
	<b>380,641</b>	<b>483,709</b>

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

	2018 Taka'000	2017 Taka'000			
<b>11 Advance income tax- net of tax provision</b>					
Advance income tax	2,466,414	2,177,323			
Current tax liabilities (Note 11.1)	(1,616,467)	(1,180,566)			
	<u>849,947</u>	<u>996,757</u>			
<b>11.1 Current Tax Liabilities</b>					
Balance at 1 January	1,180,566	862,672			
Provision for the year (Note 26)	435,901	317,894			
<b>Balance at 31 December</b>	<u>1,616,467</u>	<u>1,180,566</u>			
<b>12 Cash and cash equivalents</b>					
Cash in hand	2,066	2,216			
	<u>2,066</u>	<u>2,216</u>			
<b>Cash at banks</b>					
Current accounts	189,412	1,787,378			
Short term deposit accounts	10,422	20,514			
Fixed deposit receipts	-	1,505,470			
	<u>199,834</u>	<u>3,313,362</u>			
	<u>201,900</u>	<u>3,315,578</u>			
<b>13 Share capital</b>					
<b>13.1 Authorized capital</b>					
1,400,000,000 ordinary shares of Taka 10 each	<u>14,000,000</u>	<u>14,000,000</u>			
<b>13.2</b> In the year 2011, authorized capital was increased from Taka 7,000,000,000 to Taka 14,000,000,000. Further 58,068,675 ordinary shares of Taka 100 per share were issued as right shares at par amounting to Taka 5,806,867,500 offered on the basis of 1:1, for which approval of Bangladesh Securities and Exchange Commission (BSEC) was obtained on 8 September 2011. Moreover, face value of each ordinary share has been denominated from Taka 100 to Taka 10 at 4 December 2011.					
<b>13.3 Issued and subscribed capital</b>					
1,161,373,500 ordinary shares of Taka 10 each	<u>11,613,735</u>	<u>11,613,735</u>			
<b>13.4 Paid up capital</b>					
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>			
<b>13.5 Composition of shareholders at 31 December</b>					
<b>Name of the shareholders</b>	<b>Nationality/ Incorporated In</b>	<b>Number of shares</b>		<b>Holding %</b>	
		<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
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>
<b>13.6 Classification of shares by holding at 31 December</b>					
<b>Slabs by number of shares</b>	<b>Number of shareholders</b>		<b>Holding %</b>		
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	
Less than 500 Shares	9,003	9,167	0.20	0.20	
501 to 5,000 Shares	14,125	14,075	2.43	2.44	
5,001 to 10,000 Shares	2,627	2,550	1.69	1.65	
10,001 to 20,000 Shares	1,624	1,564	2.06	1.97	
20,001 to 30,000 Shares	546	560	1.17	1.21	
30,001 to 40,000 Shares	284	301	0.87	0.91	
40,001 to 50,000 Shares	210	221	0.83	0.88	
50,001 to 100,000 Shares	360	375	2.25	2.36	
100,001 to 1,000,000 Shares	339	389	7.92	9.15	
Over 1,000,000 Shares	43	43	80.58	79.23	
	<u>29,161</u>	<u>29,245</u>	<u>100.00</u>	<u>100.00</u>	
<b>13.7 Other components of equity</b>					
Actuarial loss-net of tax	(89,624)	(62,756)			
Others	(9,318)	-			
	<u>(98,942)</u>	<u>(62,756)</u>			
<b>13.8 Dividends</b>					

The final dividend amounts to Taka 1,161,373,500 which is Taka 1.00 per share of Taka 10 each for the year 2018 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, 2018.



	2018 Taka'000	2017 Taka'000
<b>14 Borrowings</b>		
<b>A. Borrowings- long term</b>		
Non-current portion -Unsecured	984,478	-
	<u>984,478</u>	<u>-</u>

The loans were availed from two commercial banks for the acquisition of Holcim Cement (Bangladesh) Limited. The loans are denominated in Bangladesh Taka with face value of Tk1.2 billion and Tk1.2 billion respectively. Interest rates for both loans are based upon T-Bill rates plus 3.5% margin. The loans are repayable on 2021.

