

LAFARGE SURMA CEMENT LTD.

Suvastu Imam Square, 65 Gulshan Avenue, 3rd Floor, Guldhan 1, Dhaka 1212, Bangladesh
Telephone: +88 02 8812026, 8854847, Fax: +88 02 8825413, 8815167
E-mail: info@bd.lafarge.com, Web: www.lafarge-bd.com

LAFARGE SURMA CEMENT LTD. ANNUAL REPORT 2009

BRINGING ELEMENTS TO LIFE
ANNUAL REPORT 2009

Lafarge Surma Cement Ltd.

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

THE FACTORY BRINGS THE RAW MATERIAL- LIMESTONE FROM MEGHALAYA BY A 17 KILOMETER LONG BELT CONVEYOR

The project with an investment of USD 280 million, which is one of the largest foreign investments in Bangladesh, has been financed by Lafarge of France, world leader in building materials, Cementos Molins of Spain, leading Bangladeshi business houses together with International Finance Corporation (IFC – The World Bank Group), the Asian Development Bank (ADB), German Development Bank (DEG), European Investment Bank (EIB), and the Netherlands Development Finance Company (FMO).



Notice of the 12th Annual General Meeting 3
Company Profile 5
Corporate Management 6
Chairman's Message 8
Composition of the Shareholders 13
Corporate Governance 14
Report of the Board of Directors to the Shareholders 18
Case Study 33
Audit Committee Report 35

CONTENTS

Consolidated Audited Financial Statements of Lafarge Surma Cement Limited

Auditors' Report to the Shareholders 37
Consolidated Balance Sheet 38
Consolidated Income Statement 39
Consolidated Cash Flow Statement 40
Consolidated Statement of Changes in Shareholder's Equity 41
Notes to the Consolidated Financial Statements 42

Audited Financial Statements of Lafarge Surma Cement Limited

Auditors' Report to the Shareholders 63
Balance Sheet 64
Income Statement 65
Cash Flow Statement 66
State of Changes in Shareholders' Equity 67
Notes to the Financial Statements 68

Report and Financial Statements of Subsidiary Companies:

Lafarge Umiam Mining Private Limited
Directors' Report 87
Auditors' Report to the Members 96
Balance Sheet 100
Profit and Loss Account 102
Cash Flow Statement 104
Schedules forming part of the Balance Sheet 105
Schedules forming part of the Profit and Loss Account 108
Notes forming part of Financial Statements 114

Lum Mawshun Minerals Private Limited

Directors' Report 123
Auditors' Report to the Members 125
Balance Sheet 129
Profit and Loss Account 130
Schedules forming part of the Balance Sheet 131
Notes forming part of Financial Statements 132

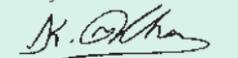
Form of Proxy and Attendance Slip 135

NOTICE OF THE 12TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF LAFARGE SURMA CEMENT LIMITED

Notice is hereby given that the 12th Annual General Meeting (the "AGM") of the Shareholders of Lafarge Surma Cement Limited (the "Company") will be held on Thursday, June 24, 2010 at 11:00 A.M. at the Harmony Hall, Bangabandhu International Conference Centre, Agargaon, Sher-e-Bangla Nagar, Dhaka 1207 to transact the following business:

1. To receive and adopt the Balance Sheet as of December 31, 2009 and the Income Statement along with the Cash Flow Statement for the year ended on the same date and the reports of the Auditors and the Directors thereon.
2. To elect Directors.*
3. To appoint Auditors and fix their remuneration.

By order of the Board



Kazi Mizanur Rahman
Company Secretary

Dated: May 25, 2010

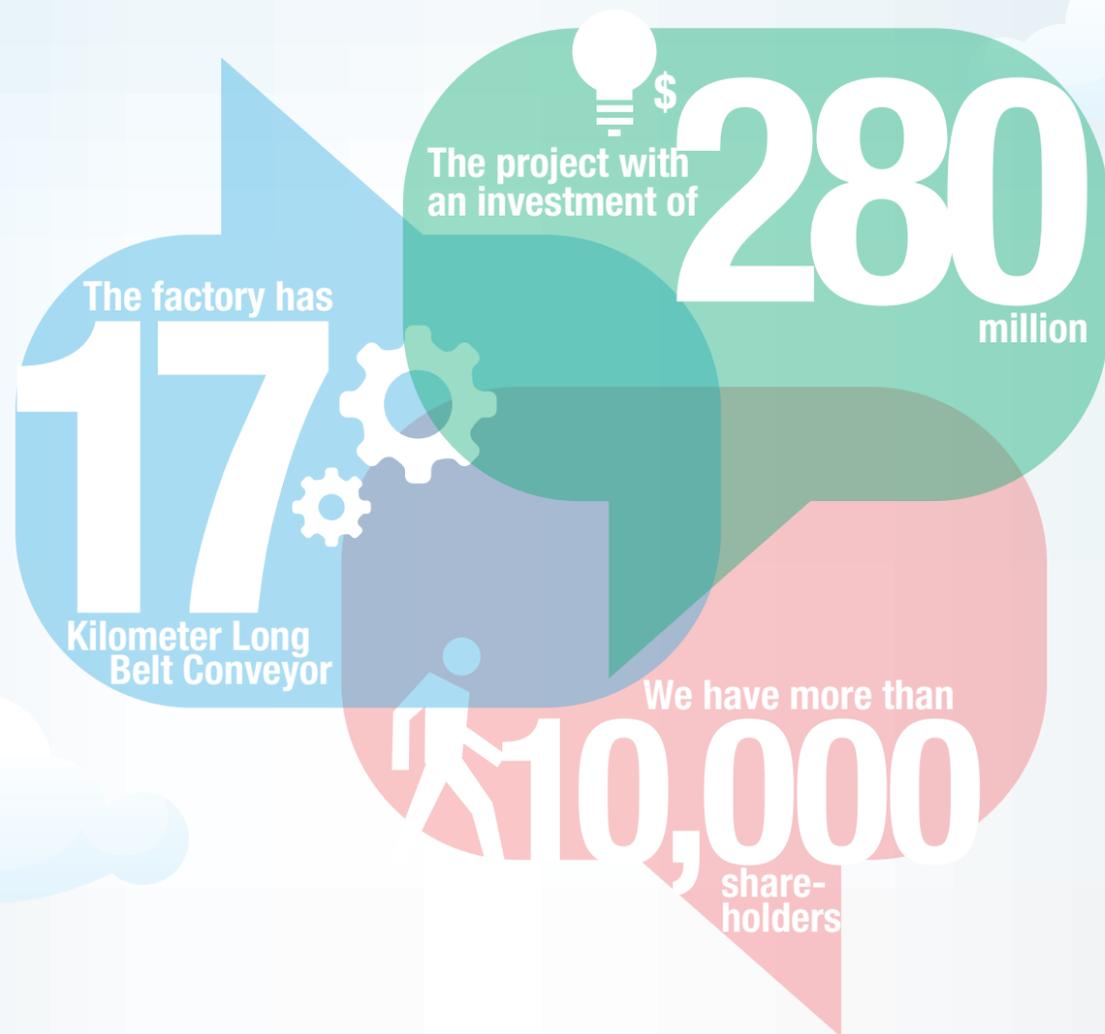
Registered Office:
65 Gulshan Avenue, 3rd floor
Gulshan 1, Dhaka 1212

Notes:

- (i) The Record Date of the Company was on April 26, 2010 (which was intimated earlier). Members, whose names appeared in the Company's register (certificated and depository) at the close of business on the Record Date, will be entitled to attend the AGM.
- (ii) A Member eligible to attend and vote in the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. No person shall act as proxy unless he/she is entitled to be present and vote in the AGM in his/her own right. The proxy form, duly stamped, must be deposited at the Registered Office of the Company not less than 72 hours before the time fixed for the AGM.
- (iii) Admission into the AGM venue will be allowed on production of the Attendance Slip attached with the Proxy Form.

* The Director appointed by the Public Shareholders in the 11th AGM has resigned. The Public Shareholders will elect one nominee in the 12th AGM to fill up this vacancy. Following is the election schedule for this purpose:

- (a) Filing of nomination at the Company's Registered Office by June 7, 2010 up to 5 p.m.;
- (b) Withdrawal of nomination by June 10, 2010 up to 5 p.m.;
- (c) Scrutiny of nomination will be completed by 11 a.m. on June 13, 2010;
- (d) Notice on the final candidates will be displayed on the notice board at the Registered Office at 3 p.m. on June 13, 2010; Election Procedure, Nomination Forms will be supplied on request from the Company's Registered Office.



- About 5000 people depend on our business directly or indirectly
- Corporate Social Responsibility: Healthcare, Education, Vocational Training, Employment & Business Development, Environment

COMPANY PROFILE

Lafarge Surma Cement Ltd. (LSC) was incorporated on 11 November 1997 as a private limited company in Bangladesh under the Companies Act 1994 having its registered office in Dhaka. On 20 January 2003 Lafarge Surma Cement Ltd. was made into a public limited company. The Company is listed in Dhaka and Chittagong Stock Exchange. Today, Lafarge Surma Cement Ltd. has more than 10,000 shareholders.

In November 2000, the two Governments of India and Bangladesh signed a historic agreement through exchange of letters in order to support this unique cross border project and till date it is the only cross-border industrial project between the two countries. Since Bangladesh does not have any commercial deposit of limestone, the agreement provides for uninterrupted supply of limestone to the cement plant at Chhatak in Bangladesh by a 17 km long belt conveyor from the quarry located in the state of Meghalaya. The company in Bangladesh, Lafarge Surma Cement Ltd. wholly owns a subsidiary company Lafarge Umiam Mining Private Ltd. (LUMPL) being registered in India, which operates its quarry at Nongtraï in Meghalaya.

The project with an investment of USD 280 million, which is one of the largest foreign investments in Bangladesh, has been financed by Lafarge of France, world leader in building materials, Cementos Molins of Spain, leading Bangladeshi business houses together with International Finance Corporation (IFC – The World Bank Group), the Asian Development Bank (ADB), German Development Bank (DEG), European Investment Bank (EIB), and the Netherlands Development Finance Company (FMO).

Lafarge Group, with 176 years of experience, holds world's top-ranking position in Cement, Aggregates, Concrete and Gypsum. It operates in 78 countries with around 78,000 employees. Lafarge is named as one of the 100 Most Sustainable Companies in the World.

Cementos Molins of Spain, with 75 years of experience, also operates in Mexico, Argentina, Uruguay, and Tunisia.

Now, after two years of production operations, the Company is producing world class clinker and cement which is a demonstration of the sophisticated and state-of-the-art machineries and processes of the Company's plant at Chhatak. The Company is already meeting about 8% of the total market need for cement and 10% of total clinker requirements of Bangladesh market whereas the Company continues to enjoy strong growth rates. By supplying clinker to other cement producers in the market, the Company contributes some USD50~60 million per annum worth of foreign currency savings for the country. The Company contributes around BDT 1 (one) billion per annum as government revenue to the national exchequer of Bangladesh. About 5,000 people depend on our business directly or indirectly for their livelihood.

The Company believes that cement is an essential material that addresses vital needs of the construction sector. The Company is very much optimistic to meet the growing needs for housing and infrastructure in the construction sector of Bangladesh.

Executive Committee

Mr. Michael Andrew Cowell, Managing Director
Mr. Masud Khan, Finance Director
Mr. Michael Wong Siew Kheong, Logistics and Business Development Director
Mr. Kazi Khalid Mahmood, Commercial Director
Mr. Shuvashish Priya Barua, Corporate Affairs Director
Ms. Sayeda Tahya Hossain, Human Resources Director
Mr. Asim Chattopadhyay, Sr. Vice President Operations

Audit Committee

Chairman : Mr. Jose Maria Fontdecaba, Director
Member : Mr. Manzurul Islam, Director
Member : Mr. Michael Andrew Cowell, Managing Director
Member : Mr. Zakir Ahmed Khan, Independent Director

Company Secretary

Mr. Kazi Mizanur Rahman

Auditors

Hoda Vasi Chowdhury & Co
Chartered Accountants
BTMC Building (8th Level)
7-9 Karwan Bazar C/A
Dhaka 1209

Lenders

ADB - Asian Development Bank
DEG - German Development Bank
EIB - European Investment Bank
FMO - The Netherlands Development Finance Company
IFC - International Finance Corporation
ABB - Arab Bangladesh Bank Limited
SCB - Standard Chartered Bank

CORPORATE MANAGEMENT
BOARD OF DIRECTORS

Registered Office

65 Gulshan Avenue, 3rd floor
Gulshan 1, Dhaka 1212, Bangladesh
Telephone: +88 02 8812026, 8854847
Fax: +88 02 8825413, 8815167
Web: www.lafarge-bd.com
Email: info@bd.lafarge.com

Security Agent

Citibank N.A.



Mr. Jose Maria Fontdecaba
Director

Mr. Zakir Ahmed Khan
Independent Director

Mr. Syed Md. Moazzem Hussain
Director

Mr. Anisur Rahman Sinha
Director

Mr. Jean Desazars de Montgailhard
Director

Mr. Manzurul Islam
Director

Mr. Enrique de Bobes Pellicer
Director

Mr. Shivesh Kumar Sinha
Director

Mr. Martin Kriegner
Chairman

Mr. Salvador Fernandez Capo
Director

Mr. Michael Andrew Cowell
Managing Director

CHAIRMAN'S MESSAGE

It is my pleasure to welcome you all to the 12th Annual General Meeting of Lafarge Surma Cement Limited. It is a very good opportunity for us to exchange views and thoughts on the Company's activities as well as report on the overall performance during the past year and its potentials for the future.

Dear Valued Shareholders

In economic terms, 2009 will be remembered as a year of global economic crisis. Like any other, the construction industry suffered a significant slump, particularly in Europe and North America. However, in contrast 2009 was a good year for your Company's performance.

During the last year, your Company has shown remarkable improvement in enhancing its national market share. While the cement industry has experienced double digit growth, your Company has grown at double the cement market growth rate. Majority of our trade customers are operating on cash and not credit basis, which has significantly strengthened your Company's cash flow for 2009.

While the cement industry has shown double digit growth, your Company has grown double the cement market growth rate. Majority of our trade customers are operating on cash and not credit basis, which has significantly strengthened your Company's cash flow for 2009.

Dear Shareholders

Your Company has continued to improve the distribution system by opening two new depots in Barisal and Chittagong, as well as increasing the storage capacity of existing depots to meet the sales demand. In addition to the dedicated truck fleet, your Company has also deployed a fleet of dedicated barges to increase the shipment of cement through the Surma River to reduce logistics costs. All these actions have resulted in a 32% increase in dispatch volume in 2009.

Dear Shareholders

Despite ongoing challenges, your Company earned a respectable profit in 2009. However, you may be aware of the fact that your Company had significant amount of past accumulated loss up to the end of 2008. The Board of Directors of your Company therefore recommended not declaring any dividend for the year 2009. This has been done in order to strengthen the financial position of the Company and safeguard the long term interests of the shareholders and the sustainable future of the Company.

Dear Shareholders

Health and Safety is the number one priority of your Company. Ensuring health and safety of the employees and the contractors is always a challenge and we are proud to say that your Company is winning that challenge more and more. Since its inception, for the first time in 2009, your Company achieved a lost time injury (LTI) free year.

Dear Shareholders

Your Company is emphasizing on the development of the employees to be ready to take over their next position and ensure a long term career for them. A complimentary recruitment process is being followed in the market to recruit the right talent for the right position.



Dear Shareholders

Even in difficult times, your Company takes its environmental and social responsibilities seriously and sincerely. The focus of this year's CSR activities was Healthcare. Your Company has provided sanitation wares to 200 families in remote villages near the plant at Chhatak. Your Company also provided arsenic filters to all the project affected families to ensure access to safe drinking water. There is also a qualified physician and a nurse available everyday to provide free medical assistance to the Projected Affected People (PAPs). Satellite clinic sessions are also held periodically in remote villages taking health-care services to the doorsteps of the villagers.

