Lafarge Surma Cement Ltd. A company of LAFARGE and MOLINS

3rd Quarter Consolidated Financial Statements-2016 (Un-audited)

Pursuant to the requirement of Regulation 17(3) of the Listing Regulations 2015 of Dhaka and Chittagong Stock Exchange Limited and Complying with Notification No. SEC/CMRRCD/2008-183/Admin/03-34 dated September 27, 2009 and Letter No. SEC/CFD/Misc./233/2004/615 dated February 02, 2010 of Bangladesh Securities and Exchange Commission. The details of the published quarterly financial statements are available in the web-site of the Company. The address of the web-site is: www.lafarge-bd.com

LAFARGE SURMA CEMENT LIM Consolidated Statement of Financial Posit at 30 September 2016		,		LAFARGE SURMA Consolidated Statement for the period ended 30	of Profit or Loss			
ASSETS	NOTE	30 Sep 2016 Taka'000	31 Dec 2015 Taka'000	1	NOTES	Jan-Sep 2016 Ja	ın-Sep 2015 Jul-Sep 20	16 Jul-Sep 201
NON-CURRENT ASSETS	11012					Taka '000	Taka '000 Taka '0	
Property, plant and equipment	5	11,723,760 839,356	11,837,497 862,086	REVENUE	17	7,432,916 (4,964,732)	7,715,592 2,316,3 (5,051,818) (1,580,6	
Intangible assets Other receivables	6 9	139,326		Cost of sales GROSS PROFIT	18	2,468,184	2,663,774 735,7	
	-	12,702,442	12,840,328	General and administrative	expenses 19	(508,166)	(540,907) (156,9	
CURRENT ASSETS			1	Sales and marketing expen		(129,344)	(139,331) (50,8	30) (51,724
Inventories	7	1,672,033	1,429,587	Other operating income		4,726	11,998 (38	
Trade receivables	8	1,116,534 2,258,715	908,260	OPERATING PROFIT		1,835,400	1,995,534 527,5 (143,107) 5,7	
Other receivables Derivative instruments	9	4,682	2,265,908 1,109	Finance cost Finance income	21 21	(60,354) 105,178	79,263 32,3	
Cash and cash equivalents	10	2,750,626	3,249,844	PROFIT BEFORE TAX		1,880,224	1,931,690 565,6	
TOTAL ASSETS		7,802,590 20,505,032	7,854,708	Income tax	22	(563,377)	(211,074) (188,2	
		20,505,032	20,695,036	PROFIT FOR THE PE	RIOD	1,316,847	1,720,616 377,3	42 369,21
EQUITY & LIABILITIES Share capital		11,613,735	11,613,735	!				
Retained earnings		3,159,350	2,423,190	Basic earnings per share (7	aka) 23	1.13	1.48 0.3	32 0.3
Other components of equity		(48,002) 378,919	(52,995) 377,530	The accompanyin	a Notos 1 to 26 t	form on intogral n	ant of those financial of	otomonto
Foreign currency translation				i The accompanyin	g Notes 1 to 26 f	orm an integral p	art of these financial st	atements.
SHAREHOLDERS' EQUITY- PAREN'	T COMPAN	IY <u>15,104,002</u>	14,361,460	N. ONE	ma	_ :	1 Ayeam	Mungue
Non-controlling interests		37	39	Company Secretary	Chief Financial	Officer Director	Chief Executive Office	r Chairman
EQUITY		15,104,039	14,361,499	LAFARGE SURI	A CEMENT	LIMITED		
NON-CURRENT LIABILITIES			i	Consolidated Statem	ent of Cash Flo	ws (Un-audited)	
Deferred tax liability	11	2,320,128	2,318,292	for the period ended	30 September 2	2016		
Employee benefits		63,355	48,915	1			Jan-Sep 2016	Jan-Sep 2015
Provisions	12	29,936	27,787	1			Taka'000	Taka'000
		2,412,419	2,394,994	Cash Flows From Op	erating Activitie	s		
CURRENT LIABILITIES	40	1,925,937	2.473.604	Cash receipts from c		96	6,951,127	7,403,920
Trade payables Other payables	13 14	382,830	376,640	: Cash generated in or	s and employed	55	<u>(5,930,895)</u> 1,020,232	(5,630,076 1,773,84
Derivative instruments	17	-	2,493	Income taxes paid			(250,253)	(340,247
Short-term debt	15	679,807	1,085,806	Other receipts			4,393	4,70
TOTAL EQUITY AND LIABILITIES		2,988,574 20,505,032	3,938,543 20,695,036	Net cash generated b	y operating acti	vities	774,372	1,438,300
The accompanying Notes 1 to 26 form a	an integral pa	rt of these financial	I statements.	Cash Flows From Inv			(0.40.050)	(400.040
