

Lafarge Surma Cement Ltd.

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

1st Quarter Consolidated Financial Statements-2016 (Un-audited)

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 LIMITED		Consolidated Statement of Financial Position (Un-audited) at 31 March 2016	
	NOTE	31 Mar 2016 Taka'000	31 Dec 2015 Taka'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	11,700,566	11,837,497
Intangible assets	6	849,154	862,086
Other receivables	9	135,080	140,745
		<u>12,684,800</u>	<u>12,840,328</u>
CURRENT ASSETS			
Inventories	7	1,374,800	1,429,587
Trade receivables	8	777,087	908,260
Other receivables	9	2,464,938	2,265,908
Derivative instruments		4,234	1,109
Cash and cash equivalents	10	<u>3,634,169</u>	<u>3,249,844</u>
		<u>8,255,228</u>	<u>7,854,708</u>
TOTAL ASSETS		<u>20,940,028</u>	<u>20,695,036</u>
EQUITY & LIABILITIES			
Share capital		11,613,735	11,613,735
Retained earnings		2,917,053	2,423,190
Other components of equity		(46,576)	(52,995)
Foreign currency translation		379,051	377,530
SHAREHOLDERS' EQUITY- PARENT COMPANY		<u>14,863,263</u>	<u>14,361,460</u>
Non-controlling interests		38	39
EQUITY		<u>14,863,301</u>	<u>14,361,499</u>
NON-CURRENT LIABILITIES			
Deferred tax liability	11	2,339,701	2,318,292
Employee benefits		53,525	48,915
Provisions	12	28,478	27,787
		<u>2,421,704</u>	<u>2,394,994</u>
CURRENT LIABILITIES			
Trade payables	13	2,359,646	2,473,604
Other payables	14	246,398	376,640
Derivative instruments		-	2,493
Short-term debt	15	1,048,979	1,085,806
		<u>3,655,023</u>	<u>3,938,543</u>
TOTAL EQUITY AND LIABILITIES		<u>20,940,028</u>	<u>20,695,036</u>

The accompanying Notes 1 to 25 form an integral part of these financial statements.

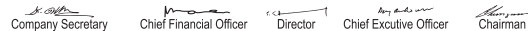
 Company Secretary Chief Financial Officer Director Chief Executive Officer Chairman

LAFARGE SURMA CEMENT LIMITED		Consolidated Statement of Profit or Loss (Un-audited) for the period ended 31 March 2016	
	NOTES	Jan-Mar 2016 Taka '000	Jan-Mar 2015 Taka '000
REVENUE			
At January 1	17	2,576,922	2,651,514
Cost of sales	18	(1,699,388)	(1,720,890)
GROSS PROFIT		<u>877,534</u>	<u>930,624</u>
General and administrative expenses	19	(176,307)	(177,174)
Sales and marketing expenses	20	(31,288)	(38,400)
Other operating (expenses)/income		265	710
OPERATING PROFIT		<u>670,204</u>	<u>715,760</u>
Finance cost	21	(35,628)	(37,085)
Finance income	21	33,582	67,350
PROFIT BEFORE TAX		<u>668,158</u>	<u>746,025</u>
Income tax	22	(174,295)	(162,066)
PROFIT FOR THE PERIOD		<u>493,863</u>	<u>583,959</u>
Basic earnings per share (Taka)	23	0.43	0.50

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 Company Secretary Chief Financial Officer Director Chief Executive Officer Chairman

