

# LafargeHolcim Bangladesh Limited

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## 1st Quarter Consolidated Financial Statements-2017 (Un-audited)

Pursuant to the requirement of Regulations 17(1) 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

LAFARGEHOLCIM BANGLADESH LIMITED (Formerly known as Lafarge Surma Cement Limited) Consolidated Statement of Financial Position (Un-audited) at 31 March 2017		
NOTE	31 March 2017 Taka'000	31 Dec 2016 Taka'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
5	11,741,330	11,776,095
6	861,157	828,230
9	145,062	137,043
	<b>12,747,549</b>	<b>12,741,368</b>
<b>CURRENT ASSETS</b>		
7	1,439,735	1,245,198
8	1,408,432	1,361,677
9	1,958,470	1,933,076
	12,111	838
10	3,524,542	3,697,428
	<b>8,343,290</b>	<b>8,238,217</b>
	<b>21,090,839</b>	<b>20,979,585</b>
<b>EQUITY &amp; LIABILITIES</b>		
	11,613,735	11,613,735
	3,797,897	3,488,351
	(80,293)	(82,748)
	460,400	353,123
	<b>15,791,739</b>	<b>15,372,461</b>
<b>SHAREHOLDERS' EQUITY- PARENT COMPANY</b>		
	5	(23)
	<b>15,791,744</b>	<b>15,372,438</b>
<b>EQUITY</b>		
<b>NON-CURRENT LIABILITIES</b>		
11	2,278,784	2,276,021
	75,933	64,464
12	32,731	30,147
	<b>2,387,448</b>	<b>2,370,672</b>
<b>CURRENT LIABILITIES</b>		
13	2,200,818	2,332,586
14	250,824	378,489
	1,103	1,103
15	460,005	524,297
	<b>2,911,647</b>	<b>3,236,475</b>
	<b>21,090,839</b>	<b>20,979,585</b>

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

Company Secretary, Chief Financial Officer, Director, Chief Executive Officer, Chairman

LAFARGEHOLCIM BANGLADESH LIMITED (Formerly known as Lafarge Surma Cement Limited) Consolidated Statement of Comprehensive Income (Un-audited) for the period ended 31 March 2017		
	Jan-Mar 2017 Taka'000	Jan-Mar 2016 Taka'000
<b>PROFIT FOR THE PERIOD</b>		
	309,546	493,863
<b>Items that may be reclassified subsequently to profit or loss</b>		
Cash flow hedge instruments	2,455	6,419
Exchange differences on translating foreign operation	107,277	1,521
Non-controlling interests currency translation adjustment	28	(1)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>109,760</b>	<b>7,939</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>419,306</b>	<b>501,802</b>
Attributable to:		
Owners of the parent Company	419,278	501,803
Non-controlling interests	28	(1)
	<b>419,306</b>	<b>501,802</b>

Company Secretary, Chief Financial Officer, Director, Chief Executive Officer, Chairman

LAFARGEHOLCIM BANGLADESH LIMITED (Formerly known as Lafarge Surma Cement Limited) Consolidated Statement of Changes in Equity (Un-audited) for the period ended 31 March 2017							
	Share capital	Retained earnings	Other components of equity	Foreign currency translation	Equity for parent company	Non controlling interests	Total equity
<b>Balance at 1 January 2016</b>	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
<b>Balance at 31 March 2016</b>	<b>11,613,735</b>	<b>2,917,053</b>	<b>(46,576)</b>	<b>379,051</b>	<b>14,863,263</b>	<b>38</b>	<b>14,863,301</b>
<b>Balance at 1 January 2017</b>	11,613,735	3,488,351	(82,748)	353,123	15,372,461	(23)	15,372,438
Total comprehensive income for the period		309,546	2,455	107,277	419,278	28	419,306
<b>Balance at 31 March 2017</b>	<b>11,613,735</b>	<b>3,797,897</b>	<b>(80,293)</b>	<b>460,400</b>	<b>15,791,739</b>	<b>5</b>	<b>15,791,744</b>

Company Secretary, Chief Financial Officer, Director, Chief Executive Officer, Chairman

LAFARGEHOLCIM BANGLADESH LIMITED (Formerly known as Lafarge Surma Cement Limited) Notes to the Condensed Consolidated Financial Statements (Un-audited) for the period ended 31 March 2017	
<b>1 Background and Introduction</b>	
<b>Formation and legal status</b>	
<b>LafargeHolcim Bangladesh Limited (LHBL)</b> - (hereinafter referred to as "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. 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 name change to "LafargeHolcim Bangladesh Limited" of the Company. 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:	
<b>Lum Mawshun Minerals Private Limited (LMMPL)</b> - 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.	
<b>Lafarge Umiam Mining Private Limited (LUMPL)</b> - 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.	
<b>2 Nature of Business</b>	The Company has established the country's only modern, integrated and state-of-the-art cement manufacturing plant at Chhatrak 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.
<b>3 Basis of preparation</b>	The consolidated interim financial statements have been prepared in accordance with Bangladesh Accounting Standard 34 Interim Financial Reporting.
<b>4 Significant Accounting Policies</b>	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 2016.