LUMPL, the Indian subsidiary of your Company, has also undertaken wide ranging community development activities in the field of healthcare, education, infrastructure development, water supply scheme and development of livelihood in the villages surrounding the mining site in Meghalaya especially at the villages of Nongtraï and Shella.

Dear Shareholders

There has been suspension of limestone mining operations in the subsidiary company (LUMPL) by an interim order of the Hon'ble Supreme Court of India dated 5 February 2010. In consequence, we had to stop clinker production. In subsequent hearings, the Hon'ble Supreme Court has stated further criteria on the subsidiary company for obtaining forest clearance prior to resumption of operations. The final order from the Hon'ble Court is still pending.

Your Company and the Sponsors have given their highest importance to resolve the Forest Clearance issue pending before the Supreme Court of India and are hopeful that the issue will be resolved as soon as possible.

Dear Shareholders

Our goal remains to become the undisputed leader in the cement market in Bangladesh. With your continuous support, we are committed to make this a reality soon.

Martin Kriegner
Chairman

Date: Dhaka, May 21, 2010



The Company is fortunate to have a blend of both international and local shareholders. The international shareholders of Lafarge Surma Cement Ltd. bring in technological and management expertise while the local partners provide deep insights of the economy of Bangladesh. The shareholders believe that growth and innovation must add value, not only for the Company, but also for customers, whom the Company serves through modern and well-located production facilities as well as innovative and reliable products.

COMPOSITION OF THE SHAREHOLDERS

Surma Holdings B.V.

Surma holding B.V. was incorporated in the Netherlands, which owns 58.87% of Lafarge Surma Cement Ltd. Lafarge Group of France and Cementos Molins of Spain each owns 50% share of Surma Holding B.V.

Lafarge Group

One of the major sponsors, Lafarge Group holds world's top-ranking position in Cement, Aggregates & Concrete and Gypsum, with about 78,000 employees in 78 countries.

Lafarge was founded in France in 1833.

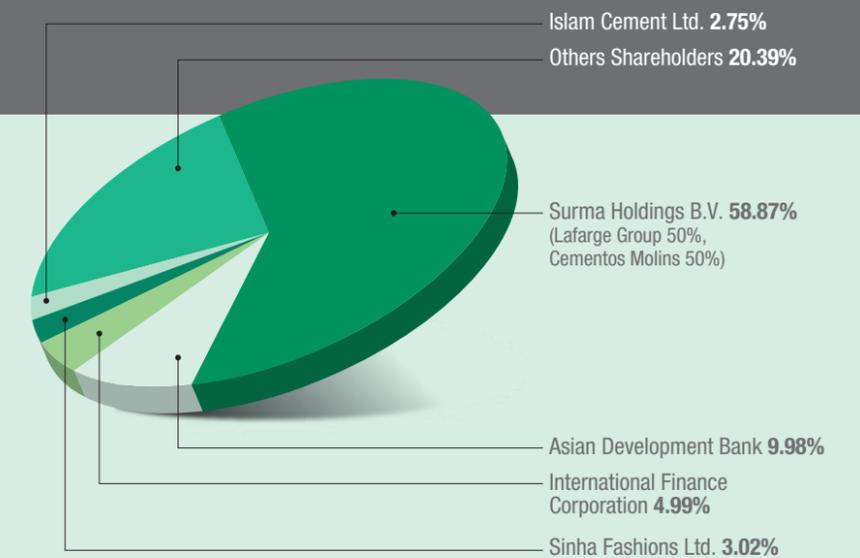
Through the years since its inception, it has been growing steadily to take lead in the production of different kinds of construction materials and has established itself as the world leader in construction material business.

In 2010, for the sixth consecutive year, Lafarge has been listed as one of the 100 most sustainable companies in the world.

Cementos Molins

Another major sponsor, Cementos Molins, based in Barcelona, Spain, is a renowned cement company founded in 1928. With over 75 years of experience in manufacturing cement, Cementos Molins has industrial operations also in Mexico, Argentina, Uruguay and Tunisia.

Besides Lafarge and Cementos Molins as major sponsors, the equity partners are Asian Development Bank (ADB), International Finance Corporation (IFC) and Islam Group and Sinha Group from Bangladesh. The financiers to the project include Asian Development Bank (ADB), International Finance Corporation (IFC), German Development Bank (DEG), European Investment Bank (EIB), the Netherlands Development Finance Company (FMO) and local Standard Chartered Bank and AB Bank Limited. In addition to that Citibank N.A., HSBC, Commercial Bank of Ceylon PLC, Uttara Bank Limited, The Trust Bank Limited, Eastern Bank Limited have participated in working capital management of the Company.





CORPORATE GOVERNANCE

Corporate governance is ensured through a structured process that directs, controls and holds the organization accountable. The powers and responsibilities of the Board, Executive Committee, shareholders and other stakeholders are clearly defined. Continuous improvement in terms of performance in corporate governance has led the Company to deploy considerable resources and implement internationally accepted

We ensure compliance with the accounting and reporting standards in consonance with the requirements of Securities and Exchange Commission and applicable laws of the country in which the Company operates.

standards in its day-to-day operations.

The Company gives highest priority to its shareholders and is committed to the highest standard of disclosures, transparency and accountability to the shareholders.

The Company's internal regulations ensure respect towards the best practices of corporate governance in the framework of its management practices.

Corporate Governance Guidelines

The Company supports the principles of good corporate governance based on its principles which include transparency and a high degree of corporate governance standards. The Company values open communication with all shareholders on how the Company is being run, compliance with the laws of the land in which we operate, and the foremost, that the Executive Committee is the trustee of the shareholders capital.

The Company also ensures compliance with the accounting and reporting standards in consonance with the requirements of Securities and Exchange Commission and applicable laws of the countries in which the Company operates.

Code of Business Conduct

Our commitment to carry out operations in a responsible manner and to conduct our business with integrity is enshrined in our Codes of Conduct. This ensures a more methodical and competent approach to corporate governance issues.

The Company has adopted a clearly defined Codes of Conduct, approved by the Board of Directors, for business ethics, in all aspects of the Company's activities. It constitutes the basis upon which all our policies and procedures are formulated.

All Company employees are expected to read and understand this Code of Business Conduct, uphold these standards in day-to-day activities, comply with all applicable policies and procedures, and ensure that all contractors are aware of, understand and adhere to these standards.

Composition of the Board

The Board of Directors of the Company comprises of eleven Directors. The Managing Director is the only Executive Director of the Board with responsibility for the overall management of the Company. Of the eleven Directors, seven are representatives from the major sponsor, namely Surma Holding B.V., which is a 50:50 joint venture of Lafarge Group of France and Cementos Molins of Spain. Two highly reputed local sponsors namely Islam Cement Ltd. and Sinha Fashions Ltd. have nominated their Chairmen in the Board. Further, as per the requirement of the Securities and Exchange Commission, the public shareholders elected two Directors, i.e., the nominees of AB Bank Ltd. and Delta Life Insurance Company Ltd., in the

Annual General Meetings to represent the general investors. The nominee of AB Bank has resigned from the Board in December 2009. As a result, the position of one Director representing the public shareholders is presently vacant. In the 12th Annual General Meeting, the public shareholders are expected to elect one Director against this vacant position. Furthermore, as per the directive of the Securities and Exchange Commission vide its notification dated 20 February 2006, the Board of Directors of the Company appointed one Independent Director.

The Company's Board is represented by both international and local Directors. This composition has placed the Board in an advantageous position to blend international business practices and standards with the local traditions and good practices.

Role and Responsibility of the Board

The Board is responsible for ensuring that the Company has an efficient and accountable Executive Committee (i.e. management team) with clear internal demarcation of responsibility and work. The Board also makes sure that the Company has good internal controls with respect to the Company's values, the Codes of Conduct and overall business operations.

The Board of Directors guides the Executive Committee of the Company to ensure and uphold the highest interest of the shareholders.

The Board of Directors meets at least once a quarter. Four meetings of the Board were held during the year ended on December 31, 2009.

For the purpose of efficient and effective management of the Company, the Executive Committee, under certain specific directions from the Board, runs the day to day business operations of the Company. The Executive Committee is comprised of the functional directors and is headed by the Managing Director, who is also a member of the Board of Directors. The Executive Committee meets every week to evaluate the day to day operations of the Company. The senior management members of the Company meet with the Executive Committee once in every month to evaluate performance of the Company. Apart from these formal meetings, the functional directors and senior management members are in constant touch on a daily basis for smooth and effective running of the business operations of the Company.

Communications with our Shareholders

The Company is committed to maintain a transparent and trustworthy relationship with the shareholders. The Company presented the Annual Report, Half Yearly Report and Quarterly Reports containing, among others, the audited financial statements of the Company in compliance with the requirement of the Securities and Exchange Commission and the Stock Exchanges. The Company also published Price Sensitive Information in the widely circulated daily newspapers as and when required. To protect interests of the shareholders, the Company promptly responded to any query raised by Securities and Exchange Commission and Stock Exchanges.

Shareholders have been participating in open discussions with the Board of Directors in the Annual General Meetings and on many occasions their valuable suggestions have been duly noted. Above all, the Secretariat of the Company is open to all shareholders at all office hours. The Secretariat also maintains a Complaint Box. If any of the shareholders face any problem in communicating with the Company, they may submit their complaints, which are being directly addressed by the senior management of the Company.

Accountability and Audit

The Board of Directors reviews the annual consolidated financial statements before these are submitted to the auditors for their report for adoption by the shareholders in the general meeting.

In compliance with the Notification of the Securities Exchange Commission dated 20 February 2006, the Board has formed an Audit Committee. Four Directors of the Company are the members of the Audit Committee, including the Independent Director.

The Audit Committee ensures assessment of the relevance and consistency of accounting methods adopted

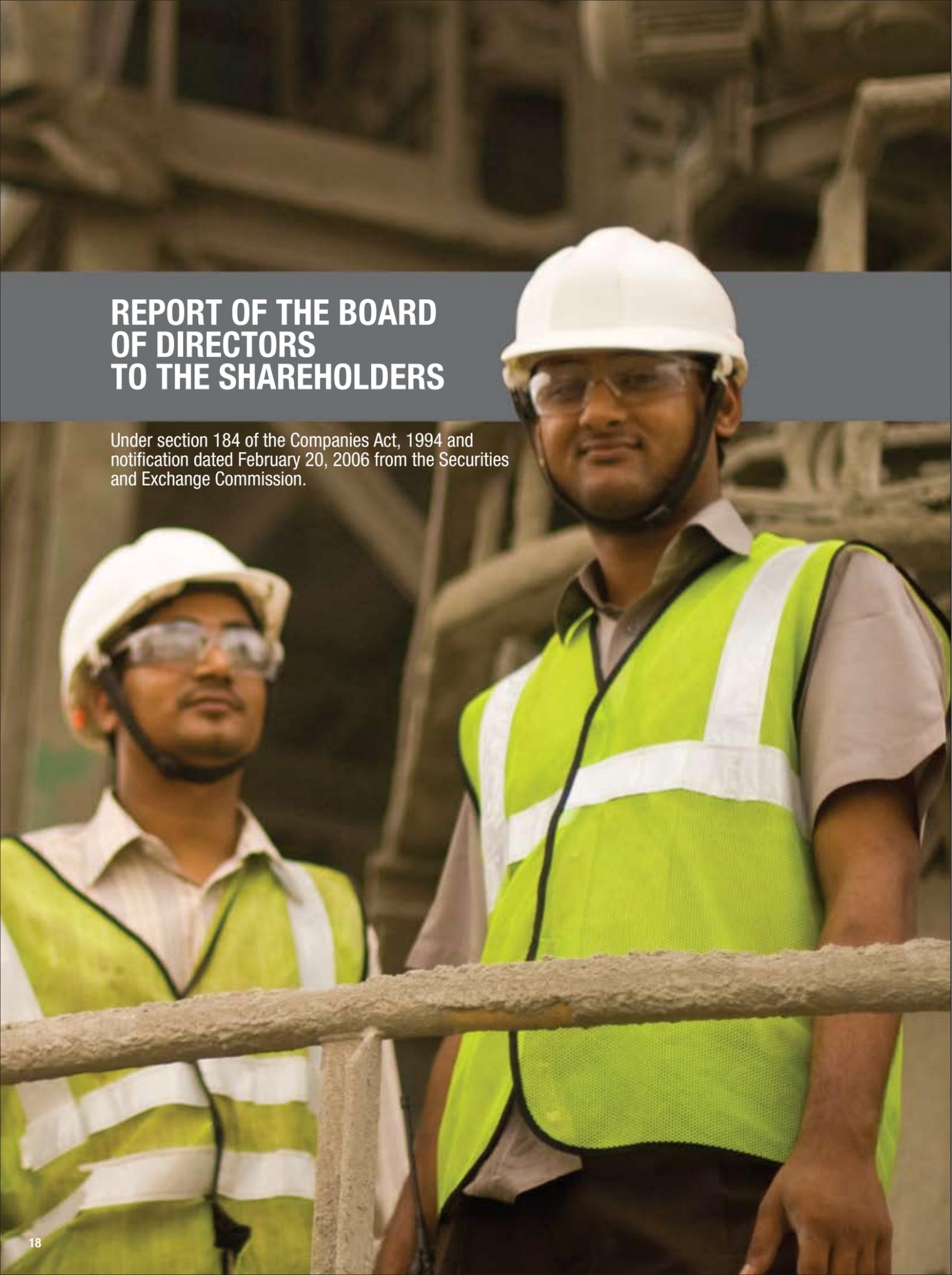
for the preparation of the financial statements and also meticulously reviews the financial position once in every quarter as per the highest international standard and practice. The report of the Audit Committee is also published in the Annual Report of the Company. The Audit Committee held three meetings in 2009.



Compliance with Legal Requirements

Our corporate governance performance is aimed at full compliance with the applicable laws without any compromise.

The Board of Directors gives highest priority to compliance with statutory requirements governing the industry and adherence to the International Accounting Standards/ International Financial Reporting Standards and requirements of the Securities and Exchange Rules and other applicable laws to uphold the reputation of the Company.

A photograph of two men in safety gear (hard hats and high-visibility vests) standing in an industrial setting, likely a cement plant. The man in the foreground is wearing a white hard hat and a high-visibility yellow vest over a light-colored shirt. The man in the background is also wearing a white hard hat and a high-visibility yellow vest. They are standing behind a concrete railing. The background shows industrial structures and equipment.

REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

Under section 184 of the Companies Act, 1994 and notification dated February 20, 2006 from the Securities and Exchange Commission.

Dear Shareholders

The Directors of Lafarge Surma Cement Ltd. (the "Company") welcome you to the 12th Annual General Meeting and present their report on the state of the Company's affairs and the audited financial statements of the Company for the year ended on December 31, 2009.

Production of world class quality clinker and cement is a demonstration of the sophisticated and state-of-the-art machineries and processes of the Company's plant at Chhatak.

State of the Company's Affairs

The year 2009 was very significant for your Company. For the second consecutive year, your Company has successfully completed production operations. Production of world class quality clinker and cement is a demonstration of the sophisticated and state-of-the-art machineries and processes of the Company's plant at Chhatak. The year 2009 was also a strong performance year for commercial activities.

On February 5, 2010, the Hon'ble Supreme Court of India directed Lafarge Umiam Mining Pvt. Ltd. ("LUMPL"), the Indian subsidiary of your Company, to stop mining activities in the State of Meghalaya. However, the Hon'ble Court allowed LUMPL to export already mined materials. Following several hearings, in the last hearing on April 26, 2010, the Hon'ble Supreme Court of India has instructed LUMPL to submit certain reports, which have been recommended by the Ministry of Environment and Forest (MoEF), India. The MoEF already confirmed our Environmental Clearance.