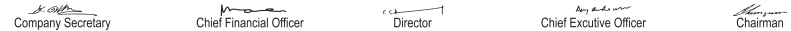
LAFARGE SURMA CEMENT LIMITED		Consolidated Statement of Cash Flows (Un-audited) for the period ended 31 March 2016	
		Jan-Mar 2016 Taka'000	Jan-Mar 2015 Taka'000
Cash Flows From Operating Activities			
Cash receipts from customers		2,580,592	2,736,892
Cash paid to suppliers and employees		(1,999,057)	(2,032,524)
Cash generated in operations		581,535	704,368
Income tax paid		(131,065)	(137,597)
Other receipts		265	706
Net cash generated by operating activities		<u>450,735</u>	<u>567,477</u>
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(40,110)	(66,506)
Payments for intangible assets		-	(742)
Proceeds from sale of property, plant and equipment		-	30
Interest income on bank deposits		34,140	9,879
Net cash used in investing activities		<u>(5,970)</u>	<u>(57,339)</u>
Cash Flows From Financing Activities			
Repayment of long term debt		-	(91,306)
Increase (Decrease) in short term debt		(38,527)	25,047
Payment of interest and other finance costs		(19,931)	(37,757)
Dividend payment		(504)	(3,257)
Net cash used in financing activities		<u>(58,962)</u>	<u>(107,273)</u>
Net effect of foreign currency translation on cash and cash equivalents		<u>(1,478)</u>	<u>1,064</u>
Net increase in cash and cash equivalents		<u>384,325</u>	<u>403,929</u>
Cash and Cash Equivalents at Beginning of the Period		<u>3,249,844</u>	<u>1,881,906</u>
Cash and Cash Equivalents at End of the Period		<u>3,634,169</u>	<u>2,285,835</u>

 Company Secretary Chief Financial Officer Director Chief Executive Officer Chairman

LAFARGE SURMA CEMENT LIMITED		Consolidated Statement of Comprehensive Income (Un-audited) for the period ended 31 March 2016	
		Jan-Mar 2016 Taka'000	Jan-Mar 2015 Taka'000
PROFIT FOR THE PERIOD		493,863	583,959
Items that may be reclassified subsequently to profit or loss			
Cash flow hedge instruments		6,419	10,523
Exchange differences on translating foreign operation		1,521	113,920
Non controlling interests- currency translation adjustment		(1)	5
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		<u>7,939</u>	<u>124,448</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>501,802</u>	<u>708,407</u>
Attributable to:			
Owners of the parent Company		501,803	708,407
Non-controlling interests		(1)	5
		<u>501,802</u>	<u>708,407</u>

 Company Secretary Chief Financial Officer Director Chief Executive Officer Chairman

LAFARGE SURMA CEMENT LIMITED		Consolidated Statement of Changes in Equity (Un-audited) for the period ended 31 March 2016						
		Share capital	Retained earnings	Other components of equity	Foreign currency translation	Equity for parent company	Non controlling interests	Total equity
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 for the period		-	583,959	10,523	113,920	708,402	5	708,407
Balance at 31 March 2015		11,613,735	1,878,967	(50,996)	522,254	13,963,960	86	13,964,046
Balance at 1 January 2016		11,613,735	2,423,190	(52,995)	377,530	14,361,460	39	14,361,499
Total comprehensive income for the period		-	493,863	6,419	1,521	501,803	(1)	501,802
Balance at 31 March 2016		11,613,735	2,917,053	(46,576)	379,051	14,863,263	38	14,863,301

 Company Secretary Chief Financial Officer Director Chief Executive Officer Chairman

LAFARGE SURMA CEMENT LIMITED
Notes to the Condensed Consolidated Financial Statements (Un-audited) for the period ended 31 March 2016

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 Chhatrakur 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.

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:
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 2015.