LAFARGEHOLCIM BANGLADESH LIMITED (Formerly known as Lafarge Surma Cement Limited) Consolidated Statement of Profit or Loss (Un-audited) for the period ended 31 March 2017		
NOTES	Jan-Mar 2017 Taka'000	Jan-Mar 2016 Taka'000
<b>REVENUE</b>		
17	2,435,027	2,576,922
18	(1,746,801)	(1,699,388)
	<b>688,226</b>	<b>877,534</b>
<b>GROSS PROFIT</b>		
19	(183,250)	(176,307)
20	(47,433)	(31,288)
	1,064	265
	<b>458,607</b>	<b>670,204</b>
<b>OPERATING PROFIT</b>		
21	(10,874)	(35,628)
21	40,421	33,562
	<b>488,354</b>	<b>668,138</b>
<b>PROFIT BEFORE TAX</b>		
22	(178,898)	(174,295)
	<b>309,546</b>	<b>493,863</b>
<b>PROFIT FOR THE PERIOD</b>		
23	0.27	0.43

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

Company Secretary, Chief Financial Officer, Director, Chief Executive Officer, Chairman

LAFARGEHOLCIM BANGLADESH LIMITED (Formerly known as Lafarge Surma Cement Limited) Consolidated Statement of Cash Flows (Un-audited) for the period ended 31 March 2017		
	Jan-Mar 2017 Taka'000	Jan-Mar 2016 Taka'000
<b>Cash Flows From Operating Activities</b>		
Cash receipts from customers	2,130,458	2,580,592
Cash paid to suppliers and employees	(2,110,300)	(1,999,057)
Cash generated in operations	20,158	581,535
Income taxes paid	(77,291)	(131,065)
Other receipts	1,057	265
<b>Net cash generated by operating activities</b>	<b>(56,076)</b>	<b>450,735</b>
<b>Cash Flows From Investing Activities</b>		
Payments for property, plant and equipment	(65,706)	(40,110)
Proceeds from sale of property, plant and equipment	54	
Interest income on bank deposits	29,018	34,140
<b>Net cash used in investing activities</b>	<b>(36,634)</b>	<b>(5,970)</b>
<b>Cash Flows From Financing Activities</b>		
Increase (Decrease) in short term debt	(71,635)	(38,527)
Payment of interest and other finance costs	(9,882)	(19,931)
Dividend payment	(4,523)	(504)
<b>Net cash used in financing activities</b>	<b>(86,040)</b>	<b>(58,962)</b>
<b>Net effect of foreign currency translation on cash and cash equivalents</b>		
	5,864	(1,478)
<b>Net increase in cash and cash equivalents</b>	<b>(172,886)</b>	<b>384,325</b>
<b>Cash and Cash Equivalents at Beginning of the Period</b>		
	3,697,428	3,249,844
<b>Cash and Cash Equivalents at End of the Period</b>		
	<b>3,524,542</b>	<b>3,634,169</b>

Company Secretary, Chief Financial Officer, Director, Chief Executive Officer, Chairman

