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**Auditors' Report
and
Audited Consolidated Financial
Statements
of
LafargeHolcim Bangladesh Limited
For the year ended 31 December 2019**

Nurul Faruk Hasan & Co
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Shareholders of LafargeHolcim Bangladesh Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of LafargeHolcim Bangladesh Limited, (the "Group") which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, 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 20.4 to the consolidated financial statements, which describes the excess gas tariff raised by Jalalabad Gas Transmission and Distribution System Limited.

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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of goodwill

The key audit matter:

The Group has recognized goodwill in the amount of Tk317,776 million as at 31 December 2019. The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount is based on the higher of the value in use or fair value less costs to sell. The recoverable amount is derived from discounted forecast cash flow model. This model uses several key assumptions, including estimates of future sales volumes and prices, operating costs, terminal value growth rates and discount rate.

See Note 6 to the consolidated financial statements for relevant disclosures regarding goodwill.

How the matter was addressed in our audit:

Our audit procedures in this area included, among others:

- Evaluating the appropriateness of the discount rate applied, which included comparing the weighted average cost of capital used by the management with weighted average cost of capital independently developed by the engagement team using various publicly available input parameters relevant to the market in which the Group operates;
- Evaluating the appropriateness of the assumptions applied to key inputs such as sales volumes and prices, operating costs, inflation and long term growth rates, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the business;
- Performing retrospective testing and sensitivity analysis of the key assumptions used in the discounted cash flow model, which included assessing the effect of alterations to the key input parameters used in determining the discount rates and reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the estimated headroom;
- Evaluating the adequacy of the financial statement disclosures regarding goodwill.

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

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

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

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

Management is responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of consolidated 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 Group so far as it appeared from our examination of those books;
- c. the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated 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 Group'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: 04 March 2020

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

	Note	2019 <u>Taka'000</u>	2018 <u>Taka'000</u>
Assets			
Non-current assets			
Property, plant and equipment	5	16,531,389	16,665,097
Goodwill	6	317,776	317,776
Intangible assets	6	2,519,733	2,613,994
Other current assets	9	140,993	142,176
Total non-current assets		<u>19,509,891</u>	<u>19,739,043</u>
Current assets			
Inventories	7	2,678,147	2,378,070
Trade receivables	8	2,188,054	1,887,838
Other current assets	9	694,530	566,487
Advance income tax	10	1,547,108	1,854,576
Derivative instruments		4,903	16,022
Cash and cash equivalents	11	301,659	446,194
Total current assets		<u>7,414,401</u>	<u>7,149,187</u>
Total assets		<u>26,924,292</u>	<u>26,888,230</u>
Equity & liabilities			
Equity			
Share capital	12.3	11,613,735	11,613,735
Retained earnings		4,242,436	3,666,293
Other components of equity	12.6	(43,172)	(116,930)
Foreign currency translation	3.5	386,362	415,288
Equity attributable to owners of the Company		<u>16,199,361</u>	<u>15,578,386</u>
Non-controlling interests	13	(134)	(66)
Total equity		<u>16,199,227</u>	<u>15,578,320</u>
Non-current liabilities			
Borrowings	14A	194,160	984,478
Deferred tax liability	15	3,066,862	3,104,680
Employee benefits	16	180,974	205,623
Provisions	17	40,146	37,428
Total non-current liabilities		<u>3,482,142</u>	<u>4,332,209</u>
Current liabilities			
Trade payables	18	5,107,790	4,316,413
Other current liabilities	19	972,340	668,642
Borrowings	14B	1,162,793	1,992,646
Total current liabilities		<u>7,242,923</u>	<u>6,977,701</u>
Total liabilities		<u>10,725,065</u>	<u>11,309,910</u>
Total equity and liabilities		<u>26,924,292</u>	<u>26,888,230</u>

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


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer

Per our annexed report of same date


Nurul Faruk Hasan & Co
Chartered Accountants

Dhaka, Bangladesh
Dated: 04 March 2020

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

	Note	2019 Taka '000	2018 Taka '000
Revenue	21	17,839,756	16,631,529
Cost of sales	22	(13,307,859)	(12,531,583)
Gross profit		4,531,897	4,099,946
Other operating income	25A	65,590	176,639
General and administrative expenses	23	(1,108,528)	(1,289,385)
Sales and marketing expenses	24	(528,497)	(511,569)
Other operating expenses	25B	(39,605)	(165,146)
Operating profit		2,920,857	2,310,485
Finance cost	26	(261,459)	(434,986)
Finance income	26	21,363	7,237
Profit before tax		2,680,761	1,882,736
Income tax	27	(943,307)	(768,084)
Profit for the year		1,737,454	1,114,652
Profit attributable to:			
Owners of the parent Company		1,737,517	1,114,675
Non-controlling interests		(63)	(23)
		1,737,454	1,114,652
Earnings per share			
Basic (Taka)	28A	1.50	0.96
Diluted (Taka)	28A	1.50	0.96

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

 Chief Financial Officer	 Company Secretary	 Director	 Chief Executive Officer
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Per our annexed report of same date

Dhaka, Bangladesh
 Dated: 04 March 2020


Nurul Faruk Hasan & Co
 Chartered Accountants

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

	2019	2018
	Taka '000	Taka '000
Profit for the year	1,737,454	1,114,652
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss)	76,058	(75,946)
Related tax	(21,067)	16,441
Total items that will not be reclassified to profit or loss	54,991	(59,505)
Items that are or may be reclassified subsequently to profit or loss		
Cash flow hedge instruments - net off tax	18,767	(10,688)
Foreign operation - foreign currency translation differences	(28,926)	(159,116)
Non controlling interests- currency translation adjustment	(5)	(39)
Total items that may be reclassified to profit or loss	(10,164)	(169,843)
Other comprehensive income/(loss) for the year	44,827	(229,348)
Total comprehensive income for the year	1,782,281	885,304
Profit attributable to:		
Owners of the parent Company	1,782,349	885,366
Non-controlling interests	(68)	(62)
	1,782,281	885,304

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


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer

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

In thousands of taka

	Share capital	Retained earnings	Other components of equity	Foreign currency translation	Equity for parent company	Non controlling interests	Total equity
Balance at 1 January 2018	11,613,735	3,132,305	(46,737)	574,404	15,273,707	(4)	15,273,703
Total comprehensive income/(loss) for the year	-	1,114,675	(70,193)	(159,116)	885,366	(62)	885,304
Final dividend for 2017	-	(580,687)	-	-	(580,687)	-	(580,687)
Balance at 31 December 2018	11,613,735	3,666,293	(116,930)	415,288	15,578,386	(66)	15,578,320
Balance at 1 January 2019	11,613,735	3,666,293	(116,930)	415,288	15,578,386	(66)	15,578,320
Total comprehensive income/(loss) for the year	-	1,737,517	73,758	(28,926)	1,782,349	(68)	1,782,281
Final dividend for 2018	-	(1,161,374)	-	-	(1,161,374)	-	(1,161,374)
Balance at 31 December 2019	11,613,735	4,242,436	(43,172)	386,362	16,199,361	(134)	16,199,227