	31 Mar 2016 Taka'000	31 Dec 2015 Taka'000	31 Mar 2016 Taka'000	31 Dec 2015 Taka'000
5 Property, Plant and Equipment				
COST				
At January 1	16,817,164	16,878,660		
Additions	20,111	149,826		
Disposals	-	(138,878)		
Translation adjustment	(3,568)	(72,444)		
At March 31/December 31	<u>16,833,707</u>	<u>16,817,164</u>		
DEPRECIATION				
At January 1	4,979,667	4,469,580		
Disposals	-	(52,542)		
Change for the period	154,289	582,830		
Translation adjustment	(815)	(20,201)		
At March 31/December 31	<u>5,133,141</u>	<u>4,979,667</u>		
CARRYING AMOUNT	<u>11,700,566</u>	<u>11,837,497</u>		
6 Intangible Assets				
COST				
At January 1	1,129,622	1,164,077		
Additions	-	9,309		
Disposals	-	(419)		
Translation adjustment	(2,131)	(43,345)		
At March 31/December 31	<u>1,127,491</u>	<u>1,129,622</u>		
AMORTIZATION				
At January 1	267,536	228,513		
Change for the period	11,079	46,821		
Translation adjustment	(278)	(7,798)		
At March 31/December 31	<u>278,337</u>	<u>267,536</u>		
CARRYING AMOUNT	<u>849,154</u>	<u>862,086</u>		
7 Inventories				
Raw materials	211,449	303,011		
Spare parts	895,853	864,146		
Packing materials	6,401	10,164		
Other materials	49,678	103,469		
Finished goods and work in process	211,419	148,797		
At March 31/December 31	<u>1,374,800</u>	<u>1,429,587</u>		
8 Trade Receivables				
Trade receivables	786,041	918,869		
Valuation allowance	(8,954)	(10,609)		
At March 31/December 31	<u>777,087</u>	<u>908,260</u>		
9 Other Receivables				
Contractors, consultants, suppliers and others	408,142	328,574		
Employees	35,742	21,583		
Prepaid expenses	172,539	91,364		
VAT current account	183,746	135,582		
Advance income tax- net of tax provision	1,738,897	1,761,214		
Other receivables	40,985	47,548		
Accrued interest	19,967	20,788		
At March 31/December 31	<u>2,600,018</u>	<u>2,406,653</u>		
Current portion	2,464,938	2,265,908		
Non-current portion	135,080	140,745		
At March 31/December 31	<u>2,600,018</u>	<u>2,406,653</u>		
10 Cash and Cash Equivalents				
Cash in hand	527	668		
Cash at banks	3,633,642	3,249,176		
At March 31/December 31	<u>3,634,169</u>	<u>3,249,844</u>		
Deferred Tax Liabilities				
The tax effects of temporary differences that resulted in deferred tax liabilities and assets.				
Deferred tax liabilities	2,348,249	2,327,920		
Property, plant and equipment	<u>2,348,249</u>	<u>2,327,920</u>		
Deferred tax assets				
Provision for gratuity	8,548	6,976		
Provision for doubtful debts	-	2,652		
At March 31/December 31	<u>8,548</u>	<u>9,628</u>		
Net deferred tax liabilities	<u>2,339,701</u>	<u>2,318,292</u>		
12 Provisions				
Site restoration provisions				
Balance at 1 January	27,787	25,808		
Current year addition	738	3,091		
Translation adjustment	(47)	(1,112)		
At March 31/December 31	<u>28,478</u>	<u>27,787</u>		
13 Trade Payables				
Payable for expenses	1,695,560	1,552,522		
General assistance fee (Note- 13.1)	236,252	211,865		
Trademark license fee (Note- 13.2)	236,251	211,865		
Advances paid by customers	190,103	317,606		
Others	1,480	179,746		
At March 31/December 31	<u>2,359,646</u>	<u>2,473,604</u>		
13.2 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).				
At March 31/December 31	<u>46,098</u>	<u>66,102</u>		
14 Other Payables				
Payables to supplier of property, plant & equipment				
Other finance costs payable				
Payable to employees				
Income tax & VAT deducted at source				
Interim dividend payable				
At March 31/December 31	<u>69,101</u>	<u>166,548</u>		
15 Short Term Debt				
Bank overdraft facilities				
Short term credit facilities				
At March 31/December 31	<u>51,423</u>	<u>47,129</u>		
16 Current Tax Liabilities				
Balance at 1 January				
Provision for the period				
At March 31/December 31	<u>304,624</u>	<u>185,327</u>		
17 Revenue				
Sale of gray cement				
Sale of cement clinker				
At March 31/December 31	<u>2,521,298</u>	<u>2,513,717</u>		
Cost of Sales				
Manufacturing variable cost				
Manufacturing fixed cost				
Freight cost to customers				
Depot operating and transportation costs				
Inventory movement				