**B. Borrowings- short term**

Current portion of long term -Unsecured	800,000	
Short-term credit facilities	600,000	-
Derivative liabilities*	9,166	-
	<u>1,409,166</u>	<u>-</u>

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

**15 Deferred tax liability**

*Deferred tax by type of temporary differences that resulted in deferred tax assets and liability.*

Property, plant and equipment	1,944,052	2,011,774
<b>Deferred tax liabilities</b>	<u>1,944,052</u>	<u>2,011,774</u>
Provision for gratuity	41,672	18,823
Provision for doubtful debts	5,256	3,801
<b>Deferred tax assets</b>	<u>46,928</u>	<u>22,624</u>
<b>Net deferred tax liability</b>	<u>1,897,124</u>	<u>1,989,150</u>

**15.1 Change in deferred tax assets and liability**

Balance at 1 January- deferred tax liability	1,989,150	2,061,888
Deferred tax income for the year (Note 26)	(75,111)	(78,652)
Other component of equity	(16,915)	5,914
<b>Balance at 31 December- deferred tax liability</b>	<u>1,897,124</u>	<u>1,989,150</u>

**16 Employee benefits**

**A. Net position of gratuity plan**

Present value of defined benefit obligation	315,812	264,157
Fair value of plan assets	(220,254)	(249,443)
<b>Net funded status</b>	<u>95,558</u>	<u>14,714</u>

**B. Actuarial valuation**

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2018 by a professional actuary using Projected Unit Credit Method.

**C. Assumptions employed for the valuations are as follows:**

	%	%
Salary increase rate	8.00	8.00
Discount rate	7.25	8.00

**D. Movement in the present value of the defined benefit obligation are as follows:**

Balance at 1 January	264,157	269,679
Current service cost	36,496	36,758
Interest cost	20,297	20,297
Actuarial loss/(gain)	43,802	(23,657)
Benefits paid during the year	(48,940)	(38,920)
<b>Balance at 31 December</b>	<u>315,812</u>	<u>264,157</u>

**E. Movement in the fair value of the plan assets are as follows:**

Balance at 1 January	249,443	218,314
Contributions from employer	-	51,365
Expected return on plan assets	19,955	18,684
Actuarial loss	(204)	-
Benefits paid during the year	(48,940)	(38,920)
<b>Balance at 31 December</b>	<u>220,254</u>	<u>249,443</u>

The above has been invested in bond.

## F. Sensitivity

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

Effect in thousands of taka	31 December 2018	
	Increase	Decrease
Discount rate	301,986	330,728
Salary increase rate	330,549	302,017

	2018	2017
	Taka'000	Taka'000
<b>17 Trade payables</b>		
Payable for goods and services	1,564,710	1,630,952
General assistance fee (Note- 17.1)	289,919	294,990
Trademark license fee (Note- 17.2)	289,919	294,990
Contract liabilities	384,439	141,458
	<u>2,528,987</u>	<u>2,362,390</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).

### 18 Other current liabilities

Payables to suppliers of fixed assets	144,263	173,110
Income tax and VAT deducted at source	111,433	134,467
Others	258,120	158,054
Accrued interest payable	28,584	-
Dividend payable	51,608	47,841
	<u>594,008</u>	<u>513,472</u>

### 19 Commitments and Contingencies

#### 19.1 Commitments

##### Commitments related to operating activities

Purchase commitments	2,379,251	1,696,897
Capital expenditure commitments	117,059	141,178
Guarantees given	460,417	460,112
	<u>2,956,727</u>	<u>2,298,187</u>

#### 19.2 Contingent Liabilities

Tax related cases with the Hon'ble High Court	247,515	247,515
VAT related cases with the Hon'ble High Court	109,225	109,225
	<u>356,740</u>	<u>356,740</u>

#### 19.3 Claims

a. Claims against the Company not acknowledged as debt	Nil	Nil
b. Claims by the Company not acknowledged as receivable	Nil	Nil

**19.4** 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 applied to High Court to set aside of the arbitration award. On August 16, 2018, the High Court rejected their application. Accordingly, the award of arbitration remains in full effect. Jalalabad Gas may file appeal in the Appellate Division against the above judgment of the High Court within sixty (60) days of receiving the certified copy of the judgment of the High Court.