The Hon'ble Court is expected to fix the date of the next hearing in third week of July 2010.

Unavailability of limestone will force us to stop clinker production. This will have a negative financial impact for the duration of stoppage of clinker production.

We are looking at various options to continue our operations. We will continue to serve the market and meet the demands of our valued customers with our world class cement.

Your Company has always been committed to legal and environmental compliances and the MoEF "high powered committee" which visited the LUMPL site recently has confirmed that high environmental standards have been maintained.

Your Company is therefore hopeful of meeting all the conditions stipulated by the Hon'ble Supreme Court of India to enable recommencement of the mining operations as soon as possible.



Health & Safety

Health & Safety is the number one priority of your Company. Ensuring health and safety of the employees and the contractors is always a challenge and we are proud to say that your Company is winning that challenge more and more. Since its inception, for the first time in 2009, your Company achieved a lost time

Your Company's ambition is to be a leader in the field of Health and Safety and with that end in mind an Annual Health & Safety Plan for 2010 is under implementation.

injury (LTI) free year while continuing our production operations. In 2009, we undertook many programmes to continue our improvement in the field of "Safety Behavioural Change" within the Company and among its contractors' personnel. The month of March 2009 was observed as the "Near-Miss Incident Reporting Awareness Month" to improve reporting of near-miss incidents with an objective of eliminating accidents. The month of June 2009 was observed as the "Safety Month" with a theme of "Improving Our Safety Behaviour". Many posters on core safety issues were posted at the plant, terminal and head office, and different video presentations, quiz competitions, PEP talks and training sessions were conducted to improve the safety awareness of the employees and contractors. Enthusiastic participation by both the Company and contractors' personnel made the Safety Month a great success.

Your Company's ambition is to be a leader in the field of Health and Safety and with that aim in mind an Annual Health & Safety Plan for 2010 is under implementation. This plan is constructed in line with world class Standards, Advisories and Priorities in such a way, so that a unique visible change can be achieved to make your Business Unit as one of the best Business Units. We are committed to ensure the best possible healthy and safe work environment for the employees and contractors of the Company.

Security

Your Company has been implementing a full-fledged security plan. Security agencies are in place at different sites, who are working under the supervision of your Company's Security Manager and Officers.

Production Performance

2009 is a year of many milestones in your Company's plant performance. During 2009, main thrust was given to implement improvement plans for wet raw materials handlings, improving reliability of VRM and improving the quarry crusher performance.

From the comparison below, it will be evident that your Company believes in continuous improvement:

Parameters	Units	2009	2008
Clinker Production	Kt	1184	1022
Cement Production	Kt	967	747
Clinker Dispatches	Kt	536	392
Cement Dispatches	Kt	982	744

In 2009, your Company successfully explored the opportunity to use local companies for manufacturing and fabrication of some critical spares, which has helped in reducing costs and foreign exchange outflows.

Commercial Performance

During the last year, your Company has shown remarkable improvement in growing its sales volumes. While the cement industry has shown double digit growth, your Company has grown at double the cement market growth rate. Majority of our trade customers are operating on cash and not credit basis, which has significantly strengthened your Company's cash flow for 2009.

The Company's brand SUPERCREE is now a well established brand in the market and is the most widely available brand in any part of Bangladesh. This was only possible through launching an efficient distribution network with focus on retail distribution. You will be happy to know that your Company has doubled the retail distribution network in 2009, compared to the previous year. Your Company made significant improvements by deploying a fleet of dedicated trucks and barges and has opened new terminals in Barisal and Chittagong, along with the existing terminals in Dhaka, Noapara and Sylhet. The terminals are operating on 24 hours basis to give better services to our valued customers.

Your Company is making further improvement in the distribution system to load barges/trucks during monsoon and to increase the dispatch capacity. This will further improve the demand/supply gap particularly during peak seasons and monsoons.

The quality of your Company's product has been perceived by the customers as "Customers' Preferred Choice" due to its consistent quality. Lab testing equipments are calibrated regularly and we have installed a web based application to record testing data on line at the ATC (Asian Technical Centre) without any human interference. This has further enhanced the integrity and reliability of our product testing data.

Your Company is in constant touch with the engineers, contractors, masons and architects to enhance our brand equity through face to face interaction. Your Company has organized a number of technical seminars and mason meets to demonstrate its product usage properties as well as to share good construction practices.

Logistic Performance

As stated above, your Company has continued to improve the distribution system by opening two new depots in Barisal and Chittagong, as well as increasing the storage capacity of existing depots to meet the sales demand. Palletized operations were also introduced at the Kutubpur depot to improve efficiency and safety. In addition to the dedicated truck fleet, your Company has also deployed a fleet of dedicated barges to increase the shipment of cement through the Surma River to reduce logistics costs. All these actions have resulted in a 32% increase in dispatch volume from 744,447t in 2008 to 982,090t in 2009.

On clinker loading, your Company has introduced a clinker loading skirt to increase loading efficiency and reduce clinker dust emissions during loading process. Your Company will continue to implement other efficiency and safety measures to further improve our logistics performance.

Financial Performance

The Directors take pleasure in reporting the Financial Results of the Company for the year ended 31st December 2009:

	Tk. 000	
	2009	2008
Profit before tax	1,049,829	940,982
Income tax	(466,904)	(305,787)
Net profit after tax	582,925	635,195
Transfer to un-appropriated profit	582,925	635,195
Earnings per share	10.04	10.94

The Consolidated Financial Results of the Company for the year ended 31st December 2009 are as follows:

	Tk. 000s	
	2009	2008
Profit before tax	1,462,465	483,860
Income tax	(466,904)	(307,327)
Net profit after tax	995,561	176,533
Transfer to un-appropriated profit	995,561	176,533
Earnings per share	17.15	3.04

In the Audit Report to the shareholders, the auditors have drawn attention to notes 2 and 3.1 to the financial statements disclosing the fact that there has been suspension of limestone mining operations in the subsidiary company (LUMPL) by an interim order of the Hon'ble Supreme Court of India dated 5 February 2010. In subsequent hearings, the Hon'ble Supreme Court has stated further criteria on the subsidiary company for obtaining forest clearance. The final order from the Hon'ble Court is still pending.

In this regard, the Board of Directors of the Company would like to draw your kind attention to the relevant statements made above in the State of the Company's Affairs. Your Company and the Sponsors have given their highest importance to resolve the Forest Clearance issue pending before the Supreme Court of India and are hopeful that the issue will be resolved as soon as possible.

Dividend

Despite the fact that the Company has earned a consolidated EPS of Tk.17.15 in 2009, the Company still has large accumulated loss. In order to strengthen the financial position of the Company and safeguard the long term interests of the shareholders and the sustainable future of the Company, the Board of Directors of the Company did not recommend any dividend for the year 2009.

Human Resources

Your Company is emphasizing on the development of the employees to be ready to take over their next position and ensure a long term career for them. A complimentary recruitment process is being followed to recruit the right talent for the right position from the market. A rigorous succession planning process has been rolled out to identify the successors for the key positions and a proper development plan is formed for them. Retention strategies are also being designed for the employees of the Company. Local talents are already taking over positions replacing the expatriates in the plant and it is an on-going process.

Your Company continues to benchmark the compensation and other benefits with the market and offers competitive remuneration package to attract new talents and to keep the existing internal resources motivated.

Corporate Social Responsibility

Your Company strongly believes that business is a priority but social welfare is a responsibility. This is a key for sustainable development. Thus, it has wide ranging community development activities around its plant at Chhatak and its quarry in Meghalaya.

The focus of this year's CSR activities was Healthcare. Your Company took important steps in this regard. The Company has provided sanitation wares to two hundred (200) families in remote villages near the plant at Chhatak. Your Company also provided arsenic filters to all the project affected families to ensure access to safe drinking water.

There is also a qualified physician and a nurse available everyday to provide free medical assistance in a medical clinic at the Community Development Centre at Chhatak which has brought tremendous relief to the Project Affected People (PAPs). They now have access to primary healthcare that includes consultation and medicinal support. Satellite clinic sessions are also held periodically in remote villages taking healthcare services to the doorsteps of the villagers.



Earlier children of the PAPs (Project Affected People) at Chhatak never went to any school as there was no schooling facility nearby and the guardians lacked motivation to educate their children. Now they have access to education and their children regularly attend primary lessons in language, mathematics, geography, science and art. The school has been named as “LSC Community Welfare School” which offers free education up to class five. We have also opened up a library at the school complex where school children now get the opportunity to read different kinds of books which are very important for their general knowledge development.

The LSC Community Welfare School at Chhatak also achieved a great success this year as the school recorded 100% success rate at the primary education national examination.

During the year the Company has assisted in the construction of a mosque for the local community beside the housing complex near the plant at Chhatak. Engineers of the Company provided support in designing and other necessary preparation work. Also your Company has donated Supercrete cement for the construction work of the mosque.

Once living as dependent housewives, women in the project affected community at Chhatak now have sufficient opportunities for empowerment through income generating activities on poultry rearing, sewing, kitchen gardening, candle making and even on shop-management, with necessary vocational training and start-up capital provided by your Company.

Apart from the above, your Company has always been on the forefront in responding to the needs of the disadvantaged people in and around our operations at the trying times. This winter the Company undertook an initiative, as a socially responsible corporate citizen, to distribute a total of two thousand (2,000) blankets among the affected and disadvantaged people at Chhatak and Kutubpur.

LUMPL, the Indian subsidiary of your Company, has also undertaken wide ranging community development activities in the field of healthcare, education, infrastructure development, water supply scheme and development of livelihood in the villages surrounding the mining site in Meghalaya especially at the villages of Nongtraï and Shella.

In addition to a permanent healthcare centre, a Mobile Clinic and a registered medical doctor, free medical services including medicines are being provided to the surrounding villagers of our mining site operations. LUMPL organized several health camps where free pathological tests, dental and vision screening tests, distribution of spectacles free of costs and free cataract operations were conducted.

LUMPL continues to provide annual scholarships to the local bright and needy students, assistance for enhancement of schoolteacher’s salary, support to the school’s infrastructure and academic gadgets to the students. In Nongtraï Village, LUMPL has extended its education programme from the Upper Primary to Class VIII in an effort to convert the Upper Primary school into a Secondary school facility and classes have already commenced for the academic year 2010.

LUMPL has set up a weaving centre at Nongtraï village and after the first six months, the trainees have held an exhibition cum sale of the finished products.

The local community has also been supported by improvement of the basic community infrastructures like construction of concrete walkways, washing ramps, public lavatories, bathing enclosures, drains etc. Village water supply schemes are drawn and have reached the final process and the water supply operations will start from the month of May 2010 at 3 sub-villages.

Directors

The Company has eleven (11) Directors in the Board including the Managing Director. Pursuant to the provisions of the Companies Act, 1994, one third of the Directors, except the Managing Director, shall retire by rotation in every ordinary general meeting. Accordingly, four (4) Directors of the Company will retire at the 12th Annual General Meeting. The retiring Directors are Mr. Zakir Ahmed Khan, Independent Director, Mr. Salvador Fernandez Capo (nominee of Surma Holding B.V.), Mr. Anisur Rahman Sinha (nominee of Sinha Fashions Limited) and Mr. Syed Moazzem Hussain (nominee of Delta Life Insurance Company Limited). Being eligible they offer themselves for re-election.

Mr. Kaiser A. Chowdhury (nominee of AB Bank Limited) resigned from the Board by a letter dated December 6, 2009, which was confirmed by a Board resolution of AB Bank Limited communicated to the Company on December 14, 2009. Mr. Chowdhury was one of the two Directors appointed by the public shareholders in the 11th Annual General Meeting.

The public shareholders shall elect their representative in the vacant position in the 12th Annual General Meeting.

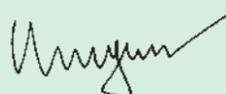
Auditors

Pursuant to Section 210 of the Companies Act, 1994, the Company's statutory auditors M/S, Hoda Vasi Chowdhury & Co., Chartered Accountants, retire at the 12th Annual General Meeting.

By Notification dated January 3, 2002 the Securities and Exchange Commission restricts appointment of any firm of chartered accountants as the statutory auditors for a consecutive period exceeding three years. Appointment of M/S, Hoda Vasi Chowdhury & Co. as the statutory auditors of the Company for the year ending on December 31, 2010 falls under the restriction of the Notification. However, on request from the Company, the Securities and Exchange Commission by letter dated May 13, 2010 has accorded clearance for re-appointment of the existing statutory auditors M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, for the year ending on December 31, 2010.

As per notification dated February 20, 2006 from the Securities and Exchange Commission, the Directors make additional statements and furnish compliance report in Annexure 1 attached herewith.

For and on behalf of the Board of Directors



Martin Kriegner
Chairman

Date: Dhaka, May 24, 2010

Annexure 1

Additional Statements by the Board of Directors as notification dated February 20, 2006 from the Securities and Exchange Commission:

- That, the financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- That, proper books of account of the Company have been maintained.
- That, appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- That, the International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- That, the system of internal control is sound in design and has been effectively implemented and monitored.
- That, there are no significant doubts upon the Company's ability to continue as a going concern.
- That, there are no significant deviations from last year in operating results.
- Summary of key operating and financial data of preceding four years:

Since the Company commenced sales activities on October 30, 2006, only two months operating data is available for 2006.

Income and expenses

	Tk. 000			
	2009	2008	2007	2006
REVENUE	7,543,725	6,211,938	2,399,876	153,190
Cost of sales	(5,105,542)	(3,836,583)	(2,284,166)	(111,872)
GROSS PROFIT	2,438,183	2,375,355	115,710	41,318
General and administrative expenses	(376,219)	(359,058)	(265,017)	(164,350)
Selling and distribution expenses	(124,949)	(132,022)	(107,248)	(35,185)
Other operating income	2,947	83,759	154,404	315
OPERATING PROFIT/(LOSS)	1,939,962	1,968,034	(102,151)	(157,902)
Finance expenses	(897,339)	(1,055,934)	(1,140,954)	(553,253)
Finance income	62,460	78,408	106,493	92,496
Contribution to Workers' Profit Participation and Welfare Funds	(55,254)	(49,526)	-	-
NET PROFIT/(LOSS) BEFORE TAX	1,049,829	940,982	(1,136,612)	(618,659)
Income tax	(466,904)	(305,787)	281,229	105,065
NET PROFIT/(LOSS) AFTER TAX	582,925	635,195	(855,383)	(513,594)
Earnings per share (Taka)	10.04	10.94	(14.73)	(8.84)

Assets and liabilities

	Tk. 000			
	2009	2008	2007	2006
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	13,036,126	13,341,043	13,554,366	13,550,833
Intangible assets	8,383	11,020	14,153	17,862
Investment in subsidiaries	519,893	519,893	519,893	519,893
Loan to subsidiary company	1,129,641	1,240,560	1,233,900	1,243,541
Deferred income tax assets	-	81,767	393,811	106,315
Current assets	2,318,588	2,507,839	1,478,984	1,500,869
TOTAL ASSETS	17,012,631	17,702,122	17,195,107	16,939,313
LIABILITIES				
Share capital	5,806,868	5,806,868	5,806,868	5,806,868
Accumulated loss	(1,053,857)	(1,636,782)	(2,271,977)	(1,416,594)
Shareholders' equity	4,753,011	4,170,086	3,534,891	4,390,274
NON-CURRENT LIABILITIES				
Long-term debt	4,705,955	6,404,929	8,112,809	8,292,136
Deferred income tax liabilities	385,137	-	-	-
Contribution to employee benefit	43,901	31,866	-	-
Current liabilities	7,124,627	7,095,241	5,547,407	4,256,903
TOTAL EQUITY AND LIABILITIES	17,012,631	17,702,122	17,195,107	16,939,313

(i) Reasons for non-declaration of dividend

Despite the fact that the Company has earned a consolidated EPS of Tk.17.15 in 2009, the Company still has large accumulated loss. In order to strengthen the financial position of the Company and safeguard the long term interests of the shareholders and the sustainable future of the Company, the Board of Directors of the Company did not recommend any dividend for the year 2009.

