

# HALF YEARLY REPORT 2015

towards a better future



Lafarge Surma Cement Ltd.

A company of  LAFARGE and  CEMENTOS MOLINS



Dated: Dhaka July 13, 2015

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 Consolidated Financial Statements containing Financial Position as on June 30, 2015, Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flow for the Half-year ended on the same date; and
- Un-audited Half-yearly Financial Statements containing Financial Position as on June 30, 2015, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow for the Half-year ended on the same date.

Yours Sincerely,

Tarek Samir Ahmed Elba  
Chief Executive Officer



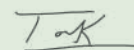
**LAFARGE SURMA CEMENT LIMITED**  
**Consolidated Statement of Financial Position (Un-audited)**  
**at 30 June 2015**

	NOTES	30 Jun 2015 Taka'000	31 Dec 2014 Taka'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	12,124,321	12,409,080
Intangible assets	6	905,772	935,564
Other receivables	9	144,341	145,571
		<b>13,174,434</b>	<b>13,490,215</b>
<b>CURRENT ASSETS</b>			
Inventories	7	1,612,879	1,564,285
Trade receivables	8	675,936	865,268
Other receivables	9	2,669,341	2,194,325
Derivative instruments		2,064	-
Cash and cash equivalents	10	2,302,941	1,881,906
		<b>7,263,161</b>	<b>6,505,784</b>
<b>TOTAL ASSETS</b>		<b>20,437,595</b>	<b>19,995,999</b>
<b>EQUITY &amp; LIABILITIES</b>			
Share capital		11,613,735	11,613,735
Retained earnings		1,485,038	1,295,008
Other components of equity		(56,615)	(61,519)
Foreign currency translation		399,383	408,334
<b>SHAREHOLDERS' EQUITY- PARENT COMPANY</b>		<b>13,441,541</b>	<b>13,255,558</b>
Non-controlling interests		76	81
<b>EQUITY</b>		<b>13,441,617</b>	<b>13,255,639</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term debt	11	-	132,925
Deferred tax liabilities	12	2,006,683	1,906,543
Employee benefits		114,318	106,922
Provision	13	27,141	25,808
		<b>2,148,142</b>	<b>2,172,198</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	14	2,212,633	2,292,362
Other payables	15	882,741	495,649
Derivative instruments		1,393	13,003
Current portion of long term debt	11	186,736	406,158
Short-term debt	16	1,362,945	1,175,663
Current tax liabilities	17	201,388	185,327
		<b>4,847,836</b>	<b>4,568,162</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,437,595</b>	<b>19,995,999</b>

*The accompanying Notes 1 to 26 form an integral part of these interim financial statements.*



Finance Director



Chief Executive Officer



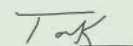
**LAFARGE SURMA CEMENT LIMITED**  
**Consolidated Income Statement (Un-audited)**  
**for the period ended 30 June 2015**

	NOTES	Jan-Jun 2015 Taka '000	Jan-Jun 2014 Taka '000	Apr-Jun 2015 Taka '000	Apr-Jun 2014 Taka '000
<b>REVENUE</b>	18	5,283,472	5,626,724	2,631,958	2,954,962
Cost of sales	19	(3,374,220)	(3,462,781)	(1,653,330)	(1,803,524)
<b>GROSS PROFIT</b>		<b>1,909,252</b>	<b>2,163,943</b>	<b>978,628</b>	<b>1,151,438</b>
General and administrative expenses	20	(365,883)	(366,282)	(188,709)	(186,275)
Sales and marketing expenses	21	(87,607)	(82,940)	(49,207)	(42,835)
Other operating income		10,697	74,290	9,987	70,930
<b>OPERATING INCOME</b>		<b>1,466,459</b>	<b>1,789,011</b>	<b>750,699</b>	<b>993,258</b>
Finance cost	22	(65,888)	(104,409)	(28,803)	(54,242)
Finance income	22	65,313	57,212	(2,037)	1,142
<b>INCOME BEFORE TAX</b>		<b>1,465,884</b>	<b>1,741,814</b>	<b>719,859</b>	<b>940,158</b>
Income tax	23	(114,480)	(339,540)	47,586	(165,801)
<b>INCOME FOR THE PERIOD</b>		<b>1,351,404</b>	<b>1,402,274</b>	<b>767,445</b>	<b>774,357</b>
<b>Basic earnings per share (Taka)</b>	24	<b>1.16</b>	<b>1.21</b>	<b>0.66</b>	<b>0.67</b>

The accompanying Notes 1 to 26 form an integral part of these interim financial statements.