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



Chief Financial Officer



Company Secretary



Director



Chief Executive Officer

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

	Note	2019 Taka '000	2018 Taka '000
Cash flows from operating activities			
Cash receipts from customers		17,948,941	18,464,814
Cash paid to suppliers and employees		(13,195,394)	(14,650,566)
Cash generated from operations		4,753,547	3,814,248
Income taxes paid		(695,544)	(717,206)
Other receipts		27,415	15,707
Net cash generated from operating activities*	34	4,085,418	3,112,749
Cash flows from investing activities			
Payments for property, plant and equipment		(971,814)	(803,334)
Proceeds from sale of property, plant and equipment		3,649	10,499
Interest income		13,497	8,655
Acquisition of a subsidiary company		-	(4,986,476)
Net cash used in investing activities		(954,668)	(5,770,656)
Cash flows from financing activities			
(Repayment)/proceeds from borrowings		(890,230)	1,695,100
Repayments of the lease liabilities		(83,568)	-
Interest paid on lease liabilities		(15,163)	-
Decrease in short term debt		(868,133)	(1,473,316)
Payment of interest and other finance costs		(271,005)	(359,476)
Dividend paid		(1,154,661)	(576,920)
Net cash used in financing activities		(3,282,760)	(714,612)
Net decrease in cash and cash equivalents		(152,010)	(3,372,519)
Net effect of foreign currency translation on cash and cash equivalents		(539)	(12,651)
Cash and cash equivalents at beginning of the year	11	246,889	3,632,059
Cash and cash equivalents at end of the year	11	94,340	246,889

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

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


Chief Financial Officer


Company Secretary


Director


Chief Executive Officer

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

1 General information

LafargeHolcim Bangladesh Limited (LHBL) - (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 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 has three subsidiaries. A brief description of each of the subsidiaries is given below:

Holcim Cement (Bangladesh) Limited (HBL) - HBL is the fully owned subsidiaries of the Company. HBL was formerly known as Hyundai Cement (Bangladesh) Company Limited, was incorporated in Bangladesh as a private company limited by shares under the Companies Act, 1994. Holcim Bangladesh Limited, United Cement Industries Limited ("UICL") and Saiham Cement Industries Limited ("Saiham") were merged together following an order of the Hon'ble High Court Division of the Supreme Court of Bangladesh in December 2011 and were allowed to carry out its business in the name of United Cement Industries Limited. Subsequently, United Cement Industries Limited was renamed as Holcim Cement (Bangladesh) Limited.

Pursuant to a court order Holcim Cement (Bangladesh) Limited was amalgamated with LafargeHolcim Bangladesh Limited as on 26 November 2019.

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

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

2 Nature of business

LafargeHolcim Bangladesh Limited (LHBL) - The Company operates 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 building materials in the local market and international market.

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

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

3 Summary of significant accounting policies

3.1 Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), the Companies Act 1994 and the Securities and Exchange Rules 1987. They were authorized for issue by the Company's board of directors on 4 March 2020.

3.2 Basis of consolidation

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

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

Name of subsidiary	Country of incorporation	% of ownership interest
Holcim Cement (Bangladesh) Limited, Bangladesh*	Bangladesh	100
Lafarge Umiam Mining Private Limited	India	100
Lum Mawshun Minerals Private Limited	India	74

Amalgamation of Holcim Cement (Bangladesh) Limited

Pursuant to a court order Holcim Cement (Bangladesh) Limited was amalgamated with LafargeHolcim Bangladesh Limited as on 26 November 2019.

i) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii) Non-controlling interests (NCI)

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

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii) Loss of control

When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.3 Use of estimates and judgements

i) Estimates

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

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

ii) Judgements

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

3.4 Functional and presentation currency

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

3.5 Translation of financial statements denominated in foreign currencies

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

Taka equivalent of Rs. 1	2019	2018
Average rate	1.1993	1.2229
Closing rate	1.1921	1.2021

3.6 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 from the date of acquisition and no depreciation is charged at the date of disposal. The rates of depreciation and category of property, plant and equipment are as follows:

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

v) Impairment of property, plant and equipment

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

vi) Retirement and disposals

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

3.7 Goodwill

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

3.8 Intangible assets

i) Software

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

ii) Others

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. The rate of amortization for lease hold land is 1%- 5%.

3.9 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.

3.10 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

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

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

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:

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.

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.

3.11 Employees' benefit schemes

i) Gratuity plan- LHBL

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

ii) Gratuity plan- HBL

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

iii) Gratuity plan- LUMPL

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

iv) 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.

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

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.

3.12 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 of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. 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

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.

3.13 Revenue recognition

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

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

3.14 Provision

The Company 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.

3.15 Materiality and aggregation

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

3.16 Comparatives

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

3.17 Dividend distribution

Final dividend distributions to the Company's shareholders are 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.

3.18 Operating segment

LafargeHolcim Bangladesh Limited does not have any operating segment whose results are regularly reviewed by the entity's Chief Operating Decision Maker to make decision about resource to be allocated to segments and assess its performance and for which discreet financial information is available.

3.19 Preparation and presentation of the separate financial statements

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

4 Adoption of new and revised International Financial Reporting Standards

In the current year, the Group has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the consolidated financial statements of the Group.

IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements and impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 January 2019.

The Group has applied IFRS 16 using the cumulative catch-up approach. The Company utilized the option to measure the right-of-use asset at an amount equal to the lease liability in accordance with para C8 of IFRS 16 at the date of initial application. This approach does not require restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Applying IFRS 16, for all leases (except as noted below), the Group:

- a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(i);
- b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of Cash flows.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented in profit or loss. The Group has used the following practical expedients:

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognize right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 is 10.03%.

On transition to IFRS 16, the Group recognized additional right-of-use assets-building of Tk180 million and right-of-use assets- machinery of Tk59 million and additional lease liability of Tk239 million.

