

Half-Yearly Report 2012



Lafarge Surma Cement Ltd.

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



Dated: Dhaka, July 16, 2012

Dear Shareholders,

Pursuant to the requirements of the Securities and Exchange Rules, 1987 and the Listing Regulations of the Stock Exchanges, we are pleased to present the following Half-Yearly Financial Statements of Lafarge Surma Cement Limited:

- Un-audited Half-Yearly Financial Statements containing Financial Position as at June 30, 2012, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the half-year ended on the same date; and
- Un-audited Half-Yearly Consolidated Financial Statements containing Financial Position as at June 30, 2012, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the half-year ended on the same date.

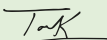
Yours sincerely,

Tarek Samir Ahmed Elba
Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED
Statement of Financial Position (Un-audited)
at 30 June 2012

	30 Jun 2012 Taka'000	31 Dec 2011 Taka'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	11,943,754	12,176,273
Intangible assets	3,998	4,513
Investment in subsidiaries	519,893	519,893
Loan to subsidiary company	1,334,689	1,335,097
	13,802,334	14,035,776
CURRENT ASSETS		
Inventories	1,302,089	1,437,685
Trade receivables	413,983	533,487
Other receivables	1,000,053	812,682
Accrued interest	367,112	346,082
Derivative instruments	-	19,855
Cash and cash equivalents	93,902	236,064
	3,177,139	3,385,855
TOTAL ASSETS	16,976,473	17,421,631
EQUITY & LIABILITIES		
Share capital	11,613,735	11,575,806
Retained earnings	(2,126,566)	(2,709,843)
Other component of equity	(1,871)	(4,216)
Share money deposits	-	37,929
EQUITY	9,485,298	8,899,676
NON-CURRENT LIABILITIES		
Long-term debt	1,025,548	2,511,995
Deferred tax liabilities	428,248	9,267
Employee benefits	87,297	72,898
Derivative instruments	-	6,746
	1,541,093	2,600,906
CURRENT LIABILITIES		
Trade payables	1,689,919	1,494,847
Other payables	324,032	298,572
Derivative instruments	112,592	28,764
Current portion of long term debt	2,971,281	2,302,811
Bank overdrafts	262,724	165,737
Short-term debt	502,520	1,568,171
Current tax liabilities	90,014	62,147
	5,953,082	5,921,049
TOTAL EQUITY AND LIABILITIES	16,979,473	17,421,631


Finance Director


Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED
Income Statement (Un-audited)
for the period from 1 January to 30 June 2012

	Jan-Jun 2012 Taka '000	Jan-Jun 2011 Taka '000	Apr-Jun 2012 Taka '000	Apr-Jun 2011 Taka '000
REVENUE				
Cost of sales	5,539,839 (3,804,749)	2,354,606 (2,669,394)	2,742,132 (1,809,589)	1,194,094 (1,375,381)
GROSS PROFIT/(LOSS)	1,735,090	(314,788)	932,543	(181,287)
General and administrative expenses	(259,378)	(161,181)	(129,046)	(82,174)
Sales and marketing expenses	(73,233)	(26,629)	(32,142)	(13,447)
Other operating income/(expenses)	9,459	(243,788)	5,520	(121,883)
OPERATING INCOME/(LOSS)	1,411,938	(746,386)	776,875	(398,791)
Exchange loss on foreign currency transactions	(43,057)	(241,036)	(11,110)	(92,030)
Finance cost	(310,095)	(454,485)	(122,804)	(235,488)
Finance income	24,075	23,339	12,034	8,769
Contribution to Workers' Profit Participation and Welfare Funds	(54,143)	-	(32,750)	-
INCOME/(LOSS) BEFORE TAX	1,028,718	(1,418,568)	622,245	(717,540)
Income tax	(445,441)	421,587	(255,691)	222,068
INCOME/(LOSS) FOR THE PERIOD	583,277	(996,981)	366,554	(495,472)
Basic earnings per share (Taka)	0.50	(0.86)	0.32	(0.43)


Finance Director


Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED
Statement of Comprehensive Income (Un-audited)
for the period from 1 January to 30 June 2012

	Jan-Jun 2012 Taka '000	Jan-Jun 2011 Taka '000	Apr-Jun 2012 Taka '000	Apr-Jun 2011 Taka '000
INCOME/(LOSS) FOR THE PERIOD	583,277	(996,981)	366,554	(495,472)
Cash flow hedge instruments	2,345	(13,620)	925	(13,620)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>2,345</u>	<u>(13,620)</u>	<u>925</u>	<u>(13,620)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>585,622</u>	<u>(1,010,601)</u>	<u>367,479</u>	<u>(509,092)</u>



Finance Director



Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED
Statement of Changes in Equity (Un-audited)
for the period from 1 January to 30 June 2012