Finance Director



Chief Executive Officer



## LAFARGE SURMA CEMENT LIMITED

### Consolidated Statement of Comprehensive Income (Un-audited)

#### for the period ended 30 June 2015

	Jan-Jun 2015 Taka'000	Jan-Jun 2014 Taka'000	Apr-Jun 2015 Taka '000	Apr-Jun 2014 Taka '000
<b>INCOME FOR THE PERIOD</b>	<b>1,351,404</b>	<b>1,402,274</b>	<b>767,445</b>	<b>774,357</b>
Items that will not be reclassified subsequently to profit or loss				
Income tax on actuarial loss that will not be reclassified to profit or loss	(1,726)	-	(1,726)	-
<b>Total items that will not be reclassified to profit or loss</b>	<b>(1,726)</b>	<b>-</b>	<b>(1,726)</b>	<b>-</b>
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge instruments	6,630	37,352	(3,893)	(4,306)
Exchange differences on translating foreign operation	(8,951)	(15,752)	(122,871)	5,135
Non controlling interests- currency translation adjustment	(5)	15	(10)	(1)
<b>Total items that may be reclassified to profit or loss</b>	<b>(2,326)</b>	<b>21,615</b>	<b>(126,774)</b>	<b>828</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(4,052)</b>	<b>21,615</b>	<b>(128,500)</b>	<b>828</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,347,352</b>	<b>1,423,889</b>	<b>638,945</b>	<b>775,185</b>
<i>Attributable to:</i>				
Owners of the parent Company	1,347,357	1,423,874	638,955	775,186
Non-controlling interests	(5)	15	(10)	(1)
	<b>1,347,352</b>	<b>1,423,889</b>	<b>638,945</b>	<b>775,185</b>

*Mae*  
Finance Director

*Tak*  
Chief Executive Officer

## LAFARGE SURMA CEMENT LIMITED

### Consolidated Statement of Changes in Equity (Un-audited)

#### for the period ended 30 June 2015

(All figures are in Tk. '000)

	Share capital	Retained earnings	Other components of equity	Foreign currency translation	Equity for parent company	Non controlling interests	Total equity
Balance at 1 January 2014	11,613,735	(944,130)	(52,603)	427,423	11,044,425	118	11,044,543
Total comprehensive income/(loss) for the period	-	1,402,274	37,352	(15,752)	1,423,874	15	1,423,889
Interim dividend	-	(580,687)	-	-	(580,687)	-	(580,687)
<b>Balance at 30 June 2014</b>	<b>11,613,735</b>	<b>(122,543)</b>	<b>(15,251)</b>	<b>411,671</b>	<b>11,887,612</b>	<b>133</b>	<b>11,887,745</b>
Balance at 1 January 2015	11,613,735	1,295,008	(61,519)	408,334	13,255,558	81	13,255,639
Total comprehensive income/(loss) for the period	-	1,351,404	4,904	(8,951)	1,347,357	(5)	1,347,352
Final dividend	-	(580,687)	-	-	(580,687)	-	(580,687)
Interim dividend	-	(580,687)	-	-	(580,687)	-	(580,687)
<b>Balance at 30 June 2015</b>	<b>11,613,735</b>	<b>1,485,038</b>	<b>(56,615)</b>	<b>399,383</b>	<b>13,441,541</b>	<b>76</b>	<b>13,441,617</b>

*Mae*  
Finance Director

*Tak*  
Chief Executive Officer

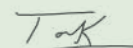


**LAFARGE SURMA CEMENT LIMITED**  
**Consolidated Statement of Cash Flows (Un-audited)**  
**for the period ended 30 June 2015**

	Jan-Jun 2015 <u>Taka'000</u>	Jan-Jun 2014 <u>Taka'000</u>
<b>Cash Flows From Operating Activities</b>		
Cash receipts from customers	5,459,702	5,569,730
Cash paid to suppliers and employees	<u>(3,910,801)</u>	<u>(4,160,718)</u>
Cash generated in operations	1,548,901	1,409,012
Income tax paid	(289,043)	(254,748)
Other receipts	3,890	75,996
<b><i>Net cash generated by operating activities</i></b>	<b><u>1,263,748</u></b>	<b><u>1,230,260</u></b>
<b>Cash Flows From Investing Activities</b>		
Payments for property, plant and equipment	(107,874)	(138,453)
Payments for intangible assets	(1,640)	(2,134)
Proceeds from sale of property, plant and equipment	4,523	477
Interest income on bank deposits	46,167	17,235
<b><i>Net cash used in investing activities</i></b>	<b><u>(58,824)</u></b>	<b><u>(122,875)</u></b>
<b>Cash Flows From Financing Activities</b>		
Repayment of long term debt	(353,406)	(183,069)
Increase in short term debt	192,470	27,392
Payment of interest and other finance costs	(71,402)	(90,277)
Dividend payment	(550,617)	-
<b><i>Net cash used in financing activities</i></b>	<b><u>(782,955)</u></b>	<b><u>(245,954)</u></b>
Net effect of foreign currency translation on cash and cash equivalents	(934)	1,256
<b>Net increase in cash and cash equivalents</b>	<b><u>421,035</u></b>	<b><u>862,687</u></b>
<b><i>Cash and Cash Equivalents at Beginning of the Period</i></b>	<b>1,881,906</b>	<b>1,204,399</b>
<b><i>Cash and Cash Equivalents at End of the Period</i></b>	<b><u>2,302,941</u></b>	<b><u>2,067,086</u></b>



Finance Director



Chief Executive Officer



## LAFARGE SURMA CEMENT LIMITED

### Notes to the Condensed Consolidated Financial Statements (Un-audited)

#### for the period ended 30 June 2014

#### 1 Background and Introduction

##### Formation and legal status

**Lafarge Surma Cement Limited (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 subsidiary is given below:

**Lum Mawshun Minerals Private Limited (LMMPL)** - 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.

**Lafarge Umiam Mining Private Limited (LUMPL)** - 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.

#### 2 Nature of Business

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

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

#### 3 Basis of Preparation

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

#### 4 Significant Accounting Policies

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

- derivative financial instruments measured at fair value;
- 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 2014.