5 Property, plant and equipment

A. Reconciliation of carrying amount

In thousands of taka 2019	Freehold land	Building	Right of use assets- Building*	Plant & machinery	Right of use assets- Machinery*	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost										
Balance at 1 January 2019	1,406,708	2,382,256	-	18,593,959	-	263,176	440,395	48,377	391,076	23,525,947
Additions	-	35,731	179,597	283,682	59,357	2,578	47,665	-	350,811	959,421
Disposals	-	-	-	(69,990)	-	(13,153)	(1,996)	(223)	(2,775)	(88,137)
Transfers	-	94,482	-	284,475	-	-	24,118	17,768	(420,843)	-
Translation adjustments	(205)	(1,033)	-	(15,990)	-	(535)	(328)	(74)	(168)	(18,333)
Balance at 31 December 2019	1,406,503	2,511,436	179,597	19,076,136	59,357	252,066	509,854	65,848	318,101	24,378,898
Accumulated depreciation										
Balance at 1 January 2019	-	287,210	-	6,034,855	-	195,561	296,025	47,199	-	6,860,850
Disposals	-	-	-	(31,625)	-	(11,747)	(1,365)	(212)	-	(44,949)
Charge for the year	-	110,426	45,998	768,185	52,733	14,549	22,099	11,892	-	1,025,882
Translation adjustments	-	193	-	4,850	-	322	316	45	-	5,726
Balance at 31 December 2019	-	397,829	45,998	6,776,265	52,733	198,685	317,075	58,924	-	7,847,509
Carrying amount										
At December 31, 2019	1,406,503	2,113,607	133,599	12,299,871	6,624	53,381	192,779	6,924	318,101	16,531,389
In thousands of taka 2018										
Cost										
Balance at 1 January 2018	558,585	731,602	-	15,163,532	-	222,823	378,831	68,702	558,519	17,682,594
Acquisition of HBL	850,000	1,632,658	-	2,964,704	-	13,301	31,323	-	99,073	5,591,059
Additions	-	10,459	-	288,271	-	37,800	37,931	14	359,003	733,478
Disposals	-	(18,654)	-	(274,365)	-	(7,710)	(5,293)	(19,772)	-	(325,794)
Transfers	-	34,592	-	582,701	-	-	-	-	(617,293)	-
Translation adjustments	(1,877)	(8,401)	-	(130,884)	-	(3,038)	(2,397)	(567)	(8,226)	(155,390)
Balance at 31 December 2018	1,406,708	2,382,256	-	18,593,959	-	263,176	440,395	48,377	391,076	23,525,947
Accumulated depreciation										
Balance at 1 January 2018	-	184,795	-	5,487,479	-	183,499	267,605	59,469	-	6,182,847
Disposals	-	(3,805)	-	(115,235)	-	(6,257)	(5,284)	(19,568)	-	(150,149)
Charge for the year	-	107,929	-	706,685	-	21,075	35,870	7,677	-	879,236
Translation adjustments	-	(1,709)	-	(44,074)	-	(2,756)	(2,166)	(379)	-	(51,084)
Balance at 31 December 2018	-	287,210	-	6,034,855	-	195,561	296,025	47,199	-	6,860,850
Carrying amount										
At December 31, 2018	1,406,708	2,095,046	-	12,559,104	-	67,615	144,370	1,178	391,076	16,665,097

* The opening balance of right of use- building and machinery as at the initial application date of 1 January 2019 was Tk179,597 (thousand) and Tk59,357 (thousand).

	2019 Taka'000	2018 Taka'000
Production and maintenance overhead (Note 22.2)	940,098	832,935
Depot operating and transportation costs (Note 22.4)	25,512	8,192
General and administrative expenses (Note 23)	53,973	31,793
Sales and marketing (Note 24)	6,299	6,316
	1,025,882	879,236

5.1 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)
 Sales and marketing (Note 24)

B. Details of disposal of property, plant and equipment

In thousands of taka - Disposal details 2019	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost	69,990	13,153	1,996	223	2,775	88,137
Accumulated depreciation	(31,625)	(11,747)	(1,365)	(212)	-	(44,949)
Carrying amount at December 31, 2019	38,365	1,406	631	11	2,775	43,188
Sale proceeds	-	3,572	59	18	-	3,649
Mode of disposal	Company policy	Tender	Tender	Tender	Company policy	
Particulars of purchaser/ type of disposal	Third party & Written off	Third party & employees	Third party & written off	Third party & Third party	Third party	

In thousands of taka - Disposal details 2018	Building	Plant & machinery	Vehicles	Office equipment	Furniture & fixtures	Construction in progress	Total
Cost	18,654	274,365	7,710	5,293	19,772	-	325,794
Accumulated depreciation	(3,805)	(115,235)	(6,257)	(5,284)	(19,568)	-	(150,149)
Carrying amount at December 31, 2019	14,849	159,130	1,453	9	204	-	175,645
Sale proceeds	300	4,441	3,899	1,391	468	-	10,499
Mode of disposal	Company policy	Company policy	Company policy/tender	Company policy	Company policy		
Particulars of purchaser/ type of disposal	Third party & Written off	Third party & Written off	Third party & employees	Third party & written off	Third party & Third party		

6 A. Goodwill and intangible assets

In thousands of taka 2019	Goodwill	Leasehold land	Quarry land	Software	Construction in progress	Total excluding goodwill	Total including goodwill
Cost							
Balance at 1 January 2019	317,776	1,821,070	1,049,708	163,321	12,677	3,046,776	3,364,552
Translation adjustments	-	143	8,994	38	-	9,175	9,175
Balance at 31 December 2019	317,776	1,821,213	1,058,702	163,359	12,677	3,055,951	3,373,727
Accumulated depreciation							
Balance at 1 January 2019	-	21,577	332,087	79,118	-	432,782	432,782
Charge for the year	-	12,679	43,054	45,002	-	100,735	100,735
Translation adjustments	-	72	2,591	38	-	2,701	2,701
Balance at 31 December 2019	-	34,328	377,732	124,158	-	536,218	536,218
Carrying amount							
Balance at 31 December 2019	317,776	1,786,885	680,970	39,201	12,677	2,519,733	2,837,509
In thousands of taka 2018	Goodwill	Leasehold land	Quarry land	Software	Construction in progress	Total excluding goodwill	Total including goodwill
Cost							
Balance at 1 January 2018	-	17,963	1,129,696	46,253	130,086	1,323,998	1,323,998
Acquisition of HBL Transfers	317,776	1,804,379	-	117,409	(117,409)	1,804,379	2,122,155
Translation adjustments	-	(1,272)	(79,988)	(341)	-	(81,601)	(81,601)
Balance at 31 December 2018	317,776	1,821,070	1,049,708	163,321	12,677	3,046,776	3,364,552
Accumulated depreciation							
Balance at 1 January 2018	-	9,092	311,388	28,911	-	349,391	349,391
Charge for the year	-	13,129	43,494	50,543	-	107,166	107,166
Translation adjustments	-	(644)	(22,795)	(336)	-	(23,775)	(23,775)
Balance at 31 December 2018	-	21,577	332,087	79,118	-	432,782	432,782
Carrying amount							
Balance at 31 December 2018	317,776	1,799,493	717,621	84,203	12,677	2,613,994	2,931,770

Amortization charge for the year allocated to

Production and maintenance costs (Note 22.2)
General and administrative expenses (Note 23)

	2019	2018
	Taka'000	Taka'000
	60,978	65,827
	39,757	41,339
	100,735	107,166

B. Impairment testing for goodwill

The recoverable amount was based on the value in use, determined by discounting the future cash flows to be generated from continuing use. The key assumptions used in the estimation of the recoverable amount are discount rate of 11.34%, terminal value growth at the rate of 5.5% and average EBITDA growth rate of 10.8%. Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined based on the inflation rate. Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over past years and the estimated sales volume and price growth for the next five years.