(j) The number of Board meetings held during the year and attendance by each Director:

4 (four) Board meetings were held during the year 2009 and the dates are March 20, June 24, September 30 and November 3. The Directors attended the Board meetings as stated below:

- Mr. Martin Kriegner was present in person in all four Board meetings.
- Mr. Jean Desazars de Montgailhard, by his Alternate Director Mr. Masud Khan, attended four Board meetings.
- Mr. Michael Andrew Cowell was present in person in four Board meetings.
- Mr. Jose Maria Fontdecaba attended all four Board meetings.
- Mr. Enrique de Bobes Pellicer attended two Board Meetings being present in person, except the two on June 24 and September 30 for which leave of absence was granted to him.
- Mr. Salvador Fernandez Capo, attended two Board Meetings being present in person, except the two on March 20 and September 30 for which leave of absence was granted to him.
- Mr. Manzurul Islam attended two Board meetings being present in person, except the two on June 24 and November 3 for which leave of absence was granted to him.
- Mr. Anisur Rahman Sinha attended two Board meetings being present in person except the two on March 20 and November 3 for which leave of absence was granted to him.

- Mr. Syed Moazzem Hussain attended three Board meetings being present in person except the one on November 3 for which leave of absence was granted to him.
- Mr. Shivesh Kumar Sinha, attended three Board meetings being present in person, except the one on November 3 for which leave of absence was granted to him.
- Dr. Humayun Murshed, Independent Director, attended two Board meetings being present in person, except the two on June 24 and November 3 for which leave of absence was granted to him.
- Mr. Kaiser A. Chowdhury was appointed as a public director on 11th Annual General Meeting on June 25, 2009. After June two Board Meetings were held and Mr. Chowdhury attended in person in two Board meetings.

(k) The pattern of shareholding
(i) Parent/Subsidiary/Associated companies and other related parties (name wise details):

Name	Position	No. of shares
Surma Holding BV	Parent Company	34,184,935

(ii) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details):

Name	Position	No. of shares		
		Self	Spouse	Minor Children
Mr. Jean Desazars de Montgailhard	Director as nominee of Surma Holding BV	5	Nil	Nil
Mr. Martin Kriegner	Director/Chairman as nominee of Surma Holding BV	Nil	Nil	Nil
Mr. Michael Andrew Cowell	Director as nominee of Surma Holding BV and Managing Director	Nil	Nil	Nil
Mr. Jose Maria Fontdecaba	Director as nominee of Surma Holding BV	5	Nil	Nil
Mr. Enrique de Bobes Pellicer	Director as nominee of Surma Holding BV	Nil	Nil	Nil
Mr. Shivesh Kumar Sinha	Director as nominee of Surma Holding BV	Nil	Nil	Nil
Mr. Salvador Fernandez Capo	Director as nominee of Surma Holding BV	Nil	Nil	Nil
Mr. Manzurul Islam	Director as nominee of Islam Cement Ltd	10	Nil	Nil
Mr. Anisur Rahman Sinha	Director as nominee of Sinha Fashions Ltd	Nil	Nil	Nil
Mr. Syed Moazzem Hussain	Director as nominee of Delta Life Insurance Company Limited	Nil	Nil	Nil
Mr. Zakir Ahmed Khan	Independent Director	Nil	Nil	Nil
Mr. Masud Khan	Finance Director	Nil	Nil	Nil
Mr. Kazi Mizanur Rahman	Company Secretary	Nil	Nil	Nil
Mr. Masud Bin Majid	Head of Internal Audit	Nil	Nil	Nil

Note: The Directors' shares shown above are as per the holdings in their personal names; but the shareholdings of the companies that they represent are as follows:

- Surma Holding BV: 34,184,935 shares
- Islam Cement Ltd: 1,595,710 shares
- Sinha Fashions Ltd: 1,755,000 shares
- Delta Life Insurance Co. Ltd: 1,350,559 shares

(iii) Executives (top five salaried employees other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit):

Name	No. of shares
Executives	Nil

(iv) Shareholders holding ten percent (10%) or more voting interest in the Company (name wise details):

Name	No. of shares
Surma Holding BV	34,184,935

As per notification dated February 20, 2006 from the Securities and Exchange Commission, the Directors state compliance with the conditions as follows:

Status of compliance with conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/Admin/02-08 dated 20th February 2006 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 5.00)

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not complied	
1.1	Board Directors should not be less than 5 (five) and more than 20 (twenty).	✓		
1.2 (i)	1/10th of total Directors, minimum of one, to be Independent Director	✓		
1.2 (ii)	Elected Directors to appoint Independent Director	✓		
1.3	Chairman and Chief Executive Officer to preferably be different individual etc...	✓		
1.4 (a)	Financial statements present fairly the state of affairs etc...	✓		
1.4 (b)	Proper book of accounts maintained...	✓		
1.4 (c)	Appropriate accounting policies consistently applied...	✓		
1.4 (d)	International Accounting Standards followed...	✓		
1.4 (e)	The system of internal control is sound in design...	✓		
1.4 (f)	No significant doubt to continue as a going concern...	✓		
1.4 (g)	Significant deviations from last year in operating results...	✓		
1.4 (h)	Key operating and financial data for preceding three years	✓		
1.4	Reasons for non-declaration of dividend...	✓		
1.4 (j)	Number of Board meetings and attendance by Directors...	✓		
1.4 (k)	Pattern of shareholding ...	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not complied	
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary ...	✓		
2.2	CFO and Company Secretary to attend Board meetings...	✓		
3.00	Audit Committee	✓		
3.1 (i)	Audit Committee to have at least three members	✓		
3.1 (ii)	Board to appoint Directors as members of Audit Committee with at least one Independent Director	✓		
3.1 (iii)	Board to immediately fill up vacancy in Audit Committee...	✓		
3.2 (i)	Board to select one member of Audit Committee as Chairman...	✓		
3.2 (ii)	Chairman of Audit Committee should have a professional qualification or experience...	✓		
3.3.1 (i)	Audit Committee report on its activities to the Board...	✓		
3.3.1(ii) (a)	Report on conflicts of interests	✓		
3.3.1(ii) (b)	Suspected or presumed fraud or irregularity...	✓		
3.3.1 (ii) (c)	Suspected infringement of laws...	✓		
3.3.1(ii) (d)	Any other matter which should be disclosed ...	✓		
3.3.2	Reporting to the Authorities	✓		
3.4	Reporting to the Shareholders and General Investors...	✓		
4.00 (i)	No appraisal or valuation services or fairness opinion by external/statutory auditors	✓		
4.00 (ii)	No financial information system design and implementation by external/ statutory auditors	✓		
4.00 (iii)	No book keeping or other services related to the accounting records or financial statements by external/statutory auditors	✓		
4.00 (iv)	No broker-dealer services by external/statutory auditors	✓		
4.00 (v)	No actuarial services by external/statutory auditors	✓		
4.00 (vi)	No internal audit services by external/statutory auditors	✓		
4.00 (vii)	No other service, that the Audit Committee determines, to be performed by external/ statutory auditors	✓		

For and on behalf of the Board of Directors



Martin Kriegner, Chairman

Date: Dhaka, May 24, 2010



A few years back, Rahima Begum would have been sitting quietly in a corner of the only room in her small house, sewing a patch on her mother's torn saree. Across the room, under the open window, lay a small

CASE STUDY OF RAHIMA BEGUM

Labour Para Chhatak (Small Trader of SED program)

suitcase – the only furniture of the house. The suitcase, inherited by her mother when she had married and left her parents' house along with the things in it were the only possessions of her family.

Rahima's father, Md. Abdun Nur barely earned enough money to pay for the food of his family working as a day labourer in the tiny locality of Labour para, South Baghbari village of Chhatak Upazila. Her parents are illiterate and Rahima herself had only studied up to the primary level. She could not complete her studies due to constant illness and severe poverty.

Rahima received Selection Planning and Management (SPM) Training of Income Generating Activities (IGA) on cattle farming in 2008 from Lafarge Surma Cement Ltd. (LSC). This training was actually the first training on income generation in her life. Later on she was given training on tailoring. She also received a grant from LSC under the Small Enterprise Development (SED) project and with this grant she bought a cow worth Tk. 5,700. She has been rearing this cow for a year now and it had recently given birth to a calf. Members of the LSC staff visited her house from time to time, giving her advice that can help her in the nurturing of her cow. The market value of her cow is now around Tk. 12,000 at present.

Rahima Begum has said that after receiving these trainings as well as the grant, she and her family are enjoying a much better life as their socio-economic condition has improved by large degrees. Her family does not have to carry everything in a suitcase anymore as they now own a lot more things than they had before. Her mother need not to wear patched up sarees anymore.

Rahima has a dream of becoming the owner of many cows in the future. She has a desire to do even better.

Rahima Begum is just one example of the many lives changed by LSC through its CSR activities. There are many more stories where people afflicted with poverty are given a much better life than they were leading before. A lot of lives have been changed for the better; a lot more are to be changed.



Lafarge Surma Cement Ltd.

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

AUDIT COMMITTEE REPORT

For the year 2009

5th April, 2010

To: The Board of Directors
Lafarge Surma Cement Ltd.

The Audit Committee

The Audit Committee consists of the following members:

Chairman: Mr. Jose Maria Fontdecaba, Director
Member : Mr. Manzurul Islam, Director
Member : Mr. Michael Andrew Cowell, Managing Director

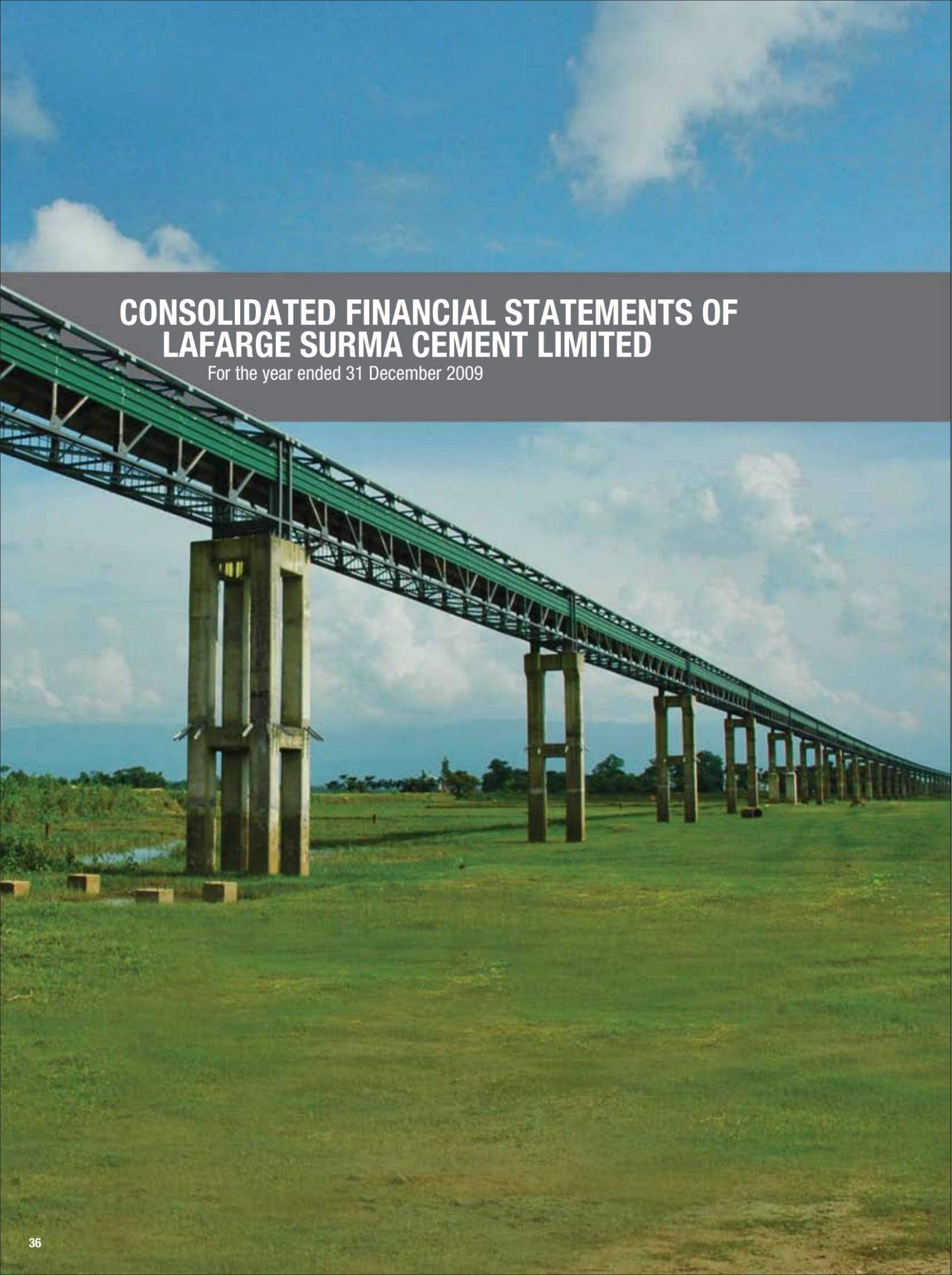
The scope of Audit Committee is defined as follows:

- a. Review the financial statements prepared for statutory purpose and recommend the Board to approve it;
- b. Report to the Board of Directors on internal audit findings from time to time considering the significance of the issues;
- c. Carry on a supervisory role to safeguard the systems of governance and independence of statutory auditors; and
- d. Review and consider the internal report and statutory auditors' observations on internal control.

Activities during the year

- a. Guided the process of financial year-end closing;
- b. Reviewed the financial statements of Lafarge Surma Cement Limited and all its subsidiaries for the year 2009 and recommended the Board to approve it; and
- c. Examined the system of financial reporting as well as the reports and reported the findings on the following, where appropriate:
 - i. Conflict of interests;
 - ii. Suspected or presumed fraud or irregularity or material defect in the internal control system;
 - iii. Suspected infringement of laws, including securities related laws, rules and regulations; and
 - iv. Any other matters which should be disclosed to the Board of Directors immediately.
- d. Reviewed the implementation of Internal Control Project "Project FOCUS" under Sarbanes-Oxley Act (USA) guidelines;
- e. Approved audit plan and resource allocation for the Internal Audit Services;
- f. Reviewed the internal audit activities carried out during the year;
- g. Reviewed the internal audit reports and followed-up action plans agreed to improve internal control system.

Jose Maria Fontdecaba
Chairman, Audit Committee



CONSOLIDATED FINANCIAL STATEMENTS OF LAFARGE SURMA CEMENT LIMITED

For the year ended 31 December 2009

Auditors' Report to the Shareholders on Consolidated Financial Statements Of Lafarge Surma Cement Limited

We have audited the accompanying consolidated balance sheet of Lafarge Surma Cement Limited as of 31 December 2009 and the related consolidated income statement and cash flow statement for the year then ended. The preparation of these financial statements expressed in Bangladeshi Taka is the responsibility of the company's management. Our responsibility is to express an independent opinion on these consolidated financial statements based on our audit of the Company. The financial statements of Indian subsidiaries have been audited by independent auditors in India. In addition, we have also performed audit procedures for group consolidation purpose based on which financial statements of Indian subsidiaries have been consolidated.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements, prepared in accordance with the International Financial Reporting Standards (IFRS) so far adopted in Bangladesh, give a true and fair view of the state of the company's affairs as of 31 December 2009 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Without qualifying our opinion, we draw attention to the notes 2 and 3.1 to the financial statements disclosing the fact that there has been suspension of limestone mining operations of Lafarge Umiam Mining Private Limited, a wholly owned subsidiary of the Company, by an order of the Hon'ble Supreme Court of India dated 5 February 2010. In subsequent hearings, the Hon'ble Supreme Court has imposed further conditions on the subsidiary company for obtaining forest clearance. The final order from the Hon'ble Court is still pending.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the company's consolidated balance sheet and consolidated income statement along with the annexed notes 1 to 36 dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred and payments made were for the purposes of the company's business.