#### 5 Property, Plant and Equipment

##### COST

	30 Jun 2015 <u>Taka'000</u>	31 Dec 2014 <u>Taka'000</u>
At January 1	16,878,660	16,689,914
Additions	16,688	247,637
Disposals	(6,306)	(21,552)
Translation adjustment	(15,133)	(37,339)
At June 30/December 31	<u>16,873,909</u>	<u>16,878,660</u>

##### DEPRECIATION

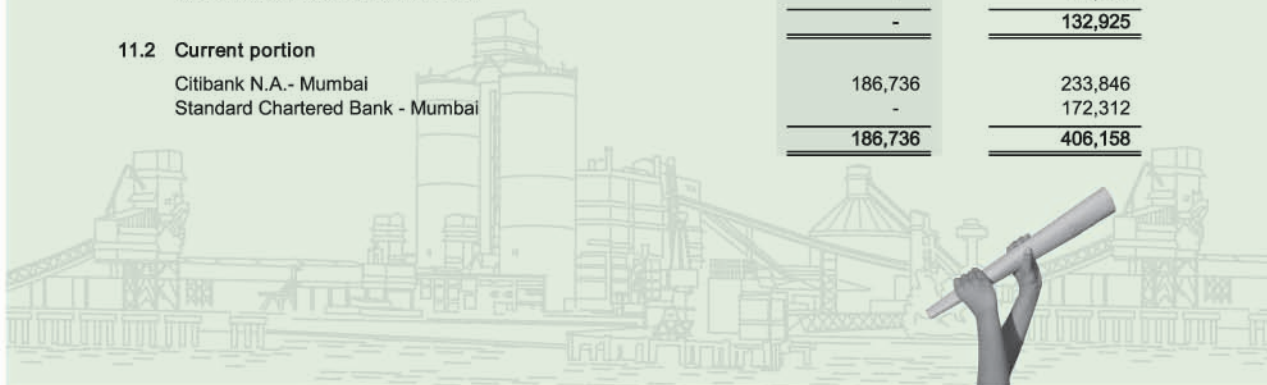
At January	4,469,580	3,926,560
Disposals	(5,286)	(19,315)
Change for the period	289,689	572,647
Translation adjustment	(4,395)	(10,312)
At June 30/December 31	<u>4,749,588</u>	<u>4,469,580</u>

##### CARRYING AMOUNT

	<u>12,124,321</u>	<u>12,409,080</u>
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	30 Jun 2015 <u>Taka'000</u>	31 Dec 2014 <u>Taka'000</u>
<b>6 Intangible Assets</b>		
<b>COST</b>		
At January 1	1,164,077	1,172,008
Additions	1,640	14,891
Disposals	(183)	(434)
Translation adjustment	(9,174)	(22,388)
At June 30/December 31	<u>1,156,360</u>	<u>1,164,077</u>
<b>AMORTIZATION</b>		
At January	228,513	184,715
Disposals	-	(4)
Change for the period	23,794	47,770
Translation adjustment	(1,719)	(3,968)
At June 30/December 31	<u>250,588</u>	<u>228,513</u>
<b>CARRYING AMOUNT</b>	<u><u>905,772</u></u>	<u><u>935,564</u></u>
<b>7 Inventories</b>		
Raw materials	412,229	500,815
Spare parts	868,030	825,394
Packing materials	7,174	5,400
Other materials	56,170	88,903
Finished goods and work in process	269,276	143,773
	<u>1,612,879</u>	<u>1,564,285</u>
<b>8 Trade Receivables</b>		
Trade receivables	686,022	874,887
Valuation allowance	(10,086)	(9,619)
	<u>675,936</u>	<u>865,268</u>
<b>9 Other Receivables</b>		
Contractors, consultants, suppliers and others	409,081	320,839
Employees	34,453	42,059
Prepaid expenses	201,916	131,816
VAT current account	226,882	96,659
Income tax-deducted at source	1,825,812	1,595,972
Other receivables	92,370	141,953
Accrued interest	23,168	10,598
	<u>2,813,682</u>	<u>2,339,896</u>
<i>Current portion</i>	<u>2,669,341</u>	<u>2,194,325</u>
<i>Non-current portion</i>	<u>144,341</u>	<u>145,571</u>
<b>10 Cash and Cash Equivalents</b>		
Cash in hand	600	676
Cash at banks	2,302,341	1,881,230
	<u>2,302,941</u>	<u>1,881,906</u>
<b>11 Long Term Debt</b>		
<b>11.1 Long portion</b>		
Citibank N.A.- Mumbai	-	46,769
Standard Chartered Bank - Mumbai	-	86,156
	<u>-</u>	<u>132,925</u>
<b>11.2 Current portion</b>		
Citibank N.A.- Mumbai	186,736	233,846
Standard Chartered Bank - Mumbai	-	172,312
	<u>186,736</u>	<u>406,158</u>





	30 Jun 2015 Taka'000	31 Dec 2014 Taka'000
<b>12 Deferred Tax Liabilities</b>		
The tax effects of temporary differences that resulted in deferred tax liabilities and assets.		
<i>Deferred tax liabilities</i>		
Property, plant and equipment	2,170,988	2,414,983
	<u>2,170,988</u>	<u>2,414,983</u>
<i>Deferred tax assets</i>		
Provision for gratuity	14,706	10,962
Provision for doubtful debts	2,458	2,644
Business loss	129,881	475,848
Actuarial loss	17,260	18,986
	<u>164,305</u>	<u>508,440</u>
<b>Net deferred tax liabilities</b>	<u><u>2,006,683</u></u>	<u><u>1,906,543</u></u>
<b>13 Provisions</b>		
<b>Site restoration provisions</b>		
Balance at 1 January	25,808	23,146
Current year addition	1,574	3,232
Translation adjustment	(241)	(570)
At June 30/December 31	<u><u>27,141</u></u>	<u><u>25,808</u></u>