### 20 Revenue

Sale of gray cement*	9,676,886	7,748,241
Sale of cement clinker	2,194,098	2,944,913
Other sales (Limestone and slag sales to Holcim Cement (Bangladesh) Limited)	244,277	125,977
	<u>12,115,261</u>	<u>10,819,131</u>
Products transferred at a point in time	12,115,261	10,819,131
Services transferred over time	-	-
	<u>12,115,261</u>	<u>10,819,131</u>
<b>*Sale of gray cement</b>		
Local sales	9,664,690	7,741,722
Export in Export Processing Zones	12,196	6,519
	<u>9,676,886</u>	<u>7,748,241</u>



	2018 <u>Taka'000</u>	2017 <u>Taka'000</u>
<b>21 Cost of Sales</b>		
Opening finished goods and work in process (Note- 35)	179,729	124,134
Raw materials costs (Note- 21.1)	3,665,489	3,835,499
Toll manufacturing costs	1,740,376	1,005,749
Power and fuel costs	1,196,532	1,241,433
Production and maintenance costs (Note- 21.2)	1,253,791	1,388,742
Plant general and administrative costs (Note- 21.3)	238,001	239,061
Freight cost to customers	570,669	650,260
Depot operating and transportation costs (Note- 21.4)	823,247	823,035
Closing finished goods and work in process (Note- 35)	(315,757)	(179,729)
	<u>9,352,077</u>	<u>9,128,184</u>
<b>21.1 Raw materials costs</b>		
Slag	256,741	192,952
Gypsum	271,673	201,533
Iron ore	22,342	78,348
Sand	22,428	32,261
Clay	91,229	73,653
Limestone	2,588,316	2,883,460
Packing materials	387,080	363,976
Others	25,680	9,316
	<u>3,665,489</u>	<u>3,835,499</u>
<b>21.2 Production and maintenance costs</b>		
Salary, allowances and benefits	199,616	205,521
Contributions to employees' benefit schemes	15,737	15,411
Maintenance	84,444	66,960
Other supplies and spares	246,593	264,937
Material handling	60,959	67,848
Other expenses	131,963	156,569
Technical studies	3,355	649
Impairment of construction in progress*	-	121,008
Depreciation	501,920	481,674
Amortization of intangible assets	9,204	8,165
	<u>1,253,791</u>	<u>1,388,742</u>
<b>21.3 Plant general and administrative costs</b>		
Salary, allowances and benefits	78,648	81,749
Contributions to employees' benefit schemes	2,743	2,637
Staff welfare expenses	33,268	36,874
Training, seminars and meetings	1,251	1,035
Travelling	3,765	3,880
Rent	1,343	758
Gas, electricity and water	306	195
Telephone, fax and postage	1,480	1,444
Office maintenance	30,588	27,046
Security services	27,592	27,303
Printing and stationery	438	508
Other supplies and spares	1,790	1,102
Other office expenses	17,731	21,078
Consultancy	186	-
Vehicles running expenses	7,831	7,131
Corporate social activities	10,269	7,355
Insurance	18,772	18,966
	<u>238,001</u>	<u>239,061</u>
<b>21.4 Depot operating and transportation costs</b>		
Salary, allowances and benefits	100,137	106,754
Contributions to employees' benefit schemes	10,268	9,192
Staff welfare expenses	2,994	2,956
Training, seminars and meeting	718	1,062
Depreciation	8,192	1,870
Depot other maintenance costs	148,550	155,403
Transportation costs	552,388	545,798
	<u>823,247</u>	<u>823,035</u>

\*In the year 2007, the management took a project for establishing another clinker production line which is called "2<sup>nd</sup> line clinker production project". In the year 2017, the management decided to discontinue the project after duly studying the current business environment. Hence, all project costs incurred in the project period, charged in profit and loss.