Company Secretary Chief Financial Officer	Director	Any and were Chief Executive Office	er Chairman	Payments for propert Payments for intangil Proceeds from sale of Interest income on ba	ble assets of property, plan		(348,656) (15,707) at 423 105,100	(133,012) (2,691) 8,998 68,909
AFARGE SURMA CEMENT LIMITED				Net cash used in inve	sting activities		(258,840)	(57,796)
Consolidated Statement of Comprehensive Income (Un-auditi	ed)			Cook Flows From Fin	anaina Aativitia	•		
or the period ended 30 September 2016	Jan-Sep 2016 Taka'000	Jan-Sep 2015 Jul-S Taka'000 Tak	ep 2016 Jul-Sep 2015 a'000 Taka'000	Cash Flows From Fin			(400,980)	100,472
ROFIT FOR THE PERIOD	1,316,847	1,720,616	377,342 369,212	Repayment of long to	erm debt		-	(541,853)
ems that will not be reclassified sibsequently to profit or loss ctuarial gain		2,989	- 2,989	Payment of interest a Dividend paid	ind other financ	e costs	(44,550)	(94,758
come tax on actuarial loss that will not be reclassified to profit or loss		(2,473)	(747)	Net cash used in fina	ncing activities		(569,081) (1,014,611)	(1,140,847
otal items that will not be reclassified to profit or loss	<u> </u>	516	- 2,242	1	_			(1,010,000
ems that may be reclassified subsequently to profit or loss ash flow hedge instruments	4,993 1,389	5,065 (32,867)	5,474 (1,565) 22,352 (23,916)	Net effect of foreign of	currency transla	ition on cash an		(4.204
asn now neage instruments schange differences on translating foreign operation	(2)	(32,007)	22,352 (23,910)	cash equivalents Net decrease in cash	and cash equiv	alonte	(139) (499,218)	(4,304 (300,780
on controlling interests- currency translation adjustment	6,380	(27,822)	27,836 (25,496)	i itel decrease in cash	una casii cquiv	uicitis	(499,210)	(300,700
otal items that may be reclassified to profit or loss	6,380	(27,306)	27,836 (23,254)	Cash and Cash Equiv	alents at Begin	ning of the Perio		1,881,90
OTHER COMPREHENSIVE LOSS FOR THE PERIOD OTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,323,227	1,693,310 40	05,178 345,958	Cash and Cash Equiv	alents at End o	f the Period	2,750,626	1,581,120
tributable to:	1,020,220	3,000,000		!				
wners of the parent Company	1,323,229		05,168 345,973	1				
on-controlling interests	1,323,227	(20)	10 (15) 05,178 345,958	i				
Company Secretary Chief Financial Officer	:	Chief Executive Office	Sharmon	Sompany Secretary	Chief Financial	Officer Director	Chief Executive Office	r Chairman
Company Secretary Chief Financial Officer	Director	Ciller Executive Office	r Chairman	l				
LAFARGE SURMA CEMENT LIM		litad\ —						are in Tk. '000)
Consolidated Statement of Changes in Eq for the period ended 30 September 2016	uity (UII-aud	Share	Retained	Other components	Foreign currency	Equity for parent		Total
of the period chaca so deptember 2010		capital		of equity	translation	company	interests	equity
Polonos et 1 January 2015		44.040.=0		(04.540)	400.001	40.055	0 2:	40.055.00
Balance at 1 January 2015 Total comprehensive income/(loss) for t	he period	11,613,73			408,334	13,255,55		13,255,63
Total comprenensive income/(loss) for t Final Dividend 2014	ne henoa	-	1,720,616 (580,687)		(32,867)	1,693,33 (580,687		1,693,31 (580,68
Interim Dividend			(580,687)		-	(580,687		(580,68
Balance at 30 September 2015	i	11,613,73			375,467	13,787,51		13,787,57
Balance at 1 January 2016		11,613,73			377,530	14,361,46		14,361,49
Total comprehensive income for the per	riod	-	1,316,847	4,993	1,389	1,323,22	9 (2)	1,323,22
Final Dividend 2015			(580,687)			(580,687		(580,68
Balance at 30 September 2016	•	11,613,73	5 3,159,350	(48,002)	378,919	15,104,00		15,104,03
		N. OME			e cu 1		by and we	Mungue
		Company Secreta	ry Chief F	Financial Officer	Director	Chief E	xecutive Officer	Chairman