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

<b>14 Trade Payables</b>		
Payable for expenses	1,625,624	1,578,545
General assistance fee (Note- 14.1)	158,596	216,633
Trademark license fee (Note- 14.2)	158,596	216,633
Advances paid by customers	262,399	275,501
Others	7,418	5,050
	<u><u>2,212,633</u></u>	<u><u>2,292,362</u></u>

**14.1 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).

**14.2 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).

<b>15 Other Payables</b>		
Payables to supplier of property, plant & equipment	55,474	129,408
Interest and Other finance costs payable	7	26,959
Payable to employees	122,221	222,753
Income tax & VAT deducted at source	86,816	109,068
Dividend payable	618,223	7,461
	<u><u>882,741</u></u>	<u><u>495,649</u></u>

	30 Jun 2015 Taka'000	31 Dec 2014 Taka'000
<b>16 Short Term Debt</b>		
Bank overdraft facilities	67,467	34,537
Short term credit facilities	1,295,478	1,141,126
	<u><u>1,362,945</u></u>	<u><u>1,175,663</u></u>



<b>17 Current Tax Liabilities</b>		
Balance at 1 January	185,327	173,282
Cancellation of provision	-	(23,076)
Provision for the period/year	16,061	35,121
At June 31/December 31	<u>201,388</u>	<u>185,327</u>
	<b>Jan-Jun 2015</b>	<b>Jan-Jun 2014</b>
	<b>Taka'000</b>	<b>Taka'000</b>
<b>18 Revenue</b>		
Sale of gray cement	4,758,306	5,029,162
Sale of cement clinker	525,166	597,562
	<u>5,283,472</u>	<u>5,626,724</u>
<b>19 Cost of Sales</b>		
Manufacturing variable cost	1,946,532	1,942,652
Manufacturing fixed cost	705,709	677,633
Freight cost to customers	199,543	178,428
Depot operating and transportation costs	368,829	354,307
Inventory movement	(142,147)	16,089
Depreciation and amortization	295,754	293,672
	<u>3,374,220</u>	<u>3,462,781</u>
<b>20 General and Administrative Expenses</b>		
Salary, allowances and benefits	105,780	94,502
General assistance fee	49,697	53,118
Trademark license fee	49,697	53,117
Computer expenses	20,673	16,812
Other office expenses	67,364	72,757
Administrative depreciation and amortization	17,728	14,156
Contribution to Workers' Profit Participation and welfare Fund	54,944	61,820
	<u>365,883</u>	<u>366,282</u>
<b>21 Sales and Marketing Expenses</b>		
Salary, allowances and benefits	41,227	29,578
Advertisement	29,554	39,144
Other office expenses	16,826	14,218
	<u>87,607</u>	<u>82,940</u>
<b>22 Finance Costs and Income</b>		
Interest on long term debt	15,770	31,114
Interest on short term debt	24,982	43,393
Other finance costs	16,711	20,047
Bank charges and commission	8,425	9,855
<b>Finance costs</b>	<u>65,888</u>	<u>104,409</u>
Interest income on Bank Deposits	58,778	28,060
Exchange gain	6,535	29,152
<b>Finance income</b>	<u>65,313</u>	<u>57,212</u>
<b>Net finance (income)/costs</b>	<u>575</u>	<u>47,197</u>



	Jan-Jun 2015 <u>Taka'000</u>	Jan-Jun 2014 <u>Taka'000</u>
<b>23 Income Tax</b>		
Current income tax expenses	16,061	17,013
Cancellation of provision	-	(23,076)
Deferred income tax	98,419	345,603
	<u>114,480</u>	<u>339,540</u>

**24 Earnings Per Share**

The computation of basic earnings per share for the periods ended 2015 and 2014 are as follows:

**NUMERATOR** *(Thousand Taka)*

**INCOME FOR THE PERIOD- ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY** 1,351,404 1,402,274

**DENOMINATOR** *(Thousands of Shares)*

**WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING** 1,161,374 1,161,374

**BASIC EARNINGS PER SHARE** *Taka* 1.16 1.21

**DILUTED EARNINGS PER SHARE** *Taka* 1.16 1.21

**25 Related Party Transactions**

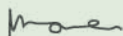
Except for the regular transactions, there were no significant related party transactions during the period.

**26 Commitments and Contingencies**

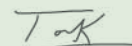
There were no changes in the commitments and contingencies made by the Company during the period except the following.

Clinker production of the Company at the plant stopped from April 2010 due to the suspension of supply of limestone from the quarry and resumed in August 2011. During this period, the gas consumption from Jalalabad Gas Transmission and Distribution System Limited drastically reduced since there was no clinker production. Under the agreement with Jalalabad Gas, the Company needs to take a minimum quantity failing which it needs to pay as advance the shortfall between the minimum quantity and the actual quantity consumed. The Company raised a dispute with Jalalabad Gas that this is a force majeure event and hence, the Company is not liable to pay this advance but this was not accepted by them. Thereafter the matter was referred for arbitration. The Company has received the arbitration Award in its favour on 30 June 2015.