(All figures are in Tk. '000)

	Share capital	Retained earnings	Other component of equity	Share money deposits	Total equity
Balance at 1 January 2011	5,806,868	(1,559,795)	(18,029)	-	4,229,044
Total comprehensive (loss)/income for the period	-	(996,981)	(13,620)	-	(1,010,601)
Balance at 30 June 2011	5,806,868	(2,556,776)	(31,649)	-	3,218,443
Balance at 1 January 2012	11,575,806	(2,709,843)	(4,216)	37,929	8,899,676
Total comprehensive income for the period	-	583,277	2,345	-	585,622
Issuance of right shares	37,929	-	-	(37,929)	-
Balance at 30 June 2012	11,613,735	(2,126,566)	(1,871)	-	9,485,298



Finance Director



Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED
Statement of Cash Flows (Un-audited)
for the period from 1 January to 30 June 2012

	Jan-Jun 2012 <u>Taka'000</u>	Jan-Jun 2011 <u>Taka'000</u>
Cash Flows From Operating Activities		
Cash receipts from customers	5,655,720	2,294,301
Cash paid to suppliers and employees	(3,610,352)	(2,714,737)
Cash generated/used in operations	2,045,368	(420,436)
Interest paid	(222,008)	(461,424)
Income taxes paid	(114,107)	(72,265)
Other receipts	1,347	487
<i>Net cash generated/used in operating activities</i>	<u>1,710,600</u>	<u>(953,638)</u>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(23,606)	(23,868)
Payments for intangible assets	(246)	477
Proceeds from sale of property, plant and equipment	561	36
<i>Net cash used in investing activities</i>	<u>(23,291)</u>	<u>(23,355)</u>
Cash Flows From Financing Activities		
Repayment of long term debt	(834,603)	(573,203)
Proceeds from bank overdrafts	96,987	2,622,552
Repayment of short term debts	(1,065,651)	(1,185,821)
Payment for right issue costs	(26,204)	-
<i>Net cash used/generated by financing activities</i>	<u>(1,829,471)</u>	<u>863,528</u>
Net decrease in cash and cash equivalents	<u>(142,162)</u>	<u>(113,465)</u>
Cash and Cash Equivalents at Beginning of the Period	236,064	163,247
Cash and Cash Equivalents at End of the Period	<u>93,902</u>	<u>49,782</u>

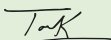

Finance Director


Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED
Consolidated Statement of Financial Position (Un-audited)
at 30 June 2012

	30 Jun 2012 Taka'000	31 Dec 2011 Taka'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	13,462,772	13,815,909
Intangible assets	1,200,611	1,293,051
	14,663,383	15,108,960
CURRENT ASSETS		
Inventories	1,458,440	1,572,777
Trade receivables	413,983	533,487
Other receivables	1,321,926	1,078,870
Derivative instruments	-	19,855
Cash and cash equivalents	99,078	245,432
	3,293,427	3,450,421
TOTAL ASSETS	17,956,810	18,559,381
EQUITY & LIABILITIES		
Share capital	11,613,735	11,575,806
Retained earnings	(4,724,231)	(5,343,728)
Other component of equity	(68,160)	(16,113)
Share money deposits	-	37,929
Foreign currency translation	294,833	197,787
SHAREHOLDERS' EQUITY- PARENT COMPANY	7,116,177	6,451,681
Non-controlling interests	266	302
EQUITY	7,116,443	6,451,983
NON-CURRENT LIABILITIES		
Long-term debt	2,175,799	3,904,616
Deferred tax liabilities	428,248	9,267
Employee benefits	92,717	78,457
Derivative instruments	-	6,746
	2,696,764	3,999,086
CURRENT LIABILITIES		
Trade payables	1,933,183	1,788,339
Other payables	345,242	348,021
Derivative instruments	171,111	43,317
Current portion of long term debt	3,420,152	2,763,900
Bank overdrafts	314,219	220,401
Short-term debt	1,869,682	2,882,187
Current tax liabilities	90,014	62,147
	8,143,603	8,108,312
TOTAL EQUITY AND LIABILITIES	17,956,810	18,559,381


Finance Director


Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED
Consolidated Income Statement (Un-audited)
for the period from 1 January to 30 June 2012