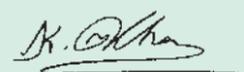
Dhaka, 05 April 2010


Chartered Accountants

Lafarge Surma Cement Limited
Consolidated Balance Sheet
As at 31 December 2009

	Notes	2009 Taka'000	2008 Taka'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	14,672,246	14,961,776
Intangible assets	5	225,977	217,343
Deferred income tax assets	6	-	81,767
		14,898,223	15,260,886
CURRENT ASSETS			
Inventories	7	1,251,579	1,092,184
Trade receivables	8	388,088	703,932
Advances, deposits & prepayments	9	665,455	701,645
Derivative instruments-assets	10	869	1,960
Cash and cash equivalents	11	87,401	69,547
		2,393,392	2,569,268
TOTAL ASSETS		17,291,615	17,830,154
LIABILITIES			
Share capital	12	5,806,868	5,806,868
Accumulated loss	13	(1,536,346)	(2,531,916)
Foreign currency translation	3.3	159,943	150,926
SHAREHOLDERS' EQUITY- PARENT COMPANY		4,430,465	3,425,878
Share money deposits	14	417	399
EQUITY		4,430,882	3,426,277
NON-CURRENT LIABILITIES			
Long-term debt	16.1	4,705,955	6,404,929
Deferred income tax liabilities	6	385,137	-
Contribution to employee benefits	15	45,073	32,619
		5,136,165	6,437,548
CURRENT LIABILITIES			
Trade payables	17	1,180,470	843,429
Other payables	18	606,199	594,100
Derivative instruments liabilities	19	1,117	79,691
Current portion of long term debt	16.2	1,741,992	1,717,614
Bank overdrafts	20	675,961	1,628,004
Short-term debt	21	3,517,578	3,100,862
Income tax payable	22	1,251	2,629
		7,724,568	7,966,329
TOTAL EQUITY AND LIABILITIES		17,291,615	17,830,154

The accompanying notes are an integral part of these financial statements


Company Secretary


Director


Managing Director


Chartered Accountants

Dhaka, 05 April 2009

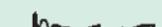
Auditors report to the shareholders
See annexed report of date

Lafarge Surma Cement Limited
Consolidated Income Statement
For the year ended 31 December 2009

	Notes	2009 Taka'000	2008 Taka'000
REVENUE			
Cost of sales	26	(4,658,211)	(3,713,186)
GROSS PROFIT		2,885,514	2,498,752
General and administrative expenses	27	(376,878)	(361,419)
Selling and distribution expenses	29	(124,949)	(132,022)
Other income	30	4,611	83,759
OPERATING PROFIT		2,388,298	2,089,070
Exchange loss on foreign currency transactions	3.7	(78,200)	(331,782)
Finance costs	31	(870,906)	(1,224,454)
Finance income	31	78,527	552
Contribution to Workers' Profit Participation and Welfare Funds	3.8 (iii)	(55,254)	(49,526)
NET PROFIT BEFORE TAX		1,462,465	483,860
Income tax expenses	32	(466,904)	(307,327)
NET PROFIT AFTER TAX		995,561	176,533
Distribution:			
GROUP SHARE		995,604	176,557
Minority interests		(43)	(24)
		995,561	176,533
Earnings per share (Taka)	33	17.15	3.04

The accompanying notes are an integral part of these financial statements


Company Secretary


Director


Managing Director

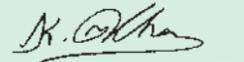
Dhaka, 05 April 2009

Auditors report to the shareholders
See annexed report of date


Chartered Accountants

Lafarge Surma Cement Limited
Consolidated Cash Flow Statement
For the year ended 31 December 2009

	2009 Taka'000	2008 Taka'000
Cash flows from operating activities		
Cash received from customers	7,942,749	5,547,503
Payment for cost and expenses	(4,517,127)	(3,196,983)
Interest paid	(916,141)	(1,185,938)
Interest on bank deposits	847	552
Other receipts	3,708	1,112
	2,514,036	1,166,246
Cash flows from investing activities		
Acquisition of property, plant and equipment	(231,281)	(266,451)
Intangible assets	(13,245)	(10,868)
Disposal of property, plant and equipment	1,917	4,838
	(242,609)	(272,481)
Cash flows from financing activities		
Long term debt	(1,720,500)	(859,882)
Bank overdrafts	(952,043)	(209,686)
Short term debt	416,716	218,169
	(2,255,827)	(851,399)
Net effect of foreign currency translation on cash and cash equivalents	2,254	(2,427)
Net cash flow for the year	17,854	39,939
Cash and cash equivalents at beginning of the year	69,547	29,608
Cash and cash equivalents at end of the year	87,401	69,547
	17,854	39,939


Company Secretary


Director


Managing Director

Lafarge Surma Cement Limited
Consolidated Statement of Changes in Shareholders' Equity
For the year ended 31 December 2009

	2009 (in Taka'000)				2008 (in Taka'000)					
	Share Capital	Accumulated Loss	Minority Interest	Foreign Currency Translation	Shareholders' Equity Parent Company	Share Capital	Accumulated Loss	Minority Interest	Foreign Currency Translation	Shareholders' Equity Parent Company
Balance as on 1 January	5,806,868	(2,531,882)	(34)	150,926	3,425,878	5,806,868	(2,708,439)	35	154,946	3,253,410
Net profit/(loss) after tax for the year	-	995,604	(34)	9,017	1,004,587	-	176,557	(69)	(4,020)	172,468
Balance as at 31 December	5,806,868	(1,536,278)	(68)	159,943	4,430,465	5,806,868	(2,531,882)	(34)	150,926	3,425,878


Company Secretary


Director


Managing Director

Lafarge Surma Cement Limited

Notes To The Consolidated Financial Statements

For The Year Ended 31 December 2009

1 Background and Introduction

Formation and legal status

Lafarge Surma Cement Limited - (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 subsidiaries 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 material limestone from its own quarry in Meghalaya. A 17km 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 May 2007, Lafarge Umiam Mining Private Limited (LUMPL) the subsidiary company in India owning the quarry, received an order from the Regional office of the Ministry of Environment and Forest, Shillong directing LUMPL to stop mining activities unless forest clearance is obtained. After several hearings, the Supreme Court of India issued an interim order permitting the mining operation to resume from end of November 2007. However, in a subsequent hearing dated 5 February 2010, the Supreme Court of India has suspended mining operations but has allowed export of already mined materials.

3 Summary of Significant Accounting Policies

3.1 Basis of accounting

These financial statements have been prepared in line with Lafarge Group accounting policies following Generally Accepted Accounting Principles (GAAP) under historical cost convention and after due compliance with the International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. More specifically, the consolidated financial statements of the Company have been prepared in accordance with the provisions of International Accounting Standard 27: "Consolidated and Separate Financial Statements".

As explained in above note-2, with respect to suspension of the mining operations in LUMPL, pending final decision of the Hon'ble Court, the accompanying financial statements have been prepared by the Company (subsidiary) on a going concern basis.

3.2 Principles of consolidation

The accounts of all the subsidiaries of the Company have been fully consolidated as the Company directly controls more than 50% of the voting shares of these entities.

The Company has made following investments in its subsidiaries which have been eliminated during consolidation:

Name of subsidiary	2009	2008
	Taka'000	Taka'000
Lafarge Umiam Mining Private Limited, India	519,356	519,356
Lum Mawshun Minerals Private Limited, India	537	537
	519,893	519,893

All inter-company balances between the Company and its subsidiaries are eliminated on consolidation.

3.3 Translation of financial statements denominated in foreign currencies

The accounts of the Indian subsidiaries have been translated into Bangladeshi Taka using the year end closing rate of exchange for all balance sheet items and the average rate of exchange is applied to revenues, expenses and amounts presented on the statement of cash flows. The resulting translation adjustments are included as a separate component of shareholders' equity. The exchange rates used for consolidating the Indian entities are as follows:

Taka equivalent of Rs. 1	31 December 2009	31 December 2008
Average rate	1.4269	1.5877
Closing rate	1.4835	1.421

3.4 Scope of consolidation

The name of subsidiaries, country of incorporation and proportion of ownership interest are as follows:

Name of subsidiary	Country of incorporation	% of ownership interest
Lafarge Umiam Mining Private Limited	India	100
Lum Mawshun Minerals Private Limited	India	74

3.5 Property, plant and equipment

i) Recognition of property, plant and equipment

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of IAS 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its operating condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

ii) Capital work in progress

These expenditure will be capitalized and recognized as operating assets upon completion of the acquisition process or construction, where applicable and physical possession thereof.

iii) Depreciation of property, plant and equipment

Straight line depreciation method has been followed and depreciation has been charged on all assets acquired that are put on use except land, at rates varying from 2% to 33.33%. Full month's depreciation is charged for the month of acquisition and no depreciation is charged for the month of disposal.

3.6 Recognition of intangible assets

i) Software

Software costs are capitalized where it is expected to provide future enduring economic benefits. Capitalization costs include license fees and cost of implementation/system integration services which are capitalized in the year in which the relevant software is installed for use. Costs of maintenance, upgradation and enhancements are charged off as revenue expenditure unless they bring similar significant additional long term benefits.

ii) Others

Capitalization costs of leased land and quarry land include statutory fees, lump sum payment to lessor and subsequent development cost. These are shown as "intangible assets" in line with group policy.

iii) Amortization of intangible assets

a) Software

Softwares are amortized using the straight-line method over their useful lives (Three years).

b) Others

The leased land and quarry land are amortized using the straight-line method over their amortization period calculated on the basis of different leased period. However, the quarry land are amortized over a period of maximum 30 years.

3.7 Foreign currency translation/ transaction

Transactions in foreign currency have been translated in Taka currency at the exchange rates prevailing on the dates of such transactions. Inter-company balances in foreign currency held at 31 December 2009 as well as other balances on foreign currency debts and cash holdings have been translated at rate provided by the Bangladesh Bank (Central Bank) and the resultant gain/loss has been reflected in the financial statements. These rates are as follows:

	<u>Average Rate</u>	<u>Closing Rate</u>
BDT/USD	69.0386	69.2500
BDT/EUR	96.2118	99.3400
BDT/GBP	108.0560	110.0850
BDT/INR	1.4269	1.4835

3.8 Employee benefit schemes

- The Company operates an unfunded gratuity scheme, provision for which has been made in respect of all eligible employees and reflected in these accompanying financial statements.
- The Company also operates a recognized provident fund scheme with equal contribution by the employees and the Company.
- The Company recognizes a provision for Workers' Profit Participation and Welfare funds @ 5% of net profit before tax as per Labour Act, 2006.

3.9 Inventories

Inventories are stated at the lower of cost or net realizable value while packing materials and spare parts are valued at cost.

3.10 Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

Deferred income tax is provided for all temporary timing differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements in accordance with the provisions of IAS 12. Tax rate prevailing at the balance sheet date is used to determine deferred income tax.

No deferred income tax has been provided in the financial statements with respect to Lafarge Umiam Mining Private Limited due to the fact that Lafarge Umiam Mining Private Limited enjoys tax holiday benefits for 10 years and it is uncertain whether deferred tax asset of the Company can be adjusted in the future periods.

3.11 Revenue recognition

Sale of the products, net of value added tax and discounts, is recognized upon raising invoices to customers.

3.12 Derivatives instruments

Financial assets and liabilities in the form of derivatives instruments are recognized based on Group's advice received from time to time. Contracting for derivatives and its valuations for provisioning purpose are done as per Group treasury policy under the supervision of Group treasury department.

3.13 General

- Figures appearing in these financial statements have been rounded off to the nearest Bangladeshi Taka.
- Comparative figures and account titles in the financial statements have been rearranged/reclassified where necessary to conform with changes in presentation in the current year.

4. Property, Plant and Equipment

Category of property, plant and equipment	Cost				Reclassification during the year	Balance at 31 December 2009	Rate	Depreciation				Written Down Value as at 31 December 2009
	Balance on 1 January 2009	Additions during the year	Disposal during the year	Adjustment for translation				Balance on 1 January 2009	Provision for the year	Accum. prov. for disposed assets	Adjustment for translation	
Land - freehold	557,343	467	-	1,279	-	559,089	-	-	-	-	-	559,089
Leasehold improvements	367	-	-	-	-	367	20.0%	294	73	-	-	367
Building	112,701	245	-	2,769	3,517	119,232	2.0%	7,900	2,616	-	218	10,734
Plant building	463,722	-	-	-	29,104	492,826	2.5%	25,852	11,739	-	-	37,591
Technical facilities	49,608	-	-	49	-	49,657	3.3%	3,783	1,616	14	-	5,413
Plant and machinery	14,457,265	120,778	-	68,803	7,471	14,654,317	3.3%	1,069,959	483,332	-	7,065	1,560,356
Other factory equipment	27,335	3,866	-	-	16,355	47,556	10.0%	4,107	3,464	-	-	7,571
Vehicles	68,618	130	3,256	680	38,871	105,043	20.0%	38,542	18,592	3,064	547	54,617
Computer equipment	57,410	278	235	252	14,940	72,645	33.3%	41,937	10,345	127	215	52,370
Office equipment	53,250	2,115	1,019	391	4,364	59,101	20.0%	29,161	8,787	697	253	37,504
Furniture and fixtures	48,976	125	654	180	5,348	53,975	10.0%	12,747	5,073	262	51	17,609
Capital work in progress (Note- 4.1)	299,463	63,096	3,132	3,113	(119,970)	242,570	-	-	-	-	-	242,570
Total at end of year 2009	16,196,058	191,100	8,296	77,516	-	16,456,378	-	1,234,282	545,637	4,150	8,363	1,784,132
Total at end of year 2008	16,184,040	409,211	19,183	(878,010)	-	16,196,058	-	737,788	537,695	17,030	(24,171)	1,234,282

4.1 Capital work in progress

	2009	2008
Plant building	Taka'000	Taka'000
General survey and studies	13,217	12,077
Plant and machinery	70,804	70,804
Other equipment	23,797	37,469
Other improvement works	64,905	85,323
	69,847	93,790
	242,570	299,463

4.2 Depreciation charge has been allocated to

Production and maintenance overhead (Note- 26.2)	516,657
General and administrative expenses (Note- 27)	28,980
	545,637

4.3 Disposal of property, plant and equipment (Figures in Taka '000)

Category of property, plant and equipment	Cost	Accumulated Depreciation	Written down Value	Sale Proceeds	Mode of Disposal	Particulars of Purchaser
v Vehicles	3,256	3,064	192	1,360	Tender	Third party
Computers equipment	235	127	108	111	Company policy/Tender	Employees of the company
Office equipment	1,019	697	322	226	Company policy/Tender	Employees of the company/Third party
Furniture & fixtures	654	262	392	220	Company policy/Tender	Employees of the company/Third party
Capital work in progress	532	-	532	-	Written off	-
Capital work in progress	2,600	-	2,600	-	Transferred to intangible assets	-
Total at end of year 2009	8,296	4,150	4,146	1,917	-	-
Total at end of year 2008	19,183	17,030	2,153	4,838	-	-

5 Intangible Assets

Cost on 1 January		
Software	50,830	45,216
Leasehold land	35,132	24,133
Quarry land	119,895	148,628
Capital work in progress	62,446	44,400
	268,303	262,377

Addition during the year		
Software	2,840	6,547
Quarry land	-	15,402
Capital work in progress	10,405	29,214
	13,245	51,163

Translation adjustment		
Software	192	(933)
Leasehold land	868	(4,403)
Quarry land	5,951	(28,733)
Capital work in progress	3,121	(11,168)
	10,132	(45,237)

Cost at end of the year		
Accumulated amortization on 1 January		
Software	37,912	27,983
Leasehold land	2,071	1,406
Quarry land	10,977	7,430
	50,960	36,819

Provision made during the year		
Software	7,415	10,372
Leasehold land	926	1,030
Quarry land	5,429	5,478
	13,770	16,880

Translation adjustment		
Software	147	(443)
Leasehold land	128	(365)
Quarry land	698	(1,931)
	973	(2,739)

Amortization at end of the year	65,703	50,960
Carrying amount at end of the year	225,977	217,343

6 Deferred Income Tax Assets/(Liabilities)

The tax effects of temporary differences that resulted in deferred tax assets and liabilities.