	2019	2018
	Taka'000	Taka'000
7 Inventories		
Raw materials	740,944	582,972
Semi-finished and finished products	865,192	735,729
Parts and supplies	1,072,011	1,059,369
	2,678,147	2,378,070
8 Trade receivables		
Trade receivables	1,198,378	1,165,657
Advance payment to trade suppliers	989,676	722,181
	2,188,054	1,887,838

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

9 Other current assets		
Prepaid expenses	79,578	86,339
VAT current account	-	319,175
Advance to employees	14,252	13,795
Security and other deposits	236,530	235,123
Other receivables	79,898	8,736
Advance payment to suppliers of fixed assets	418,763	39,482
Accrued interest on bank deposits	6,502	6,013
	835,523	708,663
Current portion	694,530	566,487
Non-current portion	140,993	142,176
	835,523	708,663

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.

10 Advance income tax- net of tax provision		
Advance income tax-deducted at source	7,099,041	6,413,267
Current tax liabilities (Note 10.1)	(5,551,933)	(4,558,691)
	1,547,108	1,854,576
10.1 Current tax liabilities		
Balance at 1 January	4,558,691	1,642,801
Acquisition of HBL	-	2,128,537
Provision for the year	1,000,133	823,324
Translation adjustment	(6,891)	(35,971)
Balance at 31 December	5,551,933	4,558,691
11 Cash and cash equivalents		
Cash in hand	2,341	2,295
	2,341	2,295
Cash at banks		
Current accounts	214,849	433,477
Short term deposit accounts	84,469	10,422
	299,318	443,899
Cash and cash equivalents in statement of financial position	301,659	446,194
Bank overdrafts repayable on demand and used for cash management purposes*	(207,319)	(199,305)
Cash and cash equivalents for the purpose of the statement of cash flows	94,340	246,889

* Bank overdrafts are included in short-term borrowings.

12 Share capital		
12.1 Authorized capital		
1,400,000,000 ordinary shares of Taka 10 each	14,000,000	14,000,000
In the year 2011, authorized capital was increased from Taka 7,000,000,000 to Taka 14,000,000,000. Further 58,068,675 ordinary shares of Taka 100 per share were issued as right shares at par amounting to Taka 5,806,867,500 offered on the basis of 1:1, for which approval of Bangladesh Securities and Exchange Commission (BSEC) was obtained on 8 September 2011. Moreover, face value of each ordinary share has been denominated from Taka 100 to Taka 10 at 4 December 2011.		
12.2 Issued and subscribed capital		
1,161,373,500 ordinary shares of Taka 10 each	11,613,735	11,613,735

	2019 Taka'000	2018 Taka'000
12.3 Paid up capital		
Fully paid up in cash	5,759,888	5,759,888
Fully paid up in other than cash	46,980	46,980
Fully paid up in cash as rights issue	5,806,867	5,806,867
	11,613,735	11,613,735

12.4 Composition of shareholders at 31 December

Name of the shareholders	Nationality/ Incorporated in	Number of shares		Holding %	
		2019	2018	2019	2018
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
		1,161,373,500	1,161,373,500	100.00	100.00

12.5 Classification of shares by holding at 31 December

Slabs by number of shares	Number of shareholders		Holding %	
	2019	2018	2019	2018
Less than 500 Shares	8,500	9,003	0.19	0.20
501 to 5,000 Shares	13,422	14,125	2.33	2.43
5,001 to 10,000 Shares	2,628	2,627	1.70	1.69
10,001 to 20,000 Shares	1,709	1,624	2.17	2.06
20,001 to 30,000 Shares	589	546	1.27	1.17
30,001 to 40,000 Shares	278	284	0.84	0.87
40,001 to 50,000 Shares	216	210	0.86	0.83
50,001 to 100,000 Shares	395	360	2.49	2.25
100,001 to 1,000,000 Shares	353	339	7.73	7.92
Over 1,000,000 Shares	43	43	80.42	80.58
	28,133	29,161	100.00	100.00

	2019 Taka'000	2018 Taka'000
12.6 Other components of equity		
Cash flow hedge *	22,121	3,354
Actuarial loss-net of tax	(65,293)	(120,284)
	(43,172)	(116,930)

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

12.7 Dividends

The final dividend amounts to Taka 1.16 billion which is Taka 1.00 per share of Taka 10 each for the year 2019 has been 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 31 December 2019.

13 Non-controlling interests

Retained earnings	(638)	(575)
Share capital	169	171
Share money deposits	335	338
	(134)	(66)

14 Borrowings

A. Borrowings- long term

Non-current portion -unsecured	94,248	984,478
Non-current portion-lease liabilities*	99,912	-
	194,160	984,478

The loan were availed from Standard Chartered Bank, Dhaka and Hong Kong Shanghai Banking Corporation, Dhaka for the acquisition of Holcim. The loans are denominated in Bangladesh Taka with face value of BDT 1.2 billion and 1.2 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	800,000
Bank overdraft facilities (Note- 14B (i))	207,319	199,305
Short term credit facilities (Note-14B (ii))	100,000	968,133
Current portion of lease liabilities*	55,474	-
Derivative liabilities**	-	25,208
	1,162,793	1,992,646

* The opening balance of lease liability as at 1 January 2019 was Tk238,954 (thousand).

	2019 Taka'000	2018 Taka'000
i) Used bank overdrafts facilities		
Used bank overdrafts facilities in Bangladesh Taka	37,346	199,305
Used bank overdrafts facilities in foreign currency	169,973	-
	207,319	199,305
ii) Used short term credit facilities		
Used short term credit facilities in Bangladesh Taka	100,000	750,000
Used short term credit facilities in foreign currency	-	218,133
	100,000	968,133

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

15 Deferred tax liability

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

Property, plant and equipment	3,239,266	3,294,328
Actuarial gain	7,183	-
Deferred tax liabilities	3,246,449	3,294,328
Provision for gratuity	81,795	86,129
Provision for doubtful debts	48,091	56,080
Business loss carry forward	26,741	26,741
Provision for obsolescence of spare parts	22,960	20,698
Deferred tax assets	179,587	189,648
Net deferred tax liability	3,066,862	3,104,680