- 568,515



Finance Director



Chief Executive Officer





## LAFARGE SURMA CEMENT LIMITED

### Statement of Financial Position (Un-audited)

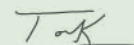
#### at 30 June 2015

	Notes	30 Jun 2015 Taka'000	31 Dec 2014 Taka'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	10,840,134	11,081,402
Intangible assets	6	15,690	17,151
Investment in subsidiaries		502,482	506,764
Loan to subsidiary company		444,218	572,183
		<u>11,802,524</u>	<u>12,177,500</u>
<b>CURRENT ASSETS</b>			
Inventories	7	1,588,343	1,514,543
Trade receivables	8	675,936	865,268
Other receivables	9	2,165,860	1,838,689
Cash and cash equivalents	10	2,193,258	1,770,906
		<u>6,623,397</u>	<u>5,989,406</u>
<b>TOTAL ASSETS</b>		<u><b>18,425,921</b></u>	<u><b>18,166,906</b></u>
<b>EQUITY &amp; LIABILITIES</b>			
Share capital		11,613,735	11,613,735
Retained earnings		1,769,171	2,001,094
Other component of equity		(69,189)	(63,182)
<b>EQUITY</b>		<u><b>13,313,717</b></u>	<u><b>13,551,647</b></u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	11	2,006,683	1,906,543
Employee benefits		103,525	93,902
		<u>2,110,208</u>	<u>2,000,445</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	12	1,926,926	1,960,429
Other payables	13	873,682	469,058
Current tax liabilities	14	201,388	185,327
		<u>3,001,996</u>	<u>2,614,814</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>18,425,921</b></u>	<u><b>18,166,906</b></u>

The accompanying Notes 1 to 23 form an integral part of these interim financial statements.



Finance Director



Chief Executive Officer



## LAFARGE SURMA CEMENT LIMITED

### Income Statement (Un-audited)

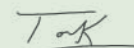
#### for the period ended 30 June 2015

	Note	Jan-Jun 2015 Taka '000	Jan-Jun 2014 Taka '000	Apr-Jun 2015 Taka '000	Apr-Jun 2014 Taka '000
<b>REVENUE</b>	15	5,283,472	5,626,724	2,631,958	2,954,962
Cost of sales	16	(3,848,780)	(4,010,750)	(1,917,366)	(2,111,041)
<b>GROSS PROFIT</b>		<b>1,434,692</b>	<b>1,615,974</b>	<b>714,592</b>	<b>843,921</b>
General and administrative expenses	17	(365,883)	(366,282)	(188,709)	(186,275)
Sales and marketing expenses	18	(87,607)	(82,940)	(49,207)	(42,835)
Other operating income		10,697	3,795	9,987	435
<b>OPERATING INCOME</b>		<b>991,899</b>	<b>1,170,547</b>	<b>486,663</b>	<b>615,246</b>
Finance cost	19	(23,410)	(35,605)	(9,221)	(19,223)
Finance income	19	75,442	39,641	34,188	25,196
<b>INCOME BEFORE TAX</b>		<b>1,043,931</b>	<b>1,174,583</b>	<b>511,630</b>	<b>621,219</b>
Income tax	20	(114,480)	(339,540)	47,586	(165,801)
<b>INCOME FOR THE PERIOD</b>		<b>929,451</b>	<b>835,043</b>	<b>559,216</b>	<b>455,418</b>
Basic earnings per share (Taka)	21	0.80	0.72	0.48	0.39

*The accompanying Notes 1 to 23 form an integral part of these interim financial statements.*



Finance Director

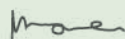


Chief Executive Officer

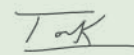


**LAFARGE SURMA CEMENT LIMITED**  
**Statement of Comprehensive Income (Un-audited)**  
**for the period ended 30 June 2015**

	Jan-Jun 2015 Taka '000	Jan-Jun 2014 Taka '000	Apr-Jun 2015 Taka '000	Apr-Jun 2014 Taka '000
INCOME FOR THE PERIOD	929,451	835,043	559,216	455,418
Items that will not be reclassified subsequently to profit or loss				
Income tax on actuarial loss that will not be reclassified to profit or loss	(1,726)	-	(1,726)	-
Total items that will not be reclassified to profit or loss	(1,726)	-	(1,726)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operation	(4,281)	14,699	(9,300)	(247)
Total items that may be reclassified to profit or loss	(4,281)	14,699	(9,300)	(247)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(6,007)	14,699	(11,026)	(247)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	923,444	849,742	548,190	455,171



Finance Director



Chief Executive Officer

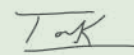
**LAFARGE SURMA CEMENT LIMITED**  
**Statement of Changes in Equity (Un-audited)**  
**for the period ended 30 June 2015**

(All figures are in Tk. '000)

	Share capital	Retained earnings	Other component of equity	Total equity
Balance at 1 January 2014	11,613,735	849,109	(2,712)	12,460,132
Total comprehensive income/(loss) for the period	-	835,043	14,699	849,742
Interim dividend	-	(580,687)	-	(580,687)
Balance at 30 June 2014	11,613,735	1,103,465	11,987	12,729,187
Balance at 1 January 2015	11,613,735	2,001,094	(63,182)	13,551,647
Total comprehensive income for the period	-	929,451	(6,007)	923,444
Final dividend	-	(580,687)	-	(580,687)
Interim dividend	-	(580,687)	-	(580,687)
Balance at 30 June 2015	11,613,735	1,769,171	(69,189)	13,313,717