Notes to the Condensed Consolidated Fin for the period ended 30 September 2016

Background and Introduction Formation and legal status

Lafarge Surna Cement Linited (LSCL) - (hereinafter referred to as "Lafarge Surna Cement Linited (LSCL) - (hereinafter referred to as "Lafarge Surma or the Company") was incorporated on 11 November 1997 as a private limited company in Bangladesh under the Companies Act 1994 having its registered office in Dhaka. The Company has subsequently been converted into a public limited company on 20 January 2003 and went for Initial Public Offering of shares in November 2003 which was fully subscribed and issued. The shares have since been listed and are being traded in Dhaka and Chittagong Stock Exchanges. Presently the Company has two subsidiaries in India. The main objectives of the subsidiaries are to support the holding company. A brief description of each of the subsidiaries are to support the holding company. A brief description of each of the subsidiary is given below:

Lum Mawshun Minerals Private Limited (LUMMPL) - 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.

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

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

The consolidated interim financial statements have been prepared in accordance with Bangladesh Accounting Standard 34 Interim Financial Reporting.

Significant Accounting Policies

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

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

The same accounting policies, presentation and methods of computation have been followed in these interim financial statements as were applied in the preparation of the Company's financial statements for the year ended 31 December 2015.

7			
		30 Sep 2016	31 Dec 2015
5	Property, Plant and Equipment	Taka'000	Taka'000
	COST		
	At January 1 Additions	16,817,164 332,367	16,878,660 149,826
	Disposals Translation adjustment	(6,670) (5,805)	(138,878) (72,444)
	At Sep 30/December 31	17,137,056	16,817,164
	DEPRECIATION	4.070.007	4 400 500
	At January Disposals	4,979,667 (1,246)	4,469,580 (52,542)
	Charge for the period Translation adjustment	436,155 (1,280)	582,830 (20,201)
	At Sep 30/December 31	5,413,296	4,979,667
	CARRYING AMOUNT	11,723,760	11,837,497
6	Intangible Assets		
	COST At January 1	1,129,622	1,164,077
	Additions Disposals	15,707	9,309 (419)
	Translation adjustment	(3,463)	(43,345)
	At Sep 30/December 31	1,141,866	1,129,622
	AMORTIZATION At January	267,536	228,513
	Charge for the period Translation adjustment	35,400 (426)	46,821 (7,798)
	At Sep 30/December 31	302,510	267,536
	CARRYING AMOUNT	839,356	862,086
7	Inventories		
	Raw materials Spare parts	232,848 925,439	303,011 864,146
	Packing materials Other materials	12,742 52,643	10,164 103,469
	Finished goods and work in process	448,361	148,797
3	Trade Receivables	1,672,033	1,429,587
•	Trade receivables Valuation allowance	1,125,568 (9,034)	918,869 (10,609)
		1,116,534	908,260
9	Other Receivables	442 700	200 574
	Contractors, consultants, suppliers and others Employees	443,729 43,370 99,533	328,574 21,583 91,364
	Prepaid expenses VAT current account Advance income tax- net of tax provision (Note 16)	311,809 1,446,669	135,582 1.761.214
	Other receivables Accrued interest	32,350 20,581	47,548 20,788
	Accided interest	2,398,041	2,406,653
	Current portion	2,258,715	2,265,908
	Non-current portion	139,326	140,745
10	Cash and Cash Equivalents Cash in hand	777	668
	Cash at banks	2,749,849	3,249,176
11	Deferred Tax Liabilities	2,750,626	3,249,844
	The tax effects of temporary differences that resulted in Deferred tax liabilities	n deferred tax liabili	ties and assets.
	Property, plant and equipment	2,339,963	2,327,920
		2,339,963	2,327,920
	Deferred tax assets Provision for gratuity	17,577	6,976
	Provision for doubtful debts	2,258	2,652
		19,835	9,628
	Net deferred tax liabilities	2,320,128	2,318,292
12	Provisions		
	Site restoration provisions		
	Balance at 1 January	27,787 2,223	25,808 3,091
	Current year addition Translation adjustment	(74)	(1,112)
	At Sep 30/December 31	29,936	27,787
	The Company is legally required to restore a quarry sit restoration are accrued and recognized to the cost of s closure plan submitted to Indian Bureau of Mines (IBM)	ales, on the basis of	sts of site of mines
13	Trade Payables		
	Payable for expenses General assistance fee (Note- 13.1)	1,533,199 172,608	1,552,522 211,865
	Trademark license fee (Note- 13.1) Advances paid by customers	172,608 44,091	211,865 317,606
	Others	3,431	179,746
		4 005 005	0 470 004

1,925,937 2,473,604

13.1 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).