LAFARGEHOLCIM BANGLADESH LIMITED (Formerly known as Lafarge Surma Cement Limited) Consolidated Statement of Property, Plant and Equipment		
	31 Mar 2017 Taka'000	31 Dec 2016 Taka'000
<b>5 Property, Plant and Equipment</b>		
<b>COST</b>		
At January 1	17,315,000	16,817,164
Reclassification	-	(12,678)
Additions	33,910	585,103
Disposals	(146)	(38,841)
Translation adjustment	110,473	(35,748)
At March 31/December 31	<b>17,459,237</b>	<b>17,315,000</b>
<b>DEPRECIATION</b>		
At January 1	5,538,905	4,979,667
Disposals	(12,163)	(12,163)
Change for the period	145,408	581,888
Translation adjustment	33,594	(10,487)
At March 31/December 31	<b>5,717,907</b>	<b>5,538,905</b>
<b>CARRYING AMOUNT</b>	<b>11,741,330</b>	<b>11,776,095</b>
<b>6 Intangible Assets</b>		
<b>COST</b>		
At January 1	1,140,128	1,129,622
Reclassification	-	12,678
Additions	-	18,451
Disposals	-	-
Translation adjustment	60,365	(20,623)
At March 31/December 31	<b>1,200,493</b>	<b>1,140,128</b>
<b>AMORTIZATION</b>		
At January 1	311,898	267,536
Change for the period	13,314	48,601
Translation adjustment	14,224	(4,239)
At March 31/December 31	<b>339,336</b>	<b>311,898</b>
<b>CARRYING AMOUNT</b>	<b>861,157</b>	<b>828,230</b>
<b>7 Inventories</b>		
Raw materials	279,042	209,410
Spare parts	928,156	878,015
Packing materials	3,860	3,148
Other materials	73,689	50,508
Finished goods and work in process	154,988	104,117
	<b>1,439,735</b>	<b>1,245,198</b>
<b>8 Trade Receivables</b>		
Trade receivables	1,419,572	1,373,631
Valuation allowance	(11,140)	(11,954)
	<b>1,408,432</b>	<b>1,361,677</b>
<b>9 Other Receivables</b>		
Contractors, consultants, suppliers and others	385,787	301,943
Employees	50,130	59,207
Prepaid expenses	126,356	80,487
VAT current account	242,981	238,810
Advance income tax- net of tax provision	1,245,129	1,342,808
Other receivables	28,610	25,947
Accrued interest	24,539	20,917
	<b>2,103,532</b>	<b>2,070,119</b>
<b>Current portion</b>	1,958,470	1,933,076
<b>Non-current portion</b>	145,062	137,043
<b>10 Cash and Cash Equivalents</b>		
Cash in hand	692	497
Cash at banks	3,523,850	3,696,931
	<b>3,524,542</b>	<b>3,697,428</b>
<b>11 Deferred Tax Liabilities</b>		
The tax effects of temporary differences that resulted in deferred tax liabilities and assets.		
Deferred tax liabilities	2,302,645	2,304,282
Property, plant and equipment	2,683	1,434
	<b>2,305,328</b>	<b>2,305,716</b>
<b>Deferred tax assets</b>		
Provision for gratuity	15,295	25,518
Provision for doubtful debts	11,140	2,988
Other components of equity	109	1,189
	<b>26,544</b>	<b>29,695</b>
<b>Net deferred tax liabilities</b>	<b>2,278,784</b>	<b>2,276,021</b>
<b>12 Provisions</b>		
<b>Site restoration provisions</b>		
Balance at 1 January	30,187	27,787
Provision for the period	750	2,968
Translation adjustment	1,794	(568)
	<b>32,731</b>	<b>30,187</b>
At March 31/December 31 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>13 Trade Payables</b>		
Payable for goods & services	1,688,025	1,605,957
General assistance fee (Note- 13.1)	225,348	203,359
Trademark license fee (Note- 13.2)	225,348	203,359
Advances paid by customers	62,097	319,911
	<b>2,200,818</b>	<b>2,332,586</b>
<b>13.1 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).		

LAFARGEHOLCIM BANGLADESH LIMITED (Formerly known as Lafarge Surma Cement Limited) Consolidated Statement of Trademark License Fee		
	31 Mar 2017 Taka'000	31 Dec 2016 Taka'000
<b>13.2 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>14 Other Payables</b>		
Payables to supplier of property, plant & equipment	43,131	69,147
Payable to employees	87,764	170,998
Income tax & VAT deducted at source	82,783	96,675
Dividend payable	37,146	41,669
	<b>250,824</b>	<b>378,489</b>
<b>15 Short Term Debt</b>		
Bank overdraft facilities	38,525	55,800
Short term credit facilities	421,480	468,497
	<b>460,005</b>	<b>524,297</b>
<b>16 Current Tax Liabilities</b>		
Balance at 1 January	1,051,004	304,624
Provision for the period	190,152	747,876
Translation adjustment	14,489	(1,486)
At March 31/December 31	<b>1,255,645</b>	<b>1,051,004</b>
<b>17 Revenue</b>		
Jan-Mar, 2017		
Sale of gray cement	2,205,966	2,521,298
Sale of cement clinker	229,061	55,624
	<b>2,435,027</b>	<b>2,576,922</b>
<b>18 Cost of Sales</b>		
Manufacturing variable cost	1,006,004	920,468
Manufacturing fixed cost	333,994	329,729
Freight cost to customers	139,581	95,765
Depot operating and transportation costs	212,940	215,171
Inventory movement	(95,682)	(18,234)
Depreciation and amortization	149,964	156,489
	<b>1,746,801</b>	<b>1,699,388</b>
<b>19 General and Administrative Expenses</b>		
Salary, allowances and benefits	55,040	52,534
General assistance fee	21,989	24,387
Trademark license fee	21,989	24,387
Computer expenses	11,352	10,203
Other office expenses	49,997	29,326
Administrative depreciation and amortization	8,758	8,879
Contribution to Workers' Profit Participation and welfare Fund	14,125	26,591
	<b>183,250</b>	<b>176,307</b>
<b>20 Sales and Marketing Expenses</b>		
Salary, allowances and benefits	32,317	18,230
Advertisement	7,483	5,239
Other office expenses	7,633	7,819
	<b>47,433</b>	<b>31,288</b>
<b>21 Finance Costs and Income</b>		
Interest on short term debt	5,525	8,945
Other finance costs	1,363	4,882
Bank charges and commission	3,786	3,736
Exchange loss	-	18,065
	<b>10,674</b>	<b>35,628</b>
<b>Finance costs</b>		
Interest income on Bank Deposits	29,157	30,015
Other finance income	3,315	3,567
Exchange gain	7,949	-
	<b>40,421</b>	<b>33,582</b>
<b>Finance income</b>		