Finance Director



Chief Executive Officer



## LAFARGE SURMA CEMENT LIMITED

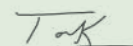
### Statement of Cash Flows (Un-audited)

#### for the period ended 30 June 2015

	Jan-Jun 2015 Taka'000	Jan-Jun 2014 Taka'000
<b>Cash Flows From Operating Activities</b>		
Cash receipts from customers	5,459,702	5,569,730
Cash paid to suppliers and employees	(4,375,923)	(4,618,083)
Cash generated in operations	1,083,779	951,647
Income tax paid	(211,011)	(192,116)
Other receipts	3,890	5,501
<b>Net cash generated by operating activities</b>	<b>876,658</b>	<b>765,032</b>
<b>Cash Flows From Investing Activities</b>		
Payments for property, plant and equipment	(88,119)	(89,460)
Payments for intangible assets	(1,640)	(2,134)
Proceeds from sale of property, plant and equipment	4,523	477
Received against loan to subsidiary company	126,055	126,357
Interest received from subsidiary company	41,465	45,229
Interest income on bank deposits	46,100	17,235
<b>Net cash generated by investing activities</b>	<b>128,384</b>	<b>97,704</b>
<b>Cash Flows From Financing Activities</b>		
Increase (decrease) in short term debt	-	25,928
Payment of interest and other finance costs	(32,073)	(29,204)
Dividend payment	(550,617)	-
<b>Net cash used in financing activities</b>	<b>(582,690)</b>	<b>(3,276)</b>
<b>Net increase in cash and cash equivalents</b>	<b>422,352</b>	<b>859,460</b>
<b>Cash and Cash Equivalents at Beginning of the Period</b>	<b>1,770,906</b>	<b>1,162,174</b>
<b>Cash and Cash Equivalents at End of the Period</b>	<b>2,193,258</b>	<b>2,021,634</b>



Finance Director



Chief Executive Officer





## LAFARGE SURMA CEMENT LIMITED

### Notes to the Condensed Financial Statements (Un-audited)

#### for the period ended 30 June 2015

#### 1 Background and Introduction

##### Formation and legal status

Lafarge Surma Cement Limited (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.

#### 2 Nature of Business

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

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

#### 3 Basis of Preparation

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

#### 4 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;
- ii) 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 2014.

#### 5 Property, Plant and Equipment

##### COST

At January 1

Additions

Disposals

At June 30/December 31

##### DEPRECIATION

At January

Disposals

Change for the period

At June 30/December 31

##### CARRYING AMOUNT

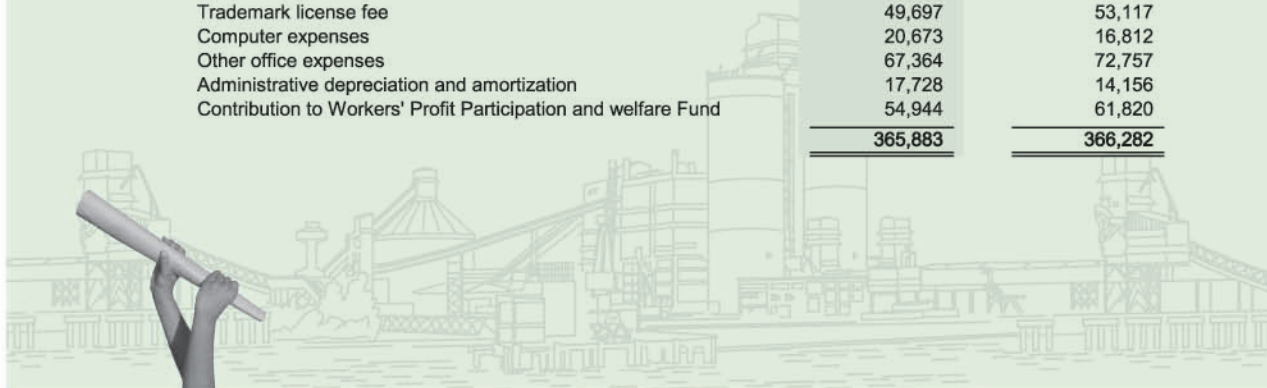
	30 Jun 2015 <u>Taka'000</u>	31 Dec 2014 <u>Taka'000</u>
At January 1	15,089,959	14,910,193
Additions	15,238	201,318
Disposals	(6,306)	(21,552)
At June 30/December 31	<u>15,098,891</u>	<u>15,089,959</u>
At January	4,008,557	3,522,913
Disposals	(5,286)	(19,315)
Change for the period	255,486	504,959
At June 30/December 31	<u>4,258,757</u>	<u>4,008,557</u>
CARRYING AMOUNT	<u>10,840,134</u>	<u>11,081,402</u>