	2018 Taka'000	2017 Taka'000
<b>22 General and administrative expenses</b>		
Salary, allowances and benefits	213,879	241,582
Contributions to employees' benefit schemes	17,941	18,603
Staff welfare expenses	3,554	3,892
Training, seminars and meeting	15,237	18,034
Travelling	6,725	12,327
Rent	49,001	46,794
Gas, electricity and water	205	3,551
Telephone, fax and postage	1,380	4,748
Entertainment	6,075	8,496
Office maintenance	3,666	10,893
Office security services	749	2,287
Printing and stationery	1,781	2,030
IT maintenance expenses	114,431	90,480
Other office expenses	24,728	14,388
Registration and other fees	3,949	3,710
Audit and tax advisory fees	3,574	2,163
Legal expenses	6,469	668
Vehicles running expenses	15,631	18,672
Publicity and public relation	9,225	15,092
General assistance fee	97,894	91,631
Trademark license fee	97,894	91,631
Consulting, survey and studies	79,310	290,914
Depreciation	23,350	32,216
Amortization of intangible assets	41,339	4,982
	<b>837,987</b>	<b>1,029,784</b>
<b>23 Sales and marketing expenses</b>		
Salary, allowances and benefits	130,503	121,325
Contributions to employees' benefit schemes	11,766	12,181
Staff welfare expenses	35	1,459
Training, seminars and meeting	474	129
Travelling	10,168	9,255
Gas, electricity and water	184	139
Telephone, fax and postage	1,492	1,217
Entertainment	2,235	1,766
Office maintenance	6,248	6,196
Printing and stationery	57	105
Other office expenses	9,017	2,151
Registration and other fees	2,322	2,087
Vehicles running expenses	17,244	23,016
Advertisement and promotion	77,309	78,384
Provision for trade receivables	5,820	3,248
General survey and studies	1,093	371
Depreciation	687	598
	<b>276,654</b>	<b>263,627</b>
<b>24 Other operating income and expenses</b>		
<b>A. Other operating income</b>		
Gain on sale of miscellaneous scrap items	8,065	7,667
Dividend income from subsidiary company	-	307,182
	<b>8,065</b>	<b>314,849</b>
<b>B. Other operating expenses</b>		
Loss on sale of property, plant and equipment	(155,038)	(2,365)
	<b>(155,038)</b>	<b>(2,365)</b>
<b>25 Finance costs and income</b>		
Interest on borrowings	213,955	56
Other finance costs	2,019	2,922
Bank charges and commission	9,378	13,146
Exchange loss	8,955	19,276
<b>Finance costs</b>	<b>234,307</b>	<b>35,400</b>
Interest income on bank deposits	2,431	102,908
Interest on loan to subsidiary company	-	476
Other finance income	-	5,093
<b>Finance income</b>	<b>2,431</b>	<b>108,477</b>
<b>Net finance costs</b>	<b>231,876</b>	<b>(73,077)</b>



	2018 Taka'000	2017 Taka'000
<b>26 Income tax</b>		
Current income tax expenses	435,901	317,894
Deferred tax income	(75,111)	(78,652)
	<u>360,790</u>	<u>239,242</u>
<b>26.1 Reconciliation of tax rate</b>		
Statutory tax rate	25%	25%
Dividend income from subsidiary company	-	-2.06%
Permanent differences	4.91%	9.22%
<b>Effective tax rate</b>	<u>29.91%</u>	<u>32.16%</u>

	2018	2017
<b>27 Earnings per share</b>		
The computation of basic earnings per share for the years ended 31 December 2018 and 31 December 2017 are as follows:		
<b>Numerator</b>	<i>Figures in Taka'000</i>	
Profit for the year	845,419	504,700
<b>Denominator</b>	<i>Figures in Taka'000</i>	
Weighted average number of shares outstanding	1,161,374	1,161,374
<b>Basic earnings per share</b>	<i>Taka</i> 0.73	<i>Taka</i> 0.43
<b>Diluted earnings per share</b>	<i>Taka</i> 0.73	<i>Taka</i> 0.43

## 28 Related party transactions

During the period, the Company carried out a number of transactions with related parties in the normal course of business. The name of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of IAS 24.