15.1 Change in deferred tax assets and liability

Balance at 1 January- deferred tax liability	3,104,680	2,228,528
Acquisition of HBL	-	965,447
Deferred tax income for the year	(56,826)	(55,240)
Other components of equity	(6,201)	(22,354)
Translation adjustments	25,209	(11,701)
Balance at 31 December- deferred tax liability	3,066,862	3,104,680

16 Employee benefits

Funded plan (Note 16.1)	72,692	95,558
Unfunded plan (Note 16.2)	108,282	110,065
	180,974	205,623

16.1 Funded Plan

A. Net position of gratuity plan

Present value of defined benefit obligation	308,961	315,812
Fair value of plan assets	(236,269)	(220,254)
Net funded status	72,692	95,558

B. Actuarial valuation

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2019 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	9.20	7.25

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

Balance at 1 January	315,812	264,157
Current service cost	35,215	36,496
Interest cost	21,830	20,297
Actuarial (gain)/loss [Note D.1]	(45,915)	43,802
Benefits paid during the year	(17,981)	(48,940)
Balance at 31 December	308,961	315,812

	2019	2018
	Taka'000	Taka'000
D.1 Actuarial (gain)/loss		
Demographic assumptions	86	(6,489)
Financial	(56,462)	20,363
Experience	10,461	29,928
	<u>(45,915)</u>	<u>43,802</u>

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

Balance at 1 January	220,254	249,443
Expected return on plan assets	15,968	19,955
Actuarial gain/(loss)	9,622	(204)
Benefits paid during the year	(9,575)	(48,940)
Balance at 31 December	<u>236,269</u>	<u>220,254</u>

16.2 Unfunded Plan

A. Actuarial valuation

The actuarial valuations of the plan and the present value of the defined benefit obligation were carried out at 31 December 2019 by a professional actuary using Projected Unit Credit Method.

	2019	2018
	%	%
B. Assumptions employed for the valuations are as follows:		
Salary increase rate	8.00	8.00
Discount rate	7.82	7.82

	2019	2018
	Taka'000	Taka'000
C. Movement in the present value of the defined benefit obligation are as follows:		
Balance at 1 January	110,065	15,189
Acquisition of HBL	-	85,504
Adjustment with valuation report	(91)	97
Current service cost	16,957	13,970
Interest cost	7,727	7,283
Actuarial (gain)/loss	(20,522)	15,539
Benefits paid during the year	(5,764)	(26,383)
Translation adjustment	(90)	(1,134)
Balance at 31 December	<u>108,282</u>	<u>110,065</u>

17 Provisions

Site restoration provisions

Balance at 1 January	37,428	36,992
Addition for the year	3,225	3,108
Translation adjustment	(507)	(2,672)
Balance at 31 December	<u>40,146</u>	<u>37,428</u>

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

18 Trade payables

Payable for goods and services	4,173,759	3,280,480
General assistance fee (Note- 18.1)	397,942	289,919
Trademark license fee (Note- 18.2)	397,942	289,919
Contract liabilities	138,147	456,095
	<u>5,107,790</u>	<u>4,316,413</u>

18.1 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).

18.2 Trademark license fee

The amount is equally payable to Lafarge S.A. and Cementos Molins for trademark license fee (1 percent of annual net turnover of the Company in accordance with the Trademark License Agreement).

19 Other current liabilities

Payables to suppliers of fixed assets	227,718	146,544
Income tax and VAT deducted at source	242,810	154,604
Others	411,347	283,964
Accrued interest payable	32,144	31,922
Dividend payable	58,321	51,608
	<u>972,340</u>	<u>668,642</u>

	2019 Taka'000	2018 Taka'000
20 Commitments and Contingencies		
20.1 Commitments		
Commitments related to operating activities		
Purchase commitments	3,223,848	2,756,448
Capital expenditure commitments	594,633	158,814
Guarantees given	518,268	481,978
	4,336,749	3,397,240
20.2 Contingent Liabilities		
Tax related cases with the tax authorities and Hon'ble High Court	1,869,132	1,869,183
VAT related cases with the VAT authorities and Hon'ble High Court	413,183	290,725
Custom related case with the Hon'ble High Court	5,000	5,000
Compulsory afforestation (CA) land	443,367	-
	2,730,682	2,164,908
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 Gas Sales Agreement

Jalalabad Gas Transmission & Distribution Systems Ltd. (JGTDS) and LafargeHolcim Bangladesh Ltd. executed a Gas Sales Agreement (GSA) on 19 January 2003. According to GSA, gas bills are payable by the Company to JGTDS as per tariff fixed by the Government subject to a Ceiling Price. In 2015, the gas price fixed by Bangladesh Energy Regulatory Commission (BERC) crossed the Ceiling Price and JGTDS started invoicing the Company as per BERC rate. The Company submitted written objections and since then the Company have been paying as per Ceiling Price. As per the legal opinion of the independent lawyer engaged by the Company, the Ceiling Price under the GSA is legally binding on JGTDS, and the invoices raised by JGTDS are not tenable under the relevant laws.

20.5 Lafarge Umiam Mining Private Limited (LUMPL)

The Company entered into a Limestone Mining Agreement with a mining contractor (the "Contractor"). The Contractor failed to engage the right mining equipment, many mining equipment were more than 5 years old and in violation of the provisions of the Agreement. The Contractor failed to produce right sizes of Limestone as specified in the Agreement. Company issued notices of Breach, Material Breach to the Contractor in terms of the Agreement. On 28.02.2017 the Agreement was terminated. The Company submitted its 'Request for Arbitration' to the Secretariat of the International Court of Arbitration (ICC), Paris as per the provisions of the Agreement, with a claim of Taka 264.86 million. The Contractor made counter-claim of Taka 733.25 million. By order dated 11.09.2017, the ICC appointed Arbitration Tribunal rejected the counterclaim of the Contractor on procedural ground. On 11.12.2017, the Contractor filed an application before the Calcutta High Court under Section 34 of the Arbitration and Conciliation Act, 1996 seeking to set aside the Order of the Arbitration Tribunal dated 11.09.2017 (the "Application"). The Hearing on the Application is awaited. Arbitration proceedings however continue to proceed on the claim filed by LUMPL. The Contractor has filed an application for stay of the Order dated 11.09.2017 before the Tribunal on the ground that the matter is pending before the High Court. The application is yet to be heard by the Tribunal. The Company is of the opinion that the counter-claim of the Contractor, even if taken on record by the Tribunal at a subsequent stage or under order of the High Court, is not likely to succeed in full on merits of the matter and accordingly counterclaim of the Contractor has not been acknowledged as debt and no provision for the same has been made. The lawyers are of the view that the case of Company is strong on merits.