	30 Jun 2015 <u>Taka'000</u>	31 Dec 2014 <u>Taka'000</u>
<b>6 Intangible Assets</b>		
<b>COST</b>		
At January 1	78,169	69,553
Additions	1,640	9,050
Disposals	-	(434)
At June 30/December 31	<u>79,809</u>	<u>78,169</u>
<b>AMORTIZATION</b>		
At January	61,018	55,815
Disposals	-	(4)
Change for the period	3,101	5,207
At June 30/December 31	<u>64,119</u>	<u>61,018</u>
<b>CARRYING AMOUNT</b>	<u>15,690</u>	<u>17,151</u>
<b>7 Inventories</b>		
Raw materials	406,596	494,347
Spare parts	790,487	759,136
Packing materials	7,174	5,400
Other materials	52,871	86,004
Finished goods and work in process	331,215	169,656
	<u>1,588,343</u>	<u>1,514,543</u>
<b>8 Trade Receivables</b>		
Trade receivables	686,022	874,887
Valuation allowance	(10,086)	(9,619)
	<u>675,936</u>	<u>865,268</u>
<b>9 Other Receivables</b>		
Contractors, consultants, suppliers and others	188,231	145,132
Employees	32,489	41,098
Prepaid expenses	116,484	88,060
VAT current account	226,882	96,659
Income tax-deducted at source	1,432,834	1,277,185
Other receivables	31,573	29,905
Accrued interest	137,367	160,650
	<u>2,165,860</u>	<u>1,838,689</u>
<b>10 Cash and Cash Equivalents</b>		
Cash in hand	462	600
Cash at banks	2,192,796	1,770,306
	<u>2,193,258</u>	<u>1,770,906</u>
<b>11 Deferred Tax Liabilities</b>		
The tax effects of temporary differences that resulted in deferred tax liabilities and assets.		
<i>Deferred tax liabilities</i>		
Property, plant and equipment	2,170,988	2,414,983
	<u>2,170,988</u>	<u>2,414,983</u>
<i>Deferred tax assets</i>		
Provision for gratuity	14,706	10,962
Provision for doubtful debts	2,458	2,644
Business loss	129,881	475,848
Actuarial loss	17,260	18,986
	<u>164,305</u>	<u>508,440</u>
<b>Net deferred tax liabilities</b>	<u>2,006,683</u>	<u>1,906,543</u>



	30 Jun 2015 Taka'000	31 Dec 2014 Taka'000
<b>12 Trade Payables</b>		
Payable for expenses	1,339,917	1,246,612
General assistance fee (Note- 12.1)	158,596	216,633
Trademark license fee (Note- 12.2)	158,596	216,633
Advances paid by customers	262,399	275,501
Others	7,418	5,050
	<u>1,926,926</u>	<u>1,960,429</u>
<b>12.1 General assistance fee</b>		
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).		
<b>12.1 Trademark license fee</b>		
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).		
<b>13 Other Payables</b>		
Payables to supplier of property, plant & equipment	53,599	126,480
Accrued interest and commitment fees	7	11,740
Payable to employees	119,737	220,386
Income tax & VAT deducted at source	82,116	102,991
Dividend payable	618,223	7,461
	<u>873,682</u>	<u>469,058</u>
<b>14 Current Tax Liabilities</b>		
Balance at 1 January	185,327	173,282
Cancellation of provision	-	(23,076)
Provision for the period/year	16,061	35,121
At June 30/December 31	<u>201,388</u>	<u>185,327</u>
	<b>Jan-Jun 2015 Taka'000</b>	<b>Jan-Jun 2014 Taka'000</b>
<b>15 Revenue</b>		
Sale of gray cement	4,758,306	5,029,162
Sale of cement clinker	525,166	597,562
	<u>5,283,472</u>	<u>5,626,724</u>
<b>16 Cost of Sales</b>		
Manufacturing variable cost	2,683,500	2,763,160
Manufacturing fixed cost	517,891	508,936
Freight cost to customers	199,543	178,428
Depot operating and transportation costs	368,829	354,307
Inventory movement	(161,842)	(32,354)
Depreciation and amortization	240,859	238,273
	<u>3,848,780</u>	<u>4,010,750</u>
<b>17 General and Administrative Expenses</b>		
Salary, allowances and benefits	105,780	94,502
General assistance fee	49,697	53,118
Trademark license fee	49,697	53,117
Computer expenses	20,673	16,812
Other office expenses	67,364	72,757
Administrative depreciation and amortization	17,728	14,156
Contribution to Workers' Profit Participation and welfare Fund	54,944	61,820
	<u>365,883</u>	<u>366,282</u>



	Jan-Jun 2015 Taka'000	Jan-Jun 2014 Taka'000
<b>18 Sales and Marketing Expenses</b>		
Salary, allowances and benefits	41,227	29,578
Advertisement	29,554	39,144
Other office expenses	16,826	14,218
	<b>87,607</b>	<b>82,940</b>
<b>19 Finance Costs and Income</b>		
Interest on short term debt	-	15,136
Other finance costs	15,657	11,685
Bank charges and commission	7,753	8,784
<b>Finance costs</b>	<b>23,410</b>	<b>35,605</b>
Interest on loan to subsidiary company	8,687	12,707
Interest income on Bank Deposits	57,063	26,144
Exchange gain	9,692	790
<b>Finance income</b>	<b>75,442</b>	<b>39,641</b>
<b>Net finance costs</b>	<b>(52,032)</b>	<b>(4,036)</b>
<b>20 Income Tax</b>		
Current income tax expenses	16,061	17,013
Cancellation of provision	-	(23,076)
Deferred income tax	98,419	345,603
	<b>114,480</b>	<b>339,540</b>

**21 Earnings Per Share**

The computation of basic earnings per share for the periods ended 2015 and 2014 are as follows:

NUMERATOR		<i>(Thousand Taka)</i>	
INCOME FOR THE PERIOD- ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY		929,451	835,043
DENOMINATOR		<i>(Thousands of Shares)</i>	
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		1,161,374	1,161,374
BASIC EARNINGS PER SHARE	<i>Taka</i>	0.80	0.72
DILUTED EARNINGS PER SHARE	<i>Taka</i>	0.80	0.72

**22 Related Party Transactions**

Except for the regular transactions, there were no significant related party transactions during the period.