	Jan-Jun 2012 Taka '000	Jan-Jun 2011 Taka '000	Apr-Jun 2012 Taka '000	Apr-Jun 2011 Taka '000
REVENUE				
Cost of sales	5,539,839 (3,436,706)	2,354,606 (2,806,488)	2,742,132 (1,617,614)	1,194,094 (1,448,862)
GROSS PROFIT/(LOSS)	2,103,133	(451,882)	1,124,518	(254,768)
General and administrative expenses	(259,378)	(161,181)	(129,046)	(82,174)
Sales and marketing expenses	(73,233)	(26,629)	(32,142)	(13,447)
Other operating income/(expenses)	9,459	(262,354)	5,520	(131,763)
OPERATING INCOME/(LOSS)	1,779,981	(902,046)	968,850	(482,152)
Exchange loss on foreign currency transactions	(249,409)	(237,981)	(376,080)	(96,107)
Finance cost	(422,996)	(603,496)	(160,920)	(319,088)
Finance income	11,505	3,775	11,505	1,760
Contribution to Workers' Profit Participation and Welfare Funds	(54,143)	-	(32,750)	-
INCOME/(LOSS) BEFORE TAX	1,064,938	(1,739,748)	410,605	(895,587)
Income tax	(445,441)	421,587	(255,691)	222,068
INCOME/(LOSS) FOR THE PERIOD	619,497	(1,318,161)	154,914	(673,519)
Basic earnings per share (Taka)	0.53	(1.14)	0.13	(0.58)



Finance Director



Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED
Consolidated Statement of Comprehensive Income (Un-audited)
for the period from 1 January to 30 June 2012

	Jan-Jun 2012 Taka '000	Jan-Jun 2011 Taka '000	Apr-Jun 2012 Taka '000	Apr-Jun 2011 Taka '000
INCOME/(LOSS) FOR THE PERIOD				
Cash flow hedge instruments	619,497	(1,318,161)	154,914	(673,519)
Actuarial loss	(52,113)	(13,620)	(92,123)	(16,613)
Exchange differences on translating foreign operation	66	-	96	-
Non controlling interests- currency translation adjustment	97,046	(58,870)	183,263	(26,174)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(36)	34	(65)	10
	44,963	(72,456)	91,171	(42,777)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	664,460	(1,390,617)	246,085	(716,296)
<i>Attributable to:</i>				
Owners of the parent Company	664,496	(1,390,651)	246,150	(716,306)
Non-controlling interests	(36)	34	(65)	10
	664,460	(1,390,617)	246,085	(716,296)



Finance Director



Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED
Consolidated Statement of Changes in Equity (Un-audited)
for the period from 1 January to 30 June 2012

(All figures are in Tk. '000)

	Share capital	Retained earnings	Other components of equity	Share money deposits	Foreign currency translation	Equity for parent company	Non controlling interests	Total equity
Balance at 1 January 2011	5,806,868	(3,174,697)	-	-	135,946	2,768,117	362	2,768,479
Total comprehensive (loss)/income for the period	-	(1,318,161)	(13,620)	-	(58,870)	(1,390,651)	34	(1,390,617)
Balance at 30 June 2011	5,806,868	(4,492,858)	(13,620)	-	77,076	1,377,466	396	1,377,862
Balance at 1 January 2012	11,575,806	(5,343,728)	(16,113)	37,929	197,787	6,451,681	302	6,451,983
Total comprehensive income/(loss) for the period	-	619,497	(52,047)	-	97,046	664,496	(36)	664,460
Issuance of right shares	37,929	-	-	(37,929)	-	-	-	-
Balance at 30 June 2012	11,613,735	(4,724,231)	(68,160)	-	294,833	7,116,177	266	7,116,443



Finance Director

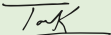


Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED
Consolidated Statement of Cash Flows
for the period from 1 January to 30 June 2012

	Jan-Jun 2012 Taka'000	Jan-Jun 2011 Taka'000
Cash Flows From Operating Activities		
Cash receipts from customers	5,655,720	2,294,301
Cash paid to suppliers and employees	(3,324,738)	(3,045,575)
Cash generated/used in operations	2,330,982	(751,274)
Interest paid	(338,130)	(577,306)
Income taxes paid	(114,107)	(76,039)
Other receipts	1,347	487
<i>Net cash generated/used in operating activities</i>	1,880,092	(1,404,132)
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(28,548)	(56,098)
Payments for intangible assets	(32,183)	(94,998)
Proceeds from sale of property, plant and equipment	561	36
<i>Net cash used in investing activities</i>	(60,170)	(151,060)
Cash Flows From Financing Activities		
Repayment of long term debt	(1,044,601)	(616,590)
Proceeds from bank overdrafts	96,825	2,643,309
Repayment of short term debts	(991,993)	(591,218)
Payment for right issue costs	(26,204)	-
<i>Net cash used/generated by financing activities</i>	(1,965,973)	1,435,501
Net effect of foreign currency translation on cash and cash equivalents	(303)	281
Net decrease in cash and cash equivalents	(146,354)	(119,410)
Cash and Cash Equivalents at Beginning of the Year	245,432	174,691
Cash and Cash Equivalents at End of the Year	99,078	55,281


Finance Director


Chief Executive Officer

Lafarge Surma Cement Ltd.

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