Deferred tax assets		
Provision for gratuity	16,461	11,950
Provision for doubtful debts	3,027	168
Business loss	2,680,841	2,935,882
	2,700,329	2,948,000

Deferred tax liabilities		
Property, plant and equipment	(3,085,466)	(2,866,233)
	(3,085,466)	(2,866,233)
	(385,137)	81,767

	2009	2008
	Taka'000	Taka'000
Cost on 1 January		
Software	50,830	45,216
Leasehold land	35,132	24,133
Quarry land	119,895	148,628
Capital work in progress	62,446	44,400
	268,303	262,377
Addition during the year		
Software	2,840	6,547
Quarry land	-	15,402
Capital work in progress	10,405	29,214
	13,245	51,163
Translation adjustment		
Software	192	(933)
Leasehold land	868	(4,403)
Quarry land	5,951	(28,733)
Capital work in progress	3,121	(11,168)
	10,132	(45,237)
Cost at end of the year	291,680	268,303
Accumulated amortization on 1 January		
Software	37,912	27,983
Leasehold land	2,071	1,406
Quarry land	10,977	7,430
	50,960	36,819
Provision made during the year		
Software	7,415	10,372
Leasehold land	926	1,030
Quarry land	5,429	5,478
	13,770	16,880
Translation adjustment		
Software	147	(443)
Leasehold land	128	(365)
Quarry land	698	(1,931)
	973	(2,739)
Amortization at end of the year	65,703	50,960
Carrying amount at end of the year	225,977	217,343

	2009 Taka'000	2008 Taka'000
7 Inventories		
Raw materials	268,510	211,059
Spare parts	745,877	505,162
Packing materials	4,793	23,604
Other materials	54,797	55,833
Finished goods and work in process	177,602	296,526
	1,251,579	1,092,184
8 Trade Receivables		
Trade receivables	388,088	703,932
	388,088	703,932
Trade receivables are secured and considered good.		
9 Advances, Deposits and Prepayments		
Office and House rent	27,782	37,893
Contractors, consultants, suppliers and others (Note- 9.1)	249,572	426,575
VAT current account	48,624	41,184
Income tax-deducted at source	253,773	143,480
Employees for expenses	6,942	3,363
Advance to employees for SAR plan (Note- 15)	26,509	-
Security and other deposits (Note- 9.2)	4,788	4,634
Prepaid expenses	37,228	37,311
Accrued interest on bank deposits	589	671
Other receivables	9,648	6,534
	665,455	701,645
Advances mentioned above are unsecured but all are considered good and as such no provision is required to be made.		
9.1 Advance to contractors, consultants, suppliers and others		
Letter of Credit-spare parts	41,082	161,173
Letter of Credit-raw materials	17,955	27,595
Explosives	117,173	139,716
Custom duties	28,043	31,295
Others	45,319	66,796
	249,572	426,575
9.2 Security and other deposits		
House rental	520	520
Telecommunications	527	527
Central Depository System	500	500
Other services	3,241	3,087
	4,788	4,634
10 Derivative Instruments-Assets		
Derivative instruments	869	1,960

The Company entered into forward contracts with the commercial banks in order to manage its foreign exchange exposure due to change in exchange rates. The amount is the difference between market prices and prices the company would pay to settle the foreign exchange liabilities at close of the year.

	2009 Taka'000	2008 Taka'000	
11 Cash and Cash Equivalents			
Cash in hand			
Lafarge Surma Cement Limited	310	570	
Lafarge Umiam Mining Private Limited	125	156	
	435	726	
Cash at banks			
Lafarge Surma Cement Limited			
In current accounts	47,864	15	
In Short Term Deposit accounts	21,856	17,707	
In Short Notice Deposit account	9	9	
	69,729	17,731	
Cash at banks			
Lafarge Umiam Mining Private Limited			
In current accounts	8,098	44,871	
In Term Deposit accounts	9,027	5,801	
Bank-in-transit	-	40	
	17,125	50,712	
Cash at banks			
Lum Mawshun Minerals Private Limited			
In current account	82	350	
In Security Deposit	30	28	
	112	378	
	87,401	69,547	
12 Share Capital			
a. Authorised capital			
70,000,000 ordinary shares of Tk. 100 each	7,000,000	7,000,000	
b. Issued, subscribed and fully paid up capital			
Balance on 01 January			
Fully paid up in cash	5,759,888	5,759,888	
Fully paid up in other than cash	46,980	46,980	
	5,806,868	5,806,868	
c. Composition of shareholders at 31 December 2009			
Name of the shareholders	Nationality or incorporated in	Number of shares	Holding %
Surma Holdings BV	The Netherlands	34,184,935	58.87%
International Finance Corporation	U S A	2,898,500	4.99%
Asian Development Bank	Philippines	5,797,000	9.98%
Sinha Fashions Ltd.	Bangladesh	1,755,000	3.02%
Islam Cement Limited	Bangladesh	1,595,710	2.75%
Other shareholders-	Bangladeshi & NRB	11,837,530	20.39%
		58,068,675	100.00%

d. Classification of shares by holding

Slabs by number of shares	Number of shareholders	Number of shares	Holding %
Less than 500	8,713	1,240,183	2.14%
From 500 to 5,000	1254	1,845,436	3.18%
From 5,001 to 10,000	76	553,047	0.95%
From 10,001 to 20,000	61	866,479	1.49%
From 20,001 to 30,000	27	661,738	1.14%
From 30,001 to 40,000	9	314,756	0.54%
From 40,001 to 50,000	2	90,538	0.16%
From 50,001 to 100,000	14	859,879	1.48%
From 100,001 to 1,000,000	10	2,959,439	5.10%
Above 1,000,000	7	48,677,180	83.82%
	<u>10,173</u>	<u>58,068,675</u>	<u>100.00%</u>

13 Accumulated Loss		
Accumulated loss as on 1 January	(2,531,882)	(2,708,439)
Net profit after tax during the year	995,604	176,557
	<u>(1,536,278)</u>	<u>(2,531,882)</u>
Minority loss*	(68)	(34)
Accumulated loss as at 31 December	<u>(1,536,346)</u>	<u>(2,531,916)</u>

*Minority interests		
Share capital	211	202
Accumulated loss as at 31 December	<u>(279)</u>	<u>(236)</u>
	<u>(68)</u>	<u>(34)</u>

14 Share Money Deposits		
Share money deposits in Lum Mawshun Minerals Private Limited	<u>417</u>	<u>399</u>

15 Contribution to Employee Benefits		
Contribution to gratuity scheme (Note- 3.8-i)	44,692	32,619
Provision for Stock Appreciation Rights (SAR)*	381	-
	<u>45,073</u>	<u>32,619</u>

*Stock Appreciation Rights (SAR)

This is a global programme of Lafarge Group under which the employees of Lafarge Surma Limited and its subsidiary (LUMPL) have subscribed for shares of Lafarge at the price ruling on the date of subscription after deduction of a discount on the shares. The employees have been given an interest free loan repayable over a 24 month period to finance the share subscription. At the end of a five year vesting period, the gain, if any, on sale of shares will be given to the employees. Provision made on the account relates to the amount of discount on subscription.

			2009	2008
			Taka'000	Taka'000
16 Long Term Debt				
16.1 Long portion		Amount '000	Amount in	Amount in
Loan drawn down from:	Currency	Foreign Currency	BDT'000	BDT'000
International Finance Corporation	USD	25,325	1,753,734	2,327,169
Asian Development Bank	USD	17,143	1,187,143	1,654,080
Europeon Investment Bank	USD	18,725	1,296,695	1,690,011
Deutsche Investitions und Entwicklungsgesellschaft mbH	EURO	2,900	288,123	465,487
Standard Chartered Bank			100,000	170,000
AB Bank Limited			80,260	98,182
Total			<u>4,705,955</u>	<u>6,404,929</u>
16.2 Current portion		Amount '000	Amount in	Amount in
Loan drawn down from:	Currency	Foreign Currency	BDT'000	BDT'000
International Finance Corporation	USD	8,442	584,578	581,793
Asian Development Bank	USD	6,857	474,857	472,594
Europeon Investment Bank	USD	5,797	401,408	385,215
Deutsche Investitions und Entwicklungsgesellschaft mbH	EURO	1,934	192,082	186,194
Standard Chartered Bank			70,000	70,000
AB Bank Limited			19,067	21,818
Total			<u>1,741,992</u>	<u>1,717,614</u>

Details of loan agreements

Name of Lenders	Type	Amount	Tenor	Interest Rates
International Finance Corporation (IFC)				
Loan A	Term Loan	USD 35 million	7 years	(i) LIBOR+2.875% till FSC* date (ii) after period (i) above LIBOR+3.25% till 60% repaid (iii) after period (ii) above LIBOR+3.00% on outstanding
*FSC: Financial Support Completion				
Loan B	Term Loan	USD 15 million	7 years	(i) LIBOR+2.75% till FSC date (ii) after period (i) above LIBOR+3.25% till 60% repaid (iii) after period (ii) above LIBOR+3.00% on outstanding

The repayment of the loan has started from 15th January 2007 and will end on 15th July 2013.

Asian Development Bank (ADB)

Term Loan	USD 40 million	7 years	(i) LIBOR+2.75% till FSC date (ii) after period (i) above LIBOR+3.25% till 60% repaid (iii) after period (ii) above LIBOR+3.00% on outstanding
-----------	----------------	---------	---

The repayment of the loan has started from 15th September 2006 and will end on 15th March 2013.

German Development Bank (DEG)

Term Loan	EURO 9.28 million	6 years	EURIBOR+3.25%
-----------	-------------------	---------	---------------

The repayment of the loan has started from 15th September 2006 and will end on 15th March 2012.

European Investment Bank (EIB)

Term Loan	USD 35 million	7 years	4.29%
-----------	----------------	---------	-------

The repayment of the loan has started from 15th January 2007 and will end on 15th July 2013

Standard Chartered Bank

Term Loan BDT 350 million 5 years

The repayment of the loan has started from 30th June 2007 and will end on 12th April 2012.

AB Bank Limited

Term Loan BDT 120 million 6 years

The repayment of the loan has started from 31st December 2008 and will end on 31st March 2014.

Security:

Memorandum of Deposit of Title Deeds: Creating equitable mortgage over 191.67 acres of land situated at Sunamganj District and 1.75 acres of land situated at Narayanganj District owned by Lafarge Surma Cement Limited;

Deed of Hypothecation (on fixed and floating assets): Creating hypothecation over all tangible moveable assets of both Lafarge Surma Cement Limited and Lafarge Umiam Mining Private Limited;

Security agreement: Creating charge over the contracts;

Memorandum of deposit of shares: Creating equitable mortgage over the shares owned by the Lafarge Surma Cement Limited and its subsidiary company Lafarge Umiam Mining Private Limited;

Letter of Lien and Set off: Bank account under lien of Lafarge Surma Cement Limited and Lafarge Umiam Mining Private Limited; and Composite Security Agreement: Creating security interests over the offshore bank accounts and offshore investments.

Debt covenant for dividend policy

IFC and ADB have laid down a condition for payment of dividend. The Company should obtain their approval for declaration of dividend after the accumulated loss of the Company have been fully recovered.

	2009 Taka'000	2008 Taka'000
17 Trade Payables		
Raw materials	85,377	142,179
Packing bags	20,219	58,081
Marketing expenses	26,986	23,868
Distribution cost	149,840	80,540
Computer expenses	25,247	23,353
Audit fee	1,966	1,938
Maintenance	33,385	35,283
Administrative office expenses	51,226	47,419
Royalty	133,599	108,809
Consultancy	18,022	8,057
Security	5,987	4,137
General assistance fee (Note- 17.1)	148,332	77,276
Trademark license fee (Note- 17.2)	148,331	77,276
Gas bill	65,895	49,502
Operation and maintenance bill-Power Plant	8,458	18,243
Discount on sales	98,136	34,328
Advances paid by customers	107,430	16,485
Others	52,034	36,655
	1,180,470	843,429

17.1 General assistance fee

The amount 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).

17.2 Trademark license fee

The amount 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).

	2009 Taka'000	2008 Taka'000
18 Other Payables		
Payables to supplier of property, plant & equipment	212,560	255,447
Accrued interest and commitment fees	117,112	194,932
Accrued bonus	14,214	42,158
Workers profit participation funds	104,780	49,526
Income tax & VAT deducted at source	60,059	5,115
Others	97,474	46,922
	606,199	594,100
19 Derivative Instruments-Liabilities		
Derivative instruments	1,117	79,691

The Company entered into forward contracts with the commercial banks in order to manage its foreign exchange exposure due to change in exchange rates. The amount is the difference between market prices and prices the company would pay to settle the foreign exchange liabilities at close of year.