Name of the party and relationship	Nature of transaction	Transaction value during the period Taka '000	Receivable/ (Payable) as at 31 December 2018 Taka '000
Surma Holding B.V.	Dividend Payment	333,213	-
Holcim Asean Business Service Centre	Intercompany services/Technical assistance	55,099	(141,800)
Lafarge Asia SDN BHD	Intercompany services/Technical assistance	-	(71,251)
Lafarge S.A.-Group Company	Technical assistance/Trademark license	113,557	(373,716)
Cementos Molins-Group Company	Trademark license/Travel expenses	82,230	(254,998)
LH Trading Ltd- Group Company	Intercompany services	-	16,276
LH Trading Pte Ltd- Group Company	Intercompany purchase	523,587	(20,843)
PT Lafarge Cement Indonesia Group Company	Intercompany services	-	664
Holcim Group Services Ltd. Group Company	Intercompany services	7,422	(9,441)
Lafarge International Services Singapore Group Company	Intercompany services	1,290	(1,297)
Holcim Phillipines, Inc- Group Company	Intercompany services	-	(82)
Holcim Services (South Asia) India Group Company	Intercompany services	6,677	(23,492)
Lafarge Industries South Africa (PTY) Ltd. Group Company	Intercompany services	3,812	4,719
Holcim Cement (Bangladesh) Ltd. Subsidiary company	Clinker sales and intercompany services	2,042,008	1,711,472
Holcim Cement (Bangladesh) Ltd. Subsidiary company	Cement purchase	1,755,225	-
Eastern Housing Ltd. Shareholder's associated entity	Cement sales	10,667	1,005
Aftab Group Shareholder's associated entity	Cement sales	878	103
Bengal Development Corporation- Shareholder's associated entity	Cement sales	20,239	3,061
Jahurul Islam Medical College- Shareholder's associated entity	Cement sales	-	3
Opex Group- Shareholder's associated entity	Cement sales	3,793	418
Shikharaa Developments Ltd.- Shareholder's associated entity	Cement sales	713	(13)
Sinha Peoples Energy Ltd.- Shareholder's associated entity	Cement sales	1,105	234
Delta Life Insurance Company Limited Shareholder's associated entity	Insurance service	2,094	(1,009)
Lafarge Umiam Mining Private Limited - Subsidiary company	Purchase of limestone	2,537,478	(156,277)

	2018	2017
	<u>Taka'000</u>	<u>Taka'000</u>
<b>29 Directors', managers' and officers' remuneration</b>		
Salary, allowances and benefits	353,830	318,672
Contributions to employees' benefit scheme	31,803	26,509
Reimbursable expenses	16,296	12,694
	<u>401,929</u>	<u>357,875</u>

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



### 30 Financial Instruments

The effect of initially applying IFRS 9 on the Company's financial instruments is described in Note 2.7.

