

LafargeHolcim Bangladesh Limited

A company of  LafargeHolcim and  CEMENTOS MOLINS

3rd Quarter Consolidated Financial Statements-2017 (Un-audited)

Pursuant to the requirement of Regulations 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

LAFARGEHOLCIM BANGLADESH LIMITED			
Consolidated Statement of Financial Position (Un-audited) at 30 September 2017			
ASSETS	NOTE	30 Sep 2017 Taka'000	31 Dec 2016 Taka'000
NON-CURRENT ASSETS			
Property, plant and equipment	5	11,421,552	11,776,095
Intangible assets	6	838,497	828,230
Other receivables	9	145,322	137,043
		12,405,371	12,741,368
CURRENT ASSETS			
Inventories	7	1,666,756	1,245,198
Trade receivables	8	1,979,487	1,361,677
Other receivables	9	1,848,358	1,933,076
Derivative instruments		12,132	838
Cash and cash equivalents	10	2,469,068	3,697,428
		7,975,801	8,238,217
TOTAL ASSETS		20,381,172	20,979,585
EQUITY & LIABILITIES			
Share capital		11,613,735	11,613,735
Retained earnings		2,761,617	3,488,351
Other components of equity		(80,293)	(82,748)
Foreign currency translation		464,491	353,123
SHAREHOLDERS' EQUITY- PARENT COMPANY		14,759,550	15,372,461
Non-controlling interests		6	(23)
EQUITY		14,759,556	15,372,438
NON-CURRENT LIABILITIES			
Deferred tax liability	11	2,252,865	2,276,021
Employee benefits		64,461	64,464
Provisions	12	34,351	30,187
		2,351,677	2,370,672
CURRENT LIABILITIES			
Trade payables	13	2,446,415	2,332,586
Other payables	14	321,569	378,489
Derivative instruments		-	1,103
Short-term debt	15	501,955	524,297
		3,269,939	3,236,475
TOTAL EQUITY AND LIABILITIES		20,381,172	20,979,585

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

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

LAFARGEHOLCIM BANGLADESH LIMITED				
Consolidated Statement of Profit or Loss (Un-audited) for the period ended 30 September 2017				
NOTES	Jan-Sep 2017 Taka'000	Jan-Sep 2016 Taka'000	Jul-Sep 2017 Taka'000	Jul-Sep 2016 Taka'000
REVENUE	17	7,486,718	7,432,916	2,611,855
Cost of sales	18	(5,735,193)	(4,964,732)	(1,976,022)
GROSS PROFIT		1,751,525	2,468,184	635,833
General and administrative expenses	19	(754,061)	(508,166)	(281,381)
Sales and marketing expenses	20	(150,865)	(129,344)	(58,442)
Other operating income		3,617	4,726	1,199
OPERATING PROFIT		850,216	1,835,400	297,209
Finance cost	21	(31,701)	(60,354)	(10,368)
Finance income	21	101,553	105,178	27,025
PROFIT BEFORE TAX		920,068	1,880,224	313,866
Income tax	22	(485,428)	(563,377)	(104,821)
PROFIT FOR THE PERIOD		434,640	1,316,847	209,045
Basic earnings per share (Taka)	23	0.37	1.13	0.18

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

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LAFARGEHOLCIM BANGLADESH LIMITED			
Consolidated Statement of Cash Flows (Un-audited) for the period ended 30 September 2017			
	Jan-Sep 2017 Taka'000	Jan-Sep 2016 Taka'000	
Cash Flows From Operating Activities	6,634,712	6,951,127	
Cash receipts from customers	(6,279,938)	(5,930,895)	
Cash paid to suppliers and employees	-	354,774	
Cash generated in operations	354,774	1,020,232	
Income taxes paid	(277,910)	(250,253)	
Other receipts	3,604	4,393	
Net cash generated by operating activities	80,468	774,372	
Cash Flows From Investing Activities	(162,845)	(348,656)	
Payments for property, plant and equipment	-	(15,707)	
Payments for intangible assets	54	423	
Proceeds from sale of property, plant and equipment	84,627	105,100	
Interest income on bank deposits	(78,164)	(258,840)	
Net cash used in investing activities	(78,164)	(258,840)	
Cash Flows From Financing Activities	(54,291)	(400,980)	
Decrease in short term debt	(27,616)	(44,550)	
Payment of interest and other finance costs	(1,152,674)	(569,081)	
Dividend payment	-	-	
Net cash used in financing activities	(1,234,581)	(1,014,611)	
Net effect of foreign currency translation on cash and cash equivalents	3,917	(139)	
Net decrease in cash and cash equivalents	(1,228,360)	(499,218)	
Cash and Cash Equivalents at Beginning of the Period	3,697,428	3,249,844	
Cash and Cash Equivalents at End of the Period	2,469,068	2,750,626	

(All figures are in Tk. '000)

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

LAFARGEHOLCIM BANGLADESH LIMITED				
Consolidated Statement of Comprehensive Income (Un-audited) for the period ended 30 September, 2017				
	Jan-Sep 2017 Taka'000	Jan-Sep 2016 Taka'000	Jul-Sep 2017 Taka'000	Jul-Sep 2016 Taka'000
PROFIT FOR THE PERIOD	434,640	1,316,847	209,045	377,242
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge instruments	2,455	4,993	4	5,474
Exchange differences on translating foreign operation	111,368	1,389	(29,668)	22,352
Non-controlling interests- currency translation adjustment	29	(2)	(10)	10
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	113,852	6,380	(29,674)	27,836
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	548,492	1,323,227	179,371	405,178
Attributable to:				
Owners of the parent Company	548,463	1,323,229	179,381	405,168
Non-controlling interests	29	(2)	(10)	10
	548,492	1,323,227	179,371	405,178