	2019 Taka'000	2018 Taka'000
21 Revenue		
Sale of gray cement*	17,529,660	16,272,300
Sale of cement clinker	310,096	359,229
	17,839,756	16,631,529
Products transferred at a point in time	17,839,756	16,631,529
	17,839,756	16,631,529
*Sale of gray cement		
Local sales	17,343,859	16,122,396
Export in Export Processing Zones and India	185,801	149,904
	17,529,660	16,272,300

	2019 Taka'000	2018 Taka'000
22 Cost of Sales		
Opening finished goods and work in process (Note- 7)	735,729	210,679
Raw materials costs (Note- 22.1)	4,700,273	4,188,580
Purchased clinker*	2,461,020	2,731,817
Power and fuel costs	1,905,267	1,892,925
Production and maintenance costs (Note- 22.2)	2,377,449	2,185,175
Plant general and administrative costs (Note- 22.3)	412,207	429,579
Freight cost to customers	548,019	650,342
Depot operating and transportation costs (Note- 22.4)	1,029,862	975,107
Site restoration costs	3,225	3,108
Closing finished goods and work in process (Note- 7)	(865,192)	(735,729)
	13,307,859	12,531,583
* Clinker imported for HBL production.		
22.1 Raw materials costs		
Fly ash	568,962	456,040
Slag	515,825	517,674
Gypsum	537,377	503,303
Iron ore	23,799	22,342
Sand	15,834	22,428
Clay	103,696	91,229
Limestone	2,043,846	1,691,739
Packing materials	870,826	836,328
Others	20,108	47,497
	4,700,273	4,188,580
22.2 Production and maintenance costs		
Salary, allowances and benefits	393,460	403,562
Contributions to employees' benefit schemes	27,655	26,562
Maintenance	298,431	198,027
Other supplies and spares	386,138	344,328
Material handling	64,090	60,959
Other expenses	205,696	249,620
Technical studies	903	3,355
Depreciation	940,098	832,935
Amortization of intangible assets	60,978	65,827
	2,377,449	2,185,175
22.3 Plant general and administrative costs		
Salary, allowances and benefits	106,413	115,787
Contributions to employees' benefit schemes	6,794	6,762
Staff welfare expenses	37,435	36,554
Training, seminars and meetings	644	1,409
Travelling	9,055	12,515
Rent	1,733	8,135
Gas, electricity and water	836	1,765
Telephone, fax and postage	2,107	2,358
Office maintenance	64,227	55,588
Security services	71,642	85,404
Printing and stationery	1,232	1,622
Other supplies and spares	3,075	1,790
Other office expenses	24,912	26,039
Legal expenses	4,273	2,695
Consultancy	8,909	12,620
Vehicles running expenses	8,239	7,962
Corporate social activities	36,123	26,232
Insurance	24,558	24,342
	412,207	429,579
22.4 Depot operating and transportation costs		
Salary, allowances and benefits	125,823	131,600
Contributions to employees' benefit schemes	12,077	12,878
Staff welfare expenses	1,209	3,573
Training, seminars and meeting	751	835
Depreciation	25,512	8,192
Depot other operating costs	194,772	204,665
Transportation costs	669,718	613,364
	1,029,862	975,107

	2019 Taka'000	2018 Taka'000
23 General and administrative expenses		
Salary, allowances and benefits	287,940	274,204
Contributions to employees' benefit schemes	21,790	21,135
Staff welfare expenses	1,852	4,077
Training, seminars and meeting	13,852	15,559
Travelling	8,014	7,656
Rent	-	74,348
Gas, electricity and water	1,242	1,528
Telephone, fax and postage	7,129	6,964
Entertainment	4,624	6,322
Office maintenance	4,646	3,666
Office security services	314	784
Printing and stationery	2,480	3,180
IT maintenance expenses	105,635	181,414
Other office expenses	56,347	52,872
Registration and other fees	4,488	5,324
Audit and tax advisory fees	4,702	9,300
Legal expenses	17,389	8,945
Vehicles running expenses	15,160	15,631
Publicity and public relation	7,263	9,225
General assistance fee	239,656	229,801
Trademark license fee	108,023	137,466
Consulting, survey and studies	2,678	79,462
Administrative depreciation	53,973	31,793
Amortization of intangible assets	39,757	41,339
Contribution to Workers' Profit Participation and Welfare Fund	99,574	67,390
	1,108,528	1,289,385
24 Sales and marketing expenses		
Salary, allowances and benefits	172,497	218,240
Contributions to employees' benefit schemes	14,385	14,913
Staff welfare expenses	10	911
Travelling	27,791	27,670
Rent	659	2,759
Gas, electricity and water	887	262
Telephone, fax and postage	3,791	5,654
Entertainment	1,336	2,352
Office maintenance	6,755	6,248
Printing and stationery	168	834
Other office expenses	35,282	35,290
Registration and other fees	8,026	6,519
Vehicles running expenses	15,750	17,244
Advertisement and promotion	201,278	151,411
Provision for trade receivables	1,469	8,803
Bad debt	27,465	-
General survey and studies	4,649	6,143
Administrative depreciation	6,299	6,316
	528,497	511,569
25 Other operating income and expenses		
A. Other operating income		
Sale of miscellaneous scrap items	27,415	15,707
Provision written back for trade receivables	22,151	48,014
Others	16,024	112,918
	65,590	176,639
B. Other operating expenses		
Loss on sale of property, plant and equipment	(39,605)	(165,146)
	(39,605)	(165,146)
26 Finance costs and income		
Interest on short & long term borrowings	216,917	321,294
Other finance costs	13,779	8,179
Bank charges and commission	15,600	18,451
Interest expenses on lease liabilities	15,163	-
Exchange loss	-	87,062
Finance costs	261,459	434,986
Exchange gain	7,377	-
Interest income on bank deposits	13,986	7,237
Finance income	21,363	7,237
Net finance (cost)/income	(240,096)	(427,749)

	2019 Taka'000	2018 Taka'000
27 Income tax		
Current income tax expenses	932,179	676,793
Current income tax expenses for prior years	67,954	146,531
Deferred income tax	(56,826)	(55,240)
	943,307	768,084

27.1 Reconciliation of effective tax rate (%)

Average statutory tax rate	32.87	31.54
Prior years adjustment	2.53	6.28
Permanent differences	1.61	4.91
Effect of foreign tax differentials	(1.83)	(1.93)
Effective tax rate	35.18	40.80

28 A. Earnings per share

The computation of basic and diluted earnings per share for the years ended 31 December 2019 and 31 December 2018 are as follows:

Numerator (Thousands of Taka)		
Profit for the year- attributable to owners of the company	1,737,517	1,114,675
Denominator (Thousands of Shares)		
Weighted average number of shares outstanding	1,161,374	1,161,374
Basic earnings per share Taka	1.50	0.96
Diluted earnings per share Taka	1.50	0.96

B. Net asset value (NAV) per share

The computation of net asset value per share for the years ended 31 December 2019 and 31 December 2018 are as follows:

Numerator (Thousands of Taka)		
Net asset value for the year	16,199,227	15,578,320
Denominator (Thousands of Shares)		
Weighted average number of shares outstanding	1,161,374	1,161,374
Net asset value per share Taka	13.95	13.41

C. Net operating cash flow per share (NOCFPS)

The computation of net operating cash flow per share for the years ended 31 December 2019 and 31 December 2018 are as follows:

Numerator (Thousands of Taka)		
Net operating cash flow for the year	4,085,418	3,112,749
Denominator (Thousands of Shares)		
Weighted average number of shares outstanding	1,161,374	1,161,374
Net operating cash flow per share Taka	3.52	2.68

29 Related Party Transactions

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

2019	Name of the Party	Relationship	Nature of transaction	Transaction	Receivable/
				value during the year Taka '000	(Payable) at 31 Dec 2019 Taka '000
	LH Trading Pte Ltd	Group Company	Intercompany purchase	1,605,289	(11,343)
	Surma Holding B.V.	Shareholder	Dividend Payment	687,728	-
	Holcim Technology Ltd.	Group Company	Technical assistance/Trademark license	146,127	(374,063)
	Lafarge S.A.	Group Company	Technical assistance/Trademark license	125,307	(498,880)
	Holcim Asean Business Service Centre	Group Company	Intercompany services/Technical assistance	104,006	(137,342)
	Cementos Molins	Group Company	Trademark license/Travel expenses	90,739	(345,693)
	Holcim Group Services Ltd.	Group Company	Intercompany services	20,163	(128,851)
	Bengal Development Corporation	Shareholder's associated entity	Cement sales	17,469	2,469
	LH Trading Ltd	Group Company	Intercompany services	7,017	18,823
	Lafarge International Services Singapore Pte Ltd.	Group Company	Intercompany services	6,080	(1,759)
	Eastern Housing Ltd.	Shareholder's associated entity	Cement sales	5,181	426

2019			Transaction	Receivable/
			value during	(Payable)
Name of the Party	Relationship	Nature of transaction	the year	at 31 Dec 2019
			Taka '000	Taka '000
Lafarge Industries South Africa (PTY) Ltd.	Group Company	Intercompany services	2,699	7,418
Bank Asia Limited	Shareholder's associated entity	Cement sales	1,582	(204)
Jahurul Islam Medical College	Shareholder's associated entity	Cement sales	1,280	481
Opex Group	Shareholder's associated entity	Cement sales	1,084	256
Sinha Peoples Energy Ltd.	Shareholder's associated entity	Cement sales	738	147
Holcim Phillipines, Inc	Group Company	Intercompany services	-	(128)
Holcim Services (South Asia) India	Group Company	Intercompany services	-	(16,980)
Aftab Bahumukhi Firm Ltd.	Shareholder's associated entity	Cement sales	-	(15)
Holcim Technology Holderbank	Group Company	Intercompany services	-	(5,810)

2018			Transaction	Receivable/
			value during	(Payable)
Name of the Party	Relationship	Nature of transaction	the year	at 31 Dec 2018
			Taka '000	Taka '000
LH Trading Pte Ltd	Group Company	Intercompany purchase	3,098,647	(52,890)
Surma Holding B.V.	Shareholder	Dividend Payment	333,213	-
Bengal Development Corporation	Shareholder's associated entity	Cement sales	203,239	3,061
Lafarge S.A.	Group Company	Technical assistance/Trademark license	113,557	(373,716)
Holcim Technology Ltd.	Group Company	Technical assistance/Trademark license	104,859	(497,554)
Holcim Asean Business Service Centre	Group Company	Intercompany services/Technical assistance	91,516	(243,124)
Holcim Technology Holderbank	Group Company	Intercompany services	83,411	(5,810)
Cementos Molins	Group Company	Trademark license/Travel expenses	82,230	(254,998)
Holcim Group Services Ltd.	Group Company	Intercompany services	50,079	(108,440)
Eastern Housing Ltd.	Shareholder's associated entity	Cement sales	10,667	1,005
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
Opex Group	Shareholder's associated entity	Cement sales	3,793	418
Delta Life Insurance Company Limited	Shareholder's associated entity	Insurance service	2,094	(1,009)
Lafarge International Services Singapore Pte Ltd.	Group Company	Intercompany services	1,290	(1,297)
Sinha Peoples Energy Ltd.	Shareholder's associated entity	Cement sales	1,105	234
Aftab Group	Shareholder's associated entity	Cement sales	878	103
Shikharaa Developments Ltd.	Shareholder's associated entity	Cement sales	713	(13)
Lafarge Asia SDN BHD	Group Company	Intercompany services/Technical assistance	-	(71,251)
LH Trading Ltd	Group Company	Intercompany services	-	16,276
PT Lafarge Cement Indonesia	Group Company	Intercompany services	-	664
Jahurul Islam Medical College-	Shareholder's associated entity	Cement sales	-	3
ACC Ltd.	Group Company	Intercompany services	-	(146)
Holcim Phillipines, Inc	Group Company	Intercompany services	-	(82)

	2019	2018
	Taka'000	Taka'000
30 Directors', Managers' and Officers' Remuneration		
Salary, allowances and benefits	485,285	412,919
Contributions to employees' benefit scheme	35,768	35,137
Reimbursable expenses	17,305	25,406
	538,358	473,462

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

31 Financial instruments

A. Accounting classifications

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

	Carrying amount					Fair value		
	Fair value - Hedging instruments	Financial assets at amortised cost	Other financial liabilities	Total		Level 1	Level 2	Level 3
31 December 2019								
In thousands of Taka								
Financial assets measured at fair value								
Forward exchange contracts used for hedging	4,903	-	-	4,903	-	-	4,903	-
	4,903			4,903			4,903	
Financial assets not measured at fair value								
Trade and other current assets	-	2,525,236	-	2,525,236	-	-	-	-
Cash and cash equivalents	-	301,659	-	301,659	-	-	-	-
	-	2,826,895	-	2,826,895	-	-	-	-
Financial liabilities measured at fair value								
Forward exchange contracts used for hedging	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Borrowings	-	-	1,356,953	1,356,953	-	-	-	-
Trade payables	-	-	5,107,790	5,107,790	-	-	-	-
Other current liabilities	-	-	972,340	972,340	-	-	-	-
	-	-	7,437,083	7,437,083	-	-	-	-
31 December 2018								
Financial assets measured at fair value								
Forward exchange contracts used for hedging	16,022	-	-	16,022	-	-	16,022	-
	16,022			16,022			16,022	
Financial assets not measured at fair value								
Trade and other current assets	-	2,470,680	-	2,470,680	-	-	-	-
Cash and cash equivalents	-	446,194	-	446,194	-	-	-	-
	-	2,916,874	-	2,916,874	-	-	-	-
Financial liabilities measured at fair value								
Forward exchange contracts used for hedging	25,208	-	-	25,208	-	-	25,208	-
	25,208			25,208			25,208	
Financial liabilities not measured at fair value								
Borrowings	-	-	2,951,916	2,951,916	-	-	-	-
Trade payables	-	-	4,316,413	4,316,413	-	-	-	-
Other current liabilities	-	-	668,642	668,642	-	-	-	-
	-	-	7,936,971	7,936,971	-	-	-	-

B. Financial risk management

i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group'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.