#### A. Accounting classifications

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

#### 31 December 2018

In thousands of Taka	Fair value - Hedging instruments	Financial assets at amortised cost	Other financial liabilities	Total	Fair value		
					Level 1	Level 2	Level 3
<b>Financial assets not measured at fair value</b>							
Trade and other current assets	-	3,287,709	-	3,287,709	-	-	-
Cash and cash equivalents	-	201,900	-	201,900	-	-	-
	-	<b>3,489,609</b>	-	<b>3,489,609</b>	-	-	-
<b>Financial liabilities measured at fair value</b>							
Forward exchange contracts used for hedging	9,166	-	-	9,166	-	-	9,166
	<b>9,166</b>	-	-	<b>9,166</b>	-	-	<b>9,166</b>
<b>Financial liabilities not measured at fair value</b>							
Borrowings	-	-	2,384,478	2,384,478	-	-	-
Trade payables	-	-	2,528,987	2,528,987	-	-	-
Other current liabilities*	-	-	565,424	565,424	-	-	-
	-	-	<b>5,478,889</b>	<b>5,478,889</b>	-	-	-

#### 31 December 2017

In thousands of Taka	Fair value - Hedging instruments	Financial assets at amortised cost	Other financial liabilities	Total	Fair value		
					Level 1	Level 2	Level 3
<b>Financial assets not measured at fair value</b>							
Trade and other current assets	-	2,267,081	-	2,267,081	-	-	-
Cash and cash equivalents	-	3,315,578	-	3,315,578	-	-	-
	-	<b>5,582,659</b>	-	<b>5,582,659</b>	-	-	-
<b>Financial liabilities measured at fair value</b>							
Forward exchange contracts used for hedging	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Borrowings	-	-	-	-	-	-	-
Trade payables	-	-	2,362,390	2,362,390	-	-	-
Other current liabilities	-	-	513,472	513,472	-	-	-
	-	-	<b>2,875,862</b>	<b>2,875,862</b>	-	-	-

\* Other payables that are not financial liabilities are not included.

## B. Financial risk management

### i) Credit risk

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

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

Impairment losses on financial assets recognised in profit or loss were as follows.

In thousands of Taka	2018	2017
Impairment loss on trade receivables from contracts with customers	(21,022)	(15,202)
	<b>(21,022)</b>	<b>(15,202)</b>

#### Trade receivables and other current assets

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

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

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

An analysis of the credit quality of gross trade receivables is as follows.

In thousands of Taka	2018	2017
<b>Neither past due</b>	2,245,784	1,071,414
<b>Past due</b>		
Past due 1-30 days	206,880	275,111
Past due 31-90 days	68,960	129,502
Past due 91-120 days	69,280	55,276
Over 180 days	39,826	15,202
	<b>2,630,730</b>	<b>1,546,505</b>

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

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

In thousands of Taka	2018	2017
Balance at 1 January	(15,202)	(11,954)
Current year addition	(5,820)	(3,248)
	<b>(21,022)</b>	<b>(15,202)</b>

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

In thousands of Taka	2018	2017
Trade receivables net of impairment loss	2,609,708	1,531,303
Other current assets excluding prepaid expenses	324,671	429,803
	<b>2,934,379</b>	<b>1,961,106</b>

#### Cash and cash equivalents

The Company held cash and cash equivalents of Taka 202 million at 31 December 2018 (2017: Taka 3,316 million). The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.



## ii) Liquidity risk

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

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

### Exposure to liquidity risk

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

<b>31 December 2018</b>	<b>Carrying amount</b>	<b>6 months or less</b>	<b>From 6 to 12 months</b>	<b>From 1 to 5 years</b>
In thousand taka	Taka'000	Taka'000	Taka'000	Taka'000
<b>Non-derivative financial liabilities</b>				
Trade payables	2,528,987	1,802,924	726,063	-
Other current liabilities	565,424	417,326	148,098	-
Borrowings	2,384,478	1,009,166	400,000	984,478
	<b>5,478,889</b>	<b>3,229,416</b>	<b>1,274,161</b>	<b>984,478</b>
<b>Derivative financial liabilities</b>				
Forward exchange contracts used for hedging	9,166	9,166	-	-
	<b>9,166</b>	<b>9,166</b>	-	-
<b>31 December 2017</b>				
Trade payables	2,362,390	1,631,685	730,705	-
Other current liabilities	513,472	372,102	141,370	-
Borrowings	-	-	-	-
	<b>2,875,862</b>	<b>2,003,787</b>	<b>872,075</b>	-
<b>Derivative financial liabilities</b>				
Forward exchange contracts used for hedging	-	-	-	-
	-	-	-	-