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LAFARGEHOLCIM BANGLADESH LIMITED						
Consolidated Statement of Changes in Equity (Un-audited) for the period ended 30 September 2017						
	Share capital	Retained earnings	Other components of equity	Foreign currency translation	Equity for parent company	Non controlling interests
Balance at 1 January 2016	11,613,735	2,423,190	(52,995)	377,530	14,361,460	39
Total comprehensive income for the period	-	1,316,847	4,993	1,389	1,323,229	(2)
Final dividend 2015	-	(580,687)	-	-	(580,687)	-
Balance at 30 September 2016	11,613,735	3,159,350	(48,002)	378,919	15,104,002	37
Balance at 1 January 2017	11,613,735	3,488,351	(82,748)	353,123	15,372,461	(23)
Total comprehensive income for the period	-	434,640	2,455	111,368	548,463	29
Final Dividend for 2016	-	(580,687)	-	-	(580,687)	-
Interim dividend	-	(580,687)	-	-	(580,687)	-
Balance at 30 September 2017	11,613,735	2,761,617	(80,293)	464,491	14,759,550	6

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1 Background and Introduction
Formation and legal status
 LafargeHolcim Bangladesh Limited (LHBL) - (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 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 2016.

	30 Sep 2017 Taka'000	31 Dec 2016 Taka'000
5 Deferred tax Property, Plant and Equipment		
COST		
At January 1	17,315,000	16,817,164
Reclassification	-	(12,678)
Additions	139,703	585,103
Disposals	(121,280)	(38,841)
Translation adjustment	100,940	(35,748)
At September 30/December 31	17,434,363	17,315,000
DEPRECIATION		
At January 1	5,538,905	4,979,667
Disposals	(116)	(12,163)
Change for the period	439,957	581,888
Translation adjustment	34,065	(10,487)
At September 30/December 31	6,012,811	5,538,905
CARRYING AMOUNT	11,421,552	11,776,095
*Construction in progress of property, plant and equipment related to software of BDT 12,678 (in thousands), has been reclassified and capitalized as intangible assets.		
6 Intangible Assets		
COST		
At January 1	1,140,128	1,129,622
Reclassification	-	18,451
Additions	(67,060)	-
Disposals	75,003	(20,623)
Translation adjustment	1,148,071	1,140,128
At September 30/December 31	1,148,071	1,140,128
AMORTIZATION		
At January 1	311,898	267,536
Disposals	(65,843)	-
Change for the period	49,288	48,601
Translation adjustment	14,231	(4,239)
At September 30/December 31	309,574	311,898
CARRYING AMOUNT	838,497	828,230
7 Inventories		
Raw materials	264,669	209,410
Semi-finished and finished products	434,344	104,117
Fuels	10,370	3,148
Parts and supplies	942,542	925,375
Packing materials	14,831	3,148
	1,666,756	1,245,198
8 Trade Receivables		
Trade receivables	1,995,768	1,373,631
Valuation allowance	(16,281)	(11,954)
	1,979,487	1,361,677
9 Other Receivables		
Contractors, consultants, suppliers and others	464,946	301,943
Employees	34,311	59,207
Prepaid expenses	100,756	80,487
VAT current account	231,677	238,810
Advance income tax- net of tax provision	1,116,751	1,342,808
Other receivables	36,435	25,947
Accrued interest	8,804	20,917
	1,993,680	2,070,119
Current portion	1,848,358	1,933,076
Non-current portion	145,322	137,043
10 Cash and Cash Equivalents		
Cash in hand	2,168	497
Cash at banks	2,466,900	3,696,931
	2,469,068	3,697,428
11 Deferred Tax Liabilities		
The tax effects of temporary differences that resulted in deferred tax liabilities and assets.		
Deferred tax liabilities	2,278,176	2,305,716
Deferred tax assets	(25,311)	(29,695)
Net deferred tax liabilities	2,252,865	2,276,021
12 Provisions		
Site restoration provisions		
Balance at 1 January	30,187	27,787
Provision for the period	2,339	2,968
Translation adjustment	1,825	(568)
	34,351	30,187
At September 30/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).		
13 Trade Payables		
Payable for goods & services	1,825,438	1,605,957
General assistance fee (Note- 13.1)	267,631	203,359
Trademark license fee (Note- 13.2)	267,631	203,359
Advances paid by customers	85,715	319,911
	2,446,415	2,332,586
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).		

	30 June 2017 Taka'000	31 Dec 2016 Taka'000
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).		
14 Other Payables		
Payables to supplier of property, plant & equipment & others	86,093	69,147
Payable to employees	77,683	170,998
Income tax & VAT deducted at source	107,424	96,675
Dividend payable	50,369	41,669
	321,569	378,489
15 Short Term Debt		
Bank overdraft facilities	80,370	55,800
Short term credit facilities	421,585	468,497
	501,955	524,297
16 Current Tax Liabilities		
Balance at 1 January	1,051,004	304,624
Provision for the period	522,902	747,876
Translation adjustment	(50,127)	(1,496)
At September 30/December 31	1,523,779	1,051,004
17 Revenue		
Sale of gray cement	5,693,398	6