Figures in Taka'000	2019	2018
Impairment loss on trade receivables from contracts with customers	(145,549)	(166,231)
	(145,549)	(166,231)

Trade receivables and other current assets

The Group'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 Group'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 trade receivables is as follows.

Figures in Taka'000	2019	2018
Neither past due	905,971	549,441
Past due		
Past due 1-30 days	103,525	358,211
Past due 31-90 days	44,480	101,446
Past due 91-180 days	5,184	102,524
Over 180 days	139,218	54,035
	1,198,378	1,165,657

For trade receivables the Group 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 Group 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:

Figures in Taka'000	2019	2018
Balance at 1 January	(166,231)	(15,202)
Acquisition of HBL	-	(190,240)
Provision written back	22,151	48,014
Current year addition	(1,469)	(8,803)
	(145,549)	(166,231)

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

Trade receivables (Note 8)	1,198,378	1,165,657
Other current assets excluding prepaid expenses (Note 9)	755,945	616,311
	1,954,323	1,781,968

Cash and cash equivalents

The Company held cash and cash equivalents of 301,659 thousand at 31 December 2019 (2018: 446,194 thousand). The cash and cash equivalents are held with bank and financial institution counterparties with satisfactory credit ratings. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The Group 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.

	Carrying amount	6 months or less	From 6 to 12 months	From 1 to 5 years
31 December 2019	Taka'000	Taka'000	Taka'000	Taka'000
In thousand taka				
Non-derivative financial liabilities				
Trade payables	5,107,790	3,656,515	1,451,275	-
Other current liabilities	972,340	839,287	133,053	-
Borrowings	1,201,567	707,319	400,000	94,248
Lease liabilities	155,386	-	8,852	146,534
	7,437,083	5,203,121	1,993,180	240,782
Derivative financial liabilities				
Forward exchange contracts used for hedging	-	-	-	-
	-	-	-	-
31 December 2018				
Trade payables	4,316,413	2,886,663	1,429,750	-
Other current liabilities	668,642	520,544	148,098	-
Borrowings	2,951,916	1,567,438	400,000	984,478
	7,936,971	4,974,645	1,977,848	984,478
Derivative financial liabilities				
Forward exchange contracts used for hedging	25,208	25,208	-	-
	25,208	25,208	-	-

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 Group 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 Group 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 Group's exposure to currency risk as reported to the management of the Company is as follows.

Balance at 31 December 2019	BDT'000	INR'000	USD'000	EUR'000	CHF'000
Foreign currency denominated assets					
Other current assets	1,408,269	1,166,592	207	-	-
Cash and cash equivalents	66,257	53,925	21	2	-
Total	1,474,525	1,220,517	228	2	-
Foreign currency denominated liabilities					
Trade payables	820,363	275,272	4,610	271	856
Other current liabilities	202,500	58,256	550	899	12
Total	1,022,863	333,528	5,160	1,170	868

Balance at 31 December 2018	BDT'000	INR'000	USD'000	EUR'000	CHF'000
Foreign currency denominated assets					
Other receivables	1,120,573	917,732	207	-	-
Cash and cash equivalents	180,640	138,107	172	2	-
Total	1,301,213	1,055,839	379	2	-
Foreign currency denominated liabilities					
Trade payables	1,069,744	457,707	5,311	248	-
Other current liabilities	393,234	35,402	3,142	899	17
Total	1,462,978	493,109	8,453	1,147	17

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	31 December 2019		31 December 2018	
	Closing rate	Average rate	Closing rate	Average rate
BDT/INR	1.1921	1.1993	1.2021	1.2229
BDT/USD	84.9000	84.4486	83.9000	83.4686
BDT/EUR	94.8885	94.5461	95.2517	98.5670
BDT/CHF	87.7429	84.9766	84.6167	85.8055
BDT/GBP	-	-	105.9993	111.4302

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	2019	2018
	Estimated impact on profit/loss and equity (+/-) Taka'000	Estimated impact on profit/loss and equity (+/-) Taka'000
Assets denominated in USD	96	159
Assets denominated in INR	7,336	6,346
Liabilities denominated in USD	2,165	3,546
Liabilities denominated in EUR	557	546
Liabilities denominated in CHF	367	7
Liabilities denominated in INR	2,005	2,964

b) Interest rate risk

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

Interest rate sensitivity

A +/- 1% change in short-term interest rates calculated on the financial assets and financial liabilities, would have a maximum impact on the Company's 2019 profit before tax of +/- Taka 845 (Taka 104 for 2018) in thousands and Taka 13,418 (Taka 29,771 for 2018) in thousands respectively.

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

Financial assets

Short term deposits	84,469	10,422
	84,469	10,422

Financial liabilities

Borrowings	1,356,953	2,977,124
	1,356,953	2,977,124

c) Other price risk

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

32 Number of Employees	2019	2018
LafargeHolcim Bangladesh Limited		
<i>Nationality:</i>		
Bangladeshi	356	341
Non-Bangladeshi	7	6
Holcim Cement (Bangladesh) Limited		
<i>Nationality:</i>		
Bangladeshi	251	285
Non-Bangladeshi	1	1
Lafarge Umiam Mining Private limited		
<i>Nationality:</i>		
Indian	118	127
Non-Indian	1	1
	734	761
Salary range:		
Monthly Taka 3,000 or above	734	761
Monthly below Taka 3,000	Nil	Nil
	2019	2018
	Taka '000	Taka '000

33 Comparative information of the shareholders (Note- 28)

Net Asset Value (NAV) Per Share	13.95	13.41
Earning Per Share (EPS)	1.50	0.96
Net Operating Cash Flow Per Share (NOCFPS)	3.52	2.68
Profit for the year (in thousand)	1,737,454	1,114,652

34 Reconciliation of net profit with cash flows from operating activities

Net profit for the year	1,737,454	1,114,652
Depreciation and amortization	1,126,617	986,402
Other non-cash items	1,469	8,803
Non-operating items	1,183,403	1,195,833
Changes in net working capital	36,475	(192,941)
Cash flows from operating activities	4,085,418	3,112,749

35 Lease disclosures

	2019
	Taka '000
Expenses for leases of low value assets	-
Payments for leases of low value assets	-
Short-term lease expenses	(2,392)
Payment for short-term leases	(2,392)
Average lease terms (in years)	2

			
Chief Financial Officer	Company Secretary	Director	Chief Executive Officer