## iii) Market risk

Market risk is the risk that changes in market prices- e.g. foreign exchange rates, interest rates and equity prices-will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

### a) Currency risk

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

#### Exposure to currency risk

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

<b>Balance at 31 December 2018</b>	<b>BDT'000</b>	<b>USD'000</b>	<b>EUR'000</b>	<b>CHF'000</b>
<b>Foreign currency denominated assets</b>				
Other receivables	17,367	207	-	-
Cash and cash equivalents	432	3	2	-
<b>Total</b>	<b>17,799</b>	<b>210</b>	<b>2</b>	-
<b>Foreign currency denominated liabilities</b>				
Trade payables	335,103	3,712	248	-
Other current liabilities	132,784	544	899	17
<b>Total</b>	<b>467,887</b>	<b>4,256</b>	<b>1,147</b>	<b>17</b>

Balance at 31 December 2017	BDT'000	USD'000	EUR'000	CHF'000
<b>Foreign currency denominated assets</b>				
Other receivables	17,119	207	-	-
Cash and cash equivalents	755	2	6	-
<b>Total</b>	<b>17,874</b>	<b>209</b>	<b>6</b>	<b>-</b>
<b>Foreign currency denominated liabilities</b>				
Trade payables	226,685	2,470	228	-
Other current liabilities	95,403	879	231	-
<b>Total</b>	<b>322,088</b>	<b>3,349</b>	<b>459</b>	<b>-</b>

The following significant exchange rates have been applied.

Currencies	31 December 2018		31 December 2017	
	Closing rate	Average rate	Closing rate	Average rate
BDT/USD	83.9000	83.4686	82.7000	80.4475
BDT/EUR	95.2517	98.5670	98.3138	90.9579
BDT/CHF	84.6167	85.8055	0.0000	0.0000
BDT/INR	1.2021	1.2229	1.2937	1.2358
BDT/GBP	-	-	110.7932	103.6984

#### Exchange rate sensitivity

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

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

Particulars	2018	2017
	Estimated impact on profit/loss and equity (+/-) Taka'000	Estimated impact on profit/loss and equity (+/-) Taka'000
Assets denominated in USD	88	86
Assets denominated in EUR	1	3
Liabilities denominated in USD	1,785	1,385
Liabilities denominated in EUR	546	226
Liabilities denominated in CHF	7	-

#### 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 and financial liabilities, would have a maximum impact on the Company's 2018 profit before tax of +/- Taka nil (Taka 15,260 for 2017) in thousands and Taka 30,888 (Taka nil for 2017) in thousands respectively.

Interest bearing financial instruments of the Company at reporting date are as follows:	2018	2017
	Taka'000	Taka'000
<b>Financial assets</b>		
Term deposits	10,422	1,525,984
	<b>10,422</b>	<b>1,525,984</b>
<b>Financial liabilities</b>		
Long-term borrowings- including current portion of the long term borrowings	1,784,478	-
Short-term borrowings	609,166	-
	<b>2,393,644</b>	<b>-</b>

#### 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.

<b>31 Number of employees</b>	<b>2018</b>	<b>2017</b>
<i>LafargeHolcim Bangladesh Limited</i>		
<i>Nationality:</i>		
Bangladeshi	341	386
Non-Bangladeshi	6	8
	<b>347</b>	<b>394</b>
<i>Salary range:</i>		
Monthly Taka 3,000 or above	347	394
Monthly below Taka 3,000	Nil	Nil

	<b>2018</b>	<b>2017</b>
	<b>Taka '000</b>	<b>Taka '000</b>
<b>32 Expenditure in foreign currencies</b>		
Technical assistance	66,466	59,110
	<b>66,466</b>	<b>59,110</b>
<b>33 Earnings in foreign currencies</b>		
Interest on loan to subsidiary company	-	476
Dividend income from subsidiary company	-	307,182
	-	<b>307,658</b>