**23 Commitments and Contingencies**

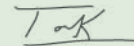
There were no changes in the commitments and contingencies made by the Company during the period except the following.

Clinker production of the Company at the plant stopped from April 2010 due to the suspension of supply of limestone from the quarry and resumed in August 2011. During this period, the gas consumption from Jalalabad Gas Transmission and Distribution System Limited drastically reduced since there was no clinker production. Under the agreement with Jalalabad Gas, the Company needs to take a minimum quantity failing which it needs to pay as advance the shortfall between the minimum quantity and the actual quantity consumed. The Company raised a dispute with Jalalabad Gas that this is a force majeure event and hence, the Company is not liable to pay this advance but this was not accepted by them. Thereafter the matter was referred for arbitration. The Company has received the arbitration Award in its favour on 30 June 2015.

-                      568,515

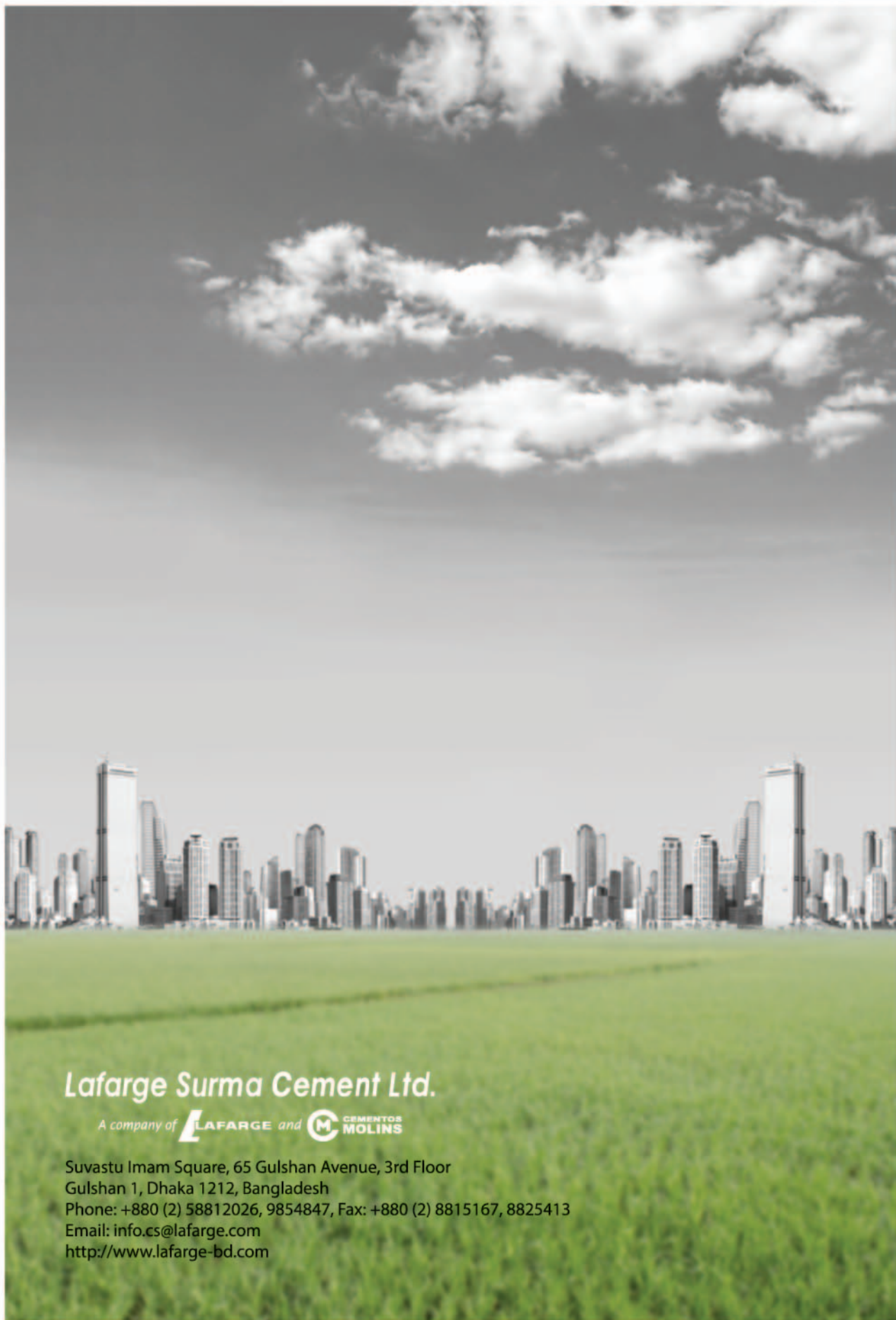


**Finance Director**



**Chief Executive Officer**





## Lafarge Surma Cement Ltd.

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

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