20 Bank Overdrafts

Lafarge Surma Cement Limited

Standard Chartered Bank, Dhaka	97,419	283,661
AB Bank Limited., Dhaka	-	11,287
Commercial Bank of Ceylon plc	185,209	197,690
Trust Bank Limited, Dhaka	-	298,100
Citibank N.A., Dhaka	100,037	2,783
The City Bank Limited, SOD Account, Dhaka	-	270,544
Prime Bank Limited, SOD Account, Dhaka	-	54,837
Eastern Bank Limited, SOD Account	6,565	2,695
Uttara Bank Limited, Cash credit Account	53,806	244,314
The Hongkong and Shanghai Banking Corporation Limited	232,060	54,462
	675,096	1,420,373

Lafarge Umiam Mining Private Limited

Standard Chartered Bank, Mumbai	-	207,011
Citibank N.A., Mumbai	865	620
	865	207,631
	675,961	1,628,004

21 Short Term Debt

Lafarge Surma Cement Limited

Standard Chartered Bank, Dhaka	1,300,000	1,140,000
Citibank N.A., Dhaka	1,527,489	1,243,873
Eastern Bank Limited	150,000	70,000
Commercial Bank of Ceylon plc	170,000	-
The Hongkong and Shanghai Banking Corporation Limited	117,893	350,000
	3,265,382	2,803,873

Lafarge Umiam Mining Private Limited

Standard Chartered Bank, Mumbai	140,933	126,469
Citibank N.A., Mumbai	111,263	170,520
	252,196	296,989
	3,517,578	3,100,862

The terms and conditions of the Bank Overdrafts (Note-20) and Short Term Debts (Note-21) are as follows:

Standard Chartered Bank, Dhaka

Facility limit: Taka 1,540,000,000

Security: i. Hypothecation of Company's inventory
ii. Hypothecation of Company's receivables
iii. Demand Promissory Note and Letter of Continuation
iv. Guarantee from Financiere Lafarge

Validity: Up to 05 March 2010

Citibank N.A., Dhaka

Facility limit: Taka 1,780,000,000

Security: i. Financiere Lafarge Corporate Guarantee
ii. Hypothecation of Company's inventory
iii. Hypothecation of Company's receivables
iv. Demand Promissory Note and Letter of Continuation

Validity: Up to 30 October 2010

Commercial Bank of Ceylon Plc, Dhaka

Facility limit: Taka 370,000,000

Security: i. Guarantee from Standard Chartered Bank, Dhaka and counter guarantee from Financiere Lafarge.
ii. Hypothecation of Company's inventory
iii. Hypothecation of Company's receivables
iv. Demand Promissory Note and Letter of Continuation

Validity: Up to 31 March 2010

Eastern Bank Limited, Dhaka

Facility limit: Taka 200,000,000

Security: i. Guarantee from Standard Chartered Bank, Dhaka and counter guarantee from Financiere Lafarge.
ii. Demand Promissory Note and Letter of Continuation

Validity: Up to 31 October 2010

Uttara Bank Limited, Dhaka

Facility limit: Taka 300,000,000

Security: i. Hypothecation of Company's inventory
ii. Hypothecation of Company's receivables
iii. Demand Promissory Note and Letter of Continuation

Validity: Up to 31 March 2010

The Hongkong and Shanghai Banking Corporation Limited, Dhaka

Facility limit: Taka 420,000,000

Security: i. Financiere Lafarge Corporate Guarantee
ii. Demand Promissory Note and Letter of Continuation

Validity: Up to 31 December 2010

Standard Chartered Bank, Mumbai

Facility limit: INR 477,500,000

Security: i. Letter of awareness from Financiere Lafarge
ii. Hypothecation of Company's inventory
iii. Hypothecation of Company's receivables
iv. Demand Promissory Note and Letter of Continuation

Validity: Open ended

Citibank N.A., Mumbai

Facility limit: INR 200,000,000

Security: i. Letter of awareness from Financiere Lafarge
ii. Hypothecation of Company's inventory
iii. Hypothecation of Company's receivables
iv. Demand Promissory Note and Letter of Continuation

Validity: Open ended

	2009 Taka'000	2008 Taka'000
22 Current Income Tax Liabilities		
Balance as on 1 January	1,251	7,517
Provision during the year	-	(4,888)
Balance as at 31 December	1,251	2,629
23 Commitments		
<i>Lafarge Surma Cement Limited</i>		
<i>Contracted but not provided for in these accounts:</i>		
Security agency services contract	11,426	15,162
Capital expenditure	37,089	43,740
Others		
Contractors, consultants, suppliers and others	549,428	117,372
Calyon Corporation and Investment Bank (Calyon is the guarantor of EIB loan)	37,540	56,438
	635,483	232,712
<i>Lafarge Umiam Mining Private Limited</i>		
<i>Contracted but not provided for in these accounts:</i>		
Capital expenditure	26,561	133,652
Contractors, consultants, suppliers and others	66,078	42,714
	92,639	176,366
	728,122	409,078
24 Contingent Liability		
24.1 Lafarge Surma Cement Limited		
Bank guarantees have been issued in favour of Customs Authority against import of equipment and spare parts.	7,301	7,817
Bank guarantees have been issued in favour of Wartsila Bangladesh as a payment guarantee against operation & maintenance contract.	10,800	10,800
	18,101	18,617
Bank guarantees have been issued in favour of Jalalabad Gas Transmission and Distribution System Limited for continued gas supply to the plant.	265,487	265,487

	2009 Taka'000	2008 Taka'000
24.2 Lafarge Umiam Mining Private Limited		
Bank guarantee issued by State Bank of India, Main Branch Shillong on behalf of the Company aggregating to INR 1,681 (in thousand) favoring Indian Bureau of Mines as financial assurance for the progressive mines closure plan.	2,494	3,062
Bank guarantee issued by Standard Chartered Bank of India, on behalf of the Company an amount of NR 1,077 (in thousand) favoring Indian Bureau of Mines as financial assurance for the progressive mines closure plan.	1,598	1,530
The company received an order from the Regional office of the Ministry of Environment and Forest, Shillong directing the Company to stop mining activities unless forest clearance is obtained. After several hearings, the Supreme Court of India issued an interim order permitting the mining operation to resume from end of November 2007. LUMPL is continuing to pursue the forest clearance application with the Supreme Court of India. The cost of reforestation is expected as indicated by the relevant authority of India, which is re-estimated in the region of Indian Rupees 654,000 (in thousand) equivalent to US \$ 14 million.	970,209	765,803
24.3 Claims		
a. Claims against the Company not acknowledged as debt	Nil	Nil
b. Claims by the Company not acknowledged as receivable	Nil	Nil
25 Revenue		
Sale of grey cement*	5,391,277	4,115,390
Sale of cement clinker	2,152,448	2,096,548
	7,543,725	6,211,938
*Sale of grey cement		
Local sales	5,371,006	4,105,010
Export	20,271	10,380
	5,391,277	4,115,390
26 Cost of Sales		
Opening finished goods and work in process (Note- 7)	296,526	122,555
Raw materials consumed (Note- 26.1)	1,427,024	1,304,610
Power and fuel consumed	853,535	730,347
Production and maintenance overhead (Note- 26.2)	994,882	915,720
General and social expenses (Note- 26.3)	346,205	356,302
Internal distribution cost	917,641	580,178
Closing finished goods and work in process (Note- 7)	(177,602)	(296,526)
	4,658,211	3,713,186

	2009 Taka'000	2008 Taka'000
26.1 Raw materials consumed		
Limestone	697,188	683,939
Shale	6,329	3,685
Clay	77,208	76,181
Gypsum	142,778	104,754
Iron Ore	40,980	66,828
Sand	9,326	10,054
Packing Bag	339,945	304,660
Others	113,270	54,509
	1,427,024	1,304,610
26.2 Production and maintenance overhead		
Salary, allowances and benefits	144,823	126,551
Contributions to employees' benefit schemes	6,742	5,778
Staff welfare expenses	1,217	1,688
Maintenance	200,727	177,334
Other supplies and spares	42,633	10,073
Material handling	35,821	58,573
Other expenses	23,006	8,133
Technical studies	15,930	10,190
Depreciation (Note- 4.2)	516,657	509,752
Amortization of intangible assets	7,326	7,648
	994,882	915,720
26.3 General and social expenses		
Salary, allowances and benefits	55,529	58,779
Contributions to employees' benefit schemes	2,933	2,517
Staff welfare expenses	9,826	1,843
Training, seminars and meeting	5,081	8,708
Traveling	32,855	34,167
Rent	2,424	3,404
Gas, electricity and water	5,979	5,143
Telephone, fax and postage	4,180	4,796
Entertainment	793	863
Office maintenance	15,248	20,415
Security services	52,650	41,589
Printing and stationery	1,473	1,996
Computer expenses	17,934	23,381
Other supplies and spares	4,815	6,423
Other office expenses	7,826	22,963
Registration and other fees	6,037	1,100
Legal expenses	4,473	11,968
Audit and tax advisory fees (Note- 28)	1,333	1,502
Consultancy	13,987	24,127
Vehicles running expenses	12,780	4,276
Corporate social activities	17,934	15,577
Insurance	70,115	60,765
	346,205	356,302

	2009 Taka'000	2008 Taka'000
27 General and Administrative Expenses		
Salary, allowances and benefits	89,009	100,097
Contributions to retirement benefit scheme	9,105	8,302
Staff welfare expenses	2,182	1,085
Training, seminars and meeting	12,792	22,960
Traveling	6,448	10,402
Rent	22,110	16,534
Gas, electricity and water	1,416	1,100
Telephone, fax and postage	3,227	3,175
Entertainment	1,351	1,274
Office maintenance	3,649	2,441
Office security services	1,233	359
Printing and stationery	1,484	1,940
Computer expenses	19,088	19,374
Other office expenses	5,109	2,779
Registration and other fees	1,686	1,664
Audit and tax advisory fees (Note- 28)	1,699	1,786
Legal expenses	815	941
Vehicles running expenses	8,825	9,271
Publicity and public relation	4,674	6,753
General assistance fee	71,056	53,277
Trademark license fee	71,056	53,277
Insurance	2,111	3,404
General survey and studies	1,329	2,049
Administrative depreciation (Note- 4.2)	28,980	27,943
Amortization of intangible assets	6,444	9,232
	376,878	361,419
28 Audit and Tax Advisory Fees		
Statutory audit fee	200	200
Group audit fee	510	660
Certification fees	49	47
Annual consolidation audit	200	240
Pocket expenses	30	39
Tax and VAT advisory services	710	600
Total for Lafarge Surma Cement Limited (Note- 27)	1,699	1,786
Statutory audit fee	788	892
Pocket expenses	-	24
Tax advisory services	446	475
Total for Lafarge Umiam Mining Private Limited (Note- 26.3)	1,234	1,391
Statutory audit fee	49	52
Tax advisory services	50	59
Total for Lum Mawshun Minerals Private Limited (Note- 26.3)	99	111
	3,032	3,288

	2009 Taka'000	2008 Taka'000
29 Selling and Distribution Expenses		
Salary, allowances and benefits	29,276	48,598
Contributions to retirement benefit scheme	2,143	2,879
Training, seminars and meeting	302	1,468
Traveling	2,775	3,335
Gas, electricity and water	70	93
Telephone, fax and postage	1,064	1,435
Entertainment	331	243
Office maintenance	419	598
Printing and stationery	1,192	611
Other office expenses	3,282	265
Registration and other fees	1,517	2,303
Advertisement and promotion	73,563	69,443
Insurance	156	-
Provision for trade receivables	8,071	447
General survey and studies	788	304
	124,949	132,022
30 Other Income/(Expenses)		
Sale of property, plant and equipment	903	2,689
Sale of paper bags & others	3,708	1,112
Insurance claim received (Note- 30.1)	-	177,785
Loss on non-operating receivable (Note- 30.2)	-	(97,827)
	4,611	83,759
30.1 Last year, the Company received an insurance claim of Taka 177,785 (in thousand) against business interruption.		
30.2 Loss on adjustable minimum payment against gas contract with the Jalalabad Gas Transmission and Distribution System Limited.		
31 Finance Costs and Income		
Interest on long term loan	342,106	551,740
Interest on bank overdrafts and short term debts	459,903	538,022
Fees for long term loan	27,191	25,555
Derivative expenses	-	85,290
Interest on discounted bill	9,121	12,538
Bank charges and commission	32,585	11,309
Finance costs	870,906	1,224,454
Derivative income	77,762	-
Interest Income on Bank Deposits:		
Lafarge Surma Cement Limited	184	125
Lafarge Umiam Mining Private Limited	581	405
Lum Mawshun Minerals Private Limited	-	22
	765	552
Finance income	78,527	552
Net finance costs	792,379	1,223,902

	2009 Taka'000	2008 Taka'000
32 Income Tax Expenses/(Income)		
Current income tax income	-	(4,716)
Deferred income tax expenses	466,904	312,043
	466,904	307,327

33 Earnings Per Share

33.1 Basic earnings per share

Basic earning per share has been calculated taking a capital base of 58,068,675 number of ordinary shares of Taka 100 each as issued up to 31 December 2009.

33.2 Diluted earnings per share

No diluted earnings per share is required to be calculated during the year as there was no scope for dilution under review.

34 Related Party Transactions (Amount in Taka '000)

During the year, the company carried out a number of transactions with related parties in the normal course of business and on arms' length basis. The name of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of IAS 24.

Name of the Party and relationship	Nature of transaction	Transaction value	Outstanding amount
		During the Year	at 31 Dec 2009
Lafarge Asia SDN BHD-Group Company	Intercompany services/Technical assistance	56,708	88,302
Lafarge Halla Cement Limited-Group Company	Intercompany services/Technical assistance	6,915	7,125
Lafarge Cement UK-Group Company	Intercompany services	12,591	18,057
Lafarge S.A.-Group Company	Technical assistance/Trademark license	85,220	241,012
Cementia Asia SDN BHD-Group Company	Travel expenses	271	271
Lafarge Dujiangyan Cement Co Ltd. Group Company	Intercompany services	-	356
Cementos Molins-Group Company	Trademark license/Travel expenses	63,667	132,368
Eastern Housing Ltd.-Shareholder	Cement sales	25,997	1,540
Bengal Development Corp.-Shareholder	Cement sales	7,969	348
Sinha Textile Ltd.-Shareholder	Cement sales	5,468	-
Aftab Global Textiles Ltd.-Shareholder	Cement sales	10,112	-

There is no transactions during the year with Surma Holdings BV (the major shareholder of the Company).

35 Remuneration of Directors, Managers and Officers

	2009 Taka'000	2008 Taka'000
Salary, allowances and benefits	142,362	114,694
Contributions to employees' benefit scheme	8,963	10,063
Reimbursable expenses	2,216	504
	153,541	125,261

During the year, the Board of Directors of the Company did not receive any remuneration or fees for services rendered by them.

36 Number of Employees

Lafarge Surma Cement Limited

Nationality:

Bangladeshi

Non-Bangladeshi

Lafarge Umiam Mining Private limited

Nationality:

Indian

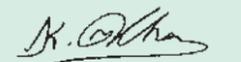
Non-Indian

Salary range:

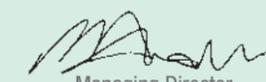
Monthly Taka 3,000 or above

Monthly below Taka 3,000

	2009 Taka'000	2008 Taka'000
36 Number of Employees		
Lafarge Surma Cement Limited		
Nationality:		
Bangladeshi	373	357
Non-Bangladeshi	12	11
	419	400
Lafarge Umiam Mining Private limited		
Nationality:		
Indian	33	32
Non-Indian	1	-
	419	400
Salary range:		
Monthly Taka 3,000 or above	419	400
Monthly below Taka 3,000	Nil	Nil


Company Secretary


Director


Managing Director

AUDITED FINANCIAL STATEMENTS OF LAFARGE SURMA CEMENT LIMITED

For the year

ended 31 December 2009



Auditors' Report to the Shareholders on Financial Statements of Lafarge Surma Cement Limited

We have audited the accompanying balance sheet of the Lafarge Surma Cement Limited as of 31 December 2009 and the related income statement and cash flow statement for the year then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) so far adopted in Bangladesh, give a true and fair view of the state of the company's affairs as of 31 December 2009 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

Without qualifying our opinion, we draw attention to the note 2 to the financial statements disclosing the fact that there has been suspension of limestone mining operations of Lafarge Umiam Mining Private Limited, a wholly owned subsidiary of the Company, by an order of the Hon'ble Supreme Court of India dated 5 February 2010. In subsequent hearings, the Hon'ble Supreme Court has imposed further conditions on the subsidiary company for obtaining forest clearance. The final order from the Hon'ble Court is still pending.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the company's balance sheet and income statement along with the annexed notes 1 to 43 dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred and payments made were for the purposes of the company's business.