<b>34 Materials consumption</b>		
<i>In terms of value</i>		
<b>Imported</b>		
Raw materials	3,116,730	3,365,609
Spare parts and other supplies	186,287	223,042
	<b>3,303,017</b>	<b>3,588,651</b>
<b>Indigenous</b>		
Raw materials	523,079	469,890
Spare parts and other supplies	62,096	78,366
	<b>585,175</b>	<b>548,256</b>
	<b>3,888,192</b>	<b>4,136,907</b>
<i>In terms of percentage</i>		
<b>Imported</b>		
Raw materials	80	81
Spare parts and other supplies	5	6
	<b>85</b>	<b>87</b>
<b>Indigenous</b>		
Raw materials	13	11
Spare parts and other supplies	2	2
	<b>15</b>	<b>13</b>
	<b>100</b>	<b>100</b>

<b>35 Opening and closing finished goods and work in process</b>					
			<b>2018</b>		<b>2017</b>
			<b>Quantity'000</b>	<b>Quantity'000</b>	<b>Taka'000</b>
<b>Items</b>	<b>Unit</b>	<b>Quantity'000</b>	<b>Taka'000</b>	<b>Quantity'000</b>	<b>Taka'000</b>
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
<b>Balance at 1 January</b>		<b>53</b>	<b>179,729</b>	<b>40</b>	<b>124,134</b>
Gray cement	MT	36	130,404	30	106,676
Cement clinker	MT	51	178,694	20	68,522
Work in process	MT	5	6,659	3	4,531
<b>Balance at 31 December</b>		<b>92</b>	<b>315,757</b>	<b>53</b>	<b>179,729</b>

	<b>2018</b>	<b>2017</b>
	<b>Taka</b>	<b>Taka</b>
<b>36 Comparative information of the shareholders</b>		
Net Asset Value (NAV) Per Share	11.89	11.70
Earning Per Share (EPS)	0.73	0.43
Net Operating Cash Flow Per Share (NOCFPS)	0.75	0.52
Profit for the year (in thousand)	845,419	504,700



	2018 Taka '000	2017 Taka '000
<b>37 Reconciliation of net profit with cash flows from operating activities</b>		
Net profit for the year	845,419	504,700
Depreciation and amortization	584,692	529,505
Other non-cash items	5,820	3,248
Non-operating items	592,666	166,165
Changes in net working capital	(1,158,429)	(603,589)
<b>Cash flows from operating activities</b>	<b>870,168</b>	<b>600,029</b>

**38 Installed capacity and actual production (figures in thousand MT)**

Products	Annual installed capacity	Actual production	
		2018	2017
Gray cement	1,500	1,231	1,161
Cement clinker	1,400	1,270	1,403

	2018 Taka'000	2017 Taka'000
<b>39 Value of imports</b>		
Raw materials and others	3,476,295	3,283,547
	<b>3,476,295</b>	<b>3,283,547</b>

**40 Remittances of foreign currency**

*Interim and final dividend*

Name of Shareholder	2018		2017	
	Number of shares	Final for 2017 Taka'000	Number of shares	Final for 2016 and interim for 2017 Taka'000
Surma Holding B.V. (The Netherlands)*	341,849,350	153,832	341,849,350	307,664
Jean Hidier (France)	11,560	4	11,560	8
Mohammed Abdul Gaffar (UK)	18,010	6	18,010	12

Name of Shareholder	2017		2017	
	Currency	Amount	Currency	Amount
Surma Holding B.V. (The Netherlands)	EUR	1,604,090	EUR	3,352,548
Jean Hidier (France)	EUR	41	EUR	88
Mohammed Abdul Gaffar (UK)	GBP	58	GBP	118

\* In addition to the above, an amount of Taka 153,832,208 (EUR 1,601,070) representing 341,849,350 shares has been remitted through NITA account.

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Chief Executive Officer

## **Nurul Faruk Hasan & Co**

Chartered Accountants

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