42.0			
13.2	Trademark license fee The amount is equally payable to Lafarge S.A. and Cemen license fee (1 percent of annual net turnover of the compan		
44	Trademark License Agreement).	30 Sep 2016 Taka'000	31 Dec 2015 Taka'000
14	Other Payables Payables to supplier of property, plant & equipment	129,860	66,102
	Other finance costs payable Payable to employees	130,002	2,416 166,548
	Income tax & VAT deducted at source Dividend payable	85,655 37,313	115,883
	Direction payable	382,830	25,691 376,640
15	Short Term Debt Bank overdraft facilities	35,902	47,129
	Short term credit facilities	643,905 679,807	1,038,677 1,085,806
16	Current Tax Liabilities		1,000,000
	Balance at 1 January Provision for the period	304,624 562,167	185,327 119,297
	Translation adjustment At Sep 30/December 31	1,373 868,164	304,624
17	Revenue	Jan-Sep 2016 Taka' 000	Jan-Sep 2015 Taka' 000
	Sale of gray cement Sale of cement clinker	6,359,974 1,072,942	6,510,184 1,205,408
		7,432,916	7,715,592
18	Cost of Sales		
	Manufacturing variable cost Manufacturing fixed cost	2,889,519 984,005	2,920,010 1,074,920
	Freight cost to customers Depot operating and transportation costs	394,064 589,419	337,072 549,640
	Inventory movement Depreciation and amortization	(337,441) 445,166	(273,333) 443,509
		4,964,732	5,051,818
19	General and Administrative Expenses Salary, allowances and benefits	440.000	157.070
	General assistance fee	149,682 69,643	157,078 72,346
	Trademark license fee Computer expenses	69,643 31,864	72,346 37,345
	Other office expenses Administrative depreciation and amortization	93,567 26,389	104,190 26,448
	Contribution to Workers' Profit Participation and welfare Fu	ind 67,378	71,154
20	Sales and Marketing Expenses	508,166	540,907
	Salary, allowances and benefits Advertisement	66,609 36,026	62,293 49,737
	Other office expenses	26,709	27,301
		129,344	139,331
21	Finance Costs and Income Interest on short term debt	25,632	16,811
	Interest on long term debt Exchange loss	18,174	37,097 53,757
	Other finance costs Bank charges and commission	6,896 9,652	23,200 12,242
	Finance costs	60,354	143,107
	Interest income on Bank Deposits	95,568	79,263
	Other finance income Exchange gain	9,610	
	Finance income	105,178	79,263
	Net finance (income)/costs	(44,824)	63,844
22	Income Tax Current income tax expenses	562,167	23,448
	Deferred income tax	1,210	187,626
23	Earnings Per Share	<u>563,377</u>	211,074
	The computation of basic earnings per share for the period as follows:	ls ended 2016 and	1 2015 are
	NUMERATOR (Thousand Taka)		
	INCOME FOR THE PERIOD- ATTRIBUTABLE TO THE OWNERS OF		
	THE PARENT COMPANY	1,316,847	
	DENOMINATOR (Thousands of Sha WEIGHTED AVERAGE NUMBER OF SHARES OUT		.,,
	BASIC EARNINGS PER SHARE Taka DILUTED EARNINGS PER SHARE Taka	1.13 1.13	1.48 1.48
24	Related Party Transactions Except for the regular transactions, there were no significal during the period.		
25	Commitments and Contingencies	l aantie '	ada bu str -
		Jan-Sep 2016	Jan-Sep 2015
26	Comparative Information of the Shareholders	Taka' 000	Taka' 000
	Net Asset Value (NAV) Per Share Earning Per Share (EPS)	13.01 1.13	11.87 1.48
	Net Operating Cash Flow Per Share (NOCFPS)* Profit for the period 1,3	0.67 316,847,000 1	1.24
	* Causes of significant reduction of net operating cash flows per suppliers and employees increased mainly due to higher costs at to the same period of the previous year, cash received from costs price in Bangladesh and higher credit given to customer in line Jan-Sep 2016, the Company paid to its Group Companies outstanding amount related to the general assistance and traden	nd increased sales v	olume compared e to lower cement
	Company Secretary Chief Financial Officer Director C	An and on- Chief Executive Office	r Chairman