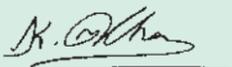
Dhaka, 05 April 2010


Chartered Accountants

Lafarge Surma Cement Limited
Balance Sheet
As at 31 December 2009

	Notes	2009 Taka'000	2008 Taka'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	13,036,126	13,341,043
Intangible assets	6	8,383	11,020
Investment in subsidiaries	7	519,893	519,893
Loan to subsidiary company	8	1,129,641	1,240,560
Deferred income tax assets	9	-	81,767
		14,694,043	15,194,283
CURRENT ASSETS			
Inventories	10	1,198,739	1,006,384
Trade receivables	11	388,088	703,932
Accrued interest	8	224,260	279,420
Advances, deposits and prepayments	12	437,412	497,842
Derivative instruments-assets	13	50	1,960
Cash and cash equivalents	14	70,039	18,301
		2,318,588	2,507,839
TOTAL ASSETS		17,012,631	17,702,122
LIABILITIES			
Share capital	15	5,806,868	5,806,868
Accumulated loss	16	(1,053,857)	(1,636,782)
SHAREHOLDERS' EQUITY		4,753,011	4,170,086
NON-CURRENT LIABILITIES			
Long-term debt	17.1	4,705,955	6,404,929
Deferred income tax liabilities	9	385,137	-
Contribution to employee benefits	18	43,901	31,866
		5,134,993	6,436,795
CURRENT LIABILITIES			
Trade payables	19	951,271	637,766
Other payables	20	489,635	514,364
Current portion of long term debt	17.2	1,741,992	1,717,614
Bank overdrafts	22	675,096	1,420,373
Short-term debt	23	3,265,382	2,803,873
Current income tax liabilities	24	1,251	1,251
		7,124,627	7,095,241
TOTAL EQUITY AND LIABILITIES		17,012,631	17,702,122

The accompanying notes are an integral part of these financial statements


Company Secretary


Director


Managing Director

Dhaka, 05 April 2009

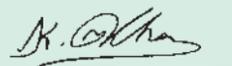
Auditors report to the shareholders
See annexed report of date


Chartered Accountants

Lafarge Surma Cement Limited
Income Statement
For the year ended 31 December 2009

	Notes	2009 Taka'000	2008 Taka'000
REVENUE			
Cost of sales	27	7,543,725	6,211,938
	28	(5,105,542)	(3,836,583)
GROSS PROFIT		2,438,183	2,375,355
EXPENSES			
General and administrative expenses	29	(376,219)	(359,058)
Selling and distribution expenses	31	(124,949)	(132,022)
Other income	32	2,947	83,759
OPERATING PROFIT		1,939,962	1,968,034
OTHER INCOME AND EXPENSES			
Exchange (loss)/gain on foreign currency transactions	3.4	(68,365)	12,889
Finance costs	33	(828,974)	(1,068,823)
Finance income	33	62,460	78,408
Contribution to Workers' Profit Participation and Welfare Funds	3.5-iii	(55,254)	(49,526)
NET PROFIT BEFORE TAX		1,049,829	940,982
Income tax	34	(466,904)	(305,787)
NET PROFIT AFTER TAX		582,925	635,195
Earnings per share (Taka)	35	10.04	10.94

The accompanying notes are an integral part of these financial statements


Company Secretary


Director


Managing Director

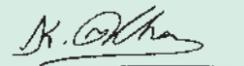
Dhaka, 05 April 2009

Auditors report to the shareholders
See annexed report of date


Chartered Accountants

Lafarge Surma Cement Limited
Cash Flow Statement
For the year ended 31 December 2009

	2009 Taka'000	2008 Taka'000
Cash flows from operating activities		
Cash received from customers	7,942,749	5,547,503
Payment for cost and expenses	(4,993,530)	(3,651,464)
Interest paid	(906,794)	(1,104,468)
Interest on bank deposits	184	125
Other receipts	2,044	1,112
	2,044,653	792,808
Cash flows from investing activities		
Acquisition of property, plant and equipment	(205,253)	(169,792)
Intangible assets	(1,207)	(6,099)
Disposal of property, plant and equipment	1,917	4,838
Received against loan to subsidiary company	116,463	-
Interest received from subsidiary company	99,433	16,064
	11,353	(154,989)
Cash flows from financing activities		
Long term debt	(1,720,500)	(866,282)
Bank overdrafts	(745,277)	(391,916)
Short term debt	461,509	622,373
	(2,004,268)	(635,825)
Net increase in cash and cash equivalents	51,738	1,994
Cash and cash equivalents at beginning of the year	18,301	16,307
Cash and cash equivalents at end of the year	70,039	18,301
	51,738	1,994


Company Secretary


Director


Managing Director

Lafarge Surma Cement Limited
Statement of Changes in Shareholders' Equity
For the year ended 31 December 2009

	2009 (in Taka'000)			2008 (in Taka'000)		
	Share Capital	Accumulated Loss	Total	Share Capital	Accumulated Loss	Total
Balance as on 1 January	5,806,868	(1,636,782)	4,170,086	5,806,868	(2,271,977)	3,534,891
Net profit after tax for the year	-	582,925	582,925	-	635,195	635,195
Balance as at 31 December	5,806,868	(1,053,857)	4,753,011	5,806,868	(1,636,782)	4,170,086


Company Secretary


Director


Managing Director

Lafarge Surma Cement Limited

Notes to the Financial Statements

For the year ended 31 December 2009

1 Background and Introduction

Formation and legal status

Lafarge Surma Cement Limited - (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. 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 material limestone from its own quarry in Meghalaya. A 17 km cross border belt conveyor links the quarry with the cement plant for transportation of raw material.

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

In May 2007, Lafarge Umiam Mining Private Limited (LUMPL) the subsidiary company in India owning the quarry, received an order from the Regional office of the Ministry of Environment and Forest, Shillong directing the LUMPL to stop mining activities unless forest clearance is obtained. After several hearings, the Supreme Court of India issued an interim order permitting the mining operation to resume from end of November 2007. However, in a subsequent hearing dated 5 February 2010, the Supreme Court of India has suspended mining operations but has allowed export of already mined materials.

3 Summary of Significant Accounting Policies

3.1 Basis of accounting

These financial statements have been prepared in line with Group accounting policies following Generally Accepted Accounting Principles (GAAP) under historical cost convention and after due compliance with the International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

3.2 Property, plant and equipment

i) Recognition of property, plant and equipment

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of IAS 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its operating condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

ii) Capital work in progress

These expenditure will be capitalized and recognized as operating assets upon completion of the acquisition process or construction, where applicable and physical possession thereof.

iii) Depreciation of property, plant and equipment

Straight line depreciation method has been followed and depreciation has been charged on all assets acquired that are put on use except land, at rates varying from 2% to 33.33%. Full month's depreciation is charged for the month of acquisition and no depreciation is charged for the month of disposal.

3.3 Recognition of intangible assets

i) Software

Software costs are capitalized where it is expected to provide future enduring economic benefits. Capitalization costs include license fees & cost of implementation/system integration services which

are capitalized in the year in which the relevant software is installed for use. Costs of maintenance, upgradation and enhancements are charged off as revenue expenditure unless they bring similar significant additional long term benefits.

ii) Amortization of intangible assets

Software are amortized using the straight-line method over their useful lives (Three years).

3.4 Foreign currency translation/ transaction

Transactions in foreign currency have been translated in Taka currency at the exchange rates prevailing on the dates of such transactions. Inter-company balances in foreign currency held at 31 December 2009 as well as other balances on foreign currency debts and cash holdings have been translated at rate provided by the Bangladesh Bank (Central Bank) and the resultant gain/loss has been reflected in the financial statements. These rates are as follows:

	<u>Average Rate</u>	<u>Closing Rate</u>
BDT/USD	69.0386	69.2500
BDT/EUR	96.2118	99.3400
BDT/GBP	108.0560	110.0850
BDT/INR	1.4269	1.4835

3.5 Employees' benefit schemes

i. The Company operates an unfunded gratuity scheme, provision for which has been made in respect of all eligible employees and reflected in these accompanying financial statements.

ii. The Company also operates a recognized provident fund scheme with equal contribution by the employees and the Company.

iii. The Company recognizes a provision for Workers' Profit Participation and Welfare funds @ 5% of net profit before tax as per Labour Act, 2006.

3.6 Inventories

Inventories are stated at the lower of cost or net realizable value while packing materials and spare parts are valued at cost.

3.7 Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

Deferred income tax is provided for all temporary timing differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements in accordance with the provisions of IAS 12. Tax rate prevailing at the balance sheet date is used to determine deferred income tax.

3.8 Revenue recognition

Sale of the products, net of value added tax and discounts, is recognized upon raising invoices to customers.

3.9 Derivatives instruments

Financial assets and liabilities in the form of derivatives instruments are recognized based on Group's advice received from time to time. Contracting for derivatives and its valuations for provisioning purpose are done as per Group treasury policy under the supervision of Group treasury department.

3.10 General

i. Figures appearing in these financial statements have been rounded off to the nearest Bangladesh Taka.

ii. Comparative figures and account titles in the financial statements have been rearranged/reclassified where necessary to conform with changes in presentation in the current year.

4 Preparation and Presentation of Financial Statements of the Company and its Subsidiaries

The Board of Directors of respective companies are responsible for the preparation and presentation of financial statements of Lafarge Surma Cement Limited and its subsidiaries. Lafarge Surma Cement Limited has two subsidiary companies incorporated in India as detailed in Note-7.

5. Property, Plant and Equipment

Figures in Taka '000

Category of property, plant and equipment	Cost				Balance at 31 December 2009	Rate	Depreciation			Written Down Value as at 31 December 2009
	Balance on 1 January 2009	Additions during the year	Disposal during the year	Reclassification			Balance on 1 January 2009	Provision for the year	Accum. prov for disposal	
Land - freehold	528,226	467	-	-	528,693	-	-	-	-	528,693
Leasehold improvements	367	-	-	-	367	20.00%	73	-	367	-
Building	49,983	-	-	3,517	53,500	2.00%	1,040	-	5,412	48,088
Plant building	463,722	-	-	29,104	492,826	2.50%	11,739	-	37,591	455,235
Technical facilities	48,473	-	-	-	48,473	3.33%	1,616	-	5,082	43,391
Plant & machinery	12,893,926	119,738	-	-	13,013,664	3.33%	430,130	-	1,387,432	11,626,232
Other plant equipment	27,335	3,866	-	16,355	47,556	10.00%	3,464	-	7,571	39,985
Vehicles	53,152	130	3,256	31,102	81,128	20.00%	14,895	3,064	41,280	39,848
Computers equipment	51,668	278	235	14,844	66,555	33.33%	9,660	127	47,209	19,346
Office equipment	44,412	2,078	1,019	3,220	48,691	20.00%	7,670	697	33,016	15,675
Furniture and fixtures	44,947	125	654	5,348	49,766	10.00%	10,252	262	14,745	35,021
Capital work in progress (5.1)	233,645	57,589	3,132	(103,490)	184,612	-	-	-	-	184,612
Total at end of year 2009	14,439,856	184,271	8,296	-	14,615,831	-	485,042	4,150	1,579,705	13,036,126
Total at end of year 2008	14,196,486	262,553	19,183	-	14,439,856	-	473,723	17,030	1,098,813	13,341,043

5.1 Capital work in progress

General survey and studies
Equipment
Other improvement works

5.2 Depreciation charge has been allocated to

Production and maintenance overhead (Note- 28.2)
General and administrative expenses (Note- 29)

	2009 Taka'000	2008 Taka'000
General survey and studies	70,804	70,804
Equipment	67,575	83,930
Other improvement works	46,233	78,911
	184,612	233,645
Production and maintenance overhead (Note- 28.2)	456,063	445,780
General and administrative expenses (Note- 29)	28,979	27,943
	485,042	473,723

5.3 Disposal of property, plant and equipment (Figures in Taka '000)

Category of property, plant and equipment	Cost	Accumulated Depreciation	Written down Value	Sale Proceeds	Mode of Disposal	Particulars of Purchaser
Vehicles	3,256	3,064	192	1,360	Tender	Third party
Computers equipment	235	127	108	111	Company policy/ Tender	Employees of the company
Office equipment	1,019	697	322	226	Company policy Tender	Employees of the company/Third party
Furniture & fixtures	654	262	392	220	Company policy Tender	Employees of the company/Third party
Capital work in progress	532	-	532	-	Written off	-
Capital work in progress	2,600	-	2,600	-	Transferred to intangible assets	-
Total at end of year 2009	8,296	4,150	4,146	1,917		
Total at end of year 2008	19,183	17,030	2,153	4,838		

	2009 Taka'000	2008 Taka'000
6 Intangible Assets		
Cost on 1 January	46,460	40,361
Additions during the year		
Software	2,840	6,099
Capital work in progress	967	-
	50,267	46,460
Accumulated amortization at 1 January	35,440	26,208
Provision during the year	6,444	9,232
	41,884	35,440
Carrying amount at 31 December	8,383	11,020
Intangible assets represent cost of IT Software.		
7 Investment in Subsidiaries		
Lafarge Umiam Mining Private Limited		
- a fully owned subsidiary incorporated in India	519,356	519,356
Lum Mawshun Minerals Private Limited		
- a 74% owned subsidiary incorporated in India	537	537
	519,893	519,893

These represent investments made in the above entities against the shares issued by those Companies in the name of Lafarge Surma Cement Limited.

Investments in all subsidiaries are disclosed at cost. Shares held in different entities are as follows:

Name of entities	Face value per share	Number of Ordinary Shares held by the Company	
		2009	2008
Lum Mawshun Minerals Private Limited	Indian Rupees 100	4,046	4,046
Lafarge Umiam Mining Private Limited	Indian Rupees 10	41,133,099	41,133,099
8 Loan to Subsidiary Company			
Lafarge Umiam Mining Private Limited (a fully owned subsidiary)		1,129,641	1,240,560
		1,129,641	1,240,560

An amount of USD 18 million loan has been allowed and disbursed to Lafarge Umiam Mining Private Limited (a fully owned subsidiary) which is a private limited company incorporated on 22 March 1999 under the Indian Companies Act 1956 with its registered office in Shillong in the State of Meghalaya, India. Loan outstanding at 31 December 2009 is USD 16,313 (in thousand). Exchange gain of Taka 5,608 (in thousand) has been provided during the year due to devaluation of Taka against US Dollar.

Terms and conditions of the loan are as follows:

Date of loan agreement:	April 20, 2004 and subsequent amendments thereto.
Loan amount:	US Dollar 18 million.
Rate of interest:	LIBOR + 3% per annum on outstanding principal amount.
Repayment of principal:	Started from 15 June 2009, repayment will be made in USD by 32 equal installments on 15 March, 15 June, 15 September and 15 December each year
Payment of interest:	Arrear interest of first four years up to 16 March 2008 has been receiving in 32 equal installments starting from 15 June 2009 on every repayment date along with the principal repayment.
Security:	Mortgage or creation of security interest in favour of offshore lenders (see note 17) over the mining lease, land lease and other movable & immovable assets excluding raw materials, inventories, and trade receivables.

9 Deferred Income Tax Assets/(Liabilities)
The tax effects of temporary differences that resulted in deferred tax assets and liabilities.

	2009 Taka'000	2008 Taka'000
Deferred tax assets		
Provision for gratuity	16,461	11,950
Provision for doubtful debts	3,027	168
Business loss	2,680,841	2,935,882
	2,700,329	2,948,000
Deferred tax liabilities		
Property, plant and equipment	(3,085,466)	(2,866,233)
	(3,085,466)	(2,866,233)
	(385,137)	81,767
10 Inventories		
Raw materials	276,833	149,714
Spare parts	660,330	481,211
Packing materials	4,793	23,604
Other materials	53,273	55,330
Finished goods and work in process	203,510	296,525
	1,198,739	1,006,384
11 Trade Receivables		
Trade receivables	388,088	703,932
Trade receivables are secured and considered good.		
12 Advances, Deposits and Prepayments		
Office and house rent	27,782	37,893
Contractors, consultants, suppliers and others (Note- 12.1)	72,325	230,494
VAT current account	48,624	41,184
Income tax-deducted at source	209,437	139,887
Employees for expenses	6,499	2,599
Advance to employees for SAR plan (Note- 18)	24,098	-
Security and other deposits (Note-12.2)	2,261	2,261
Prepaid expenses	36,738	36,990
Other receivables	9,648	6,534
	437,412	497,842

Advances mentioned above are unsecured but all are considered good and as such no provision is required to be made.

12.1 Advance to contractors, consultants, suppliers and others

Letter of Credit-spare parts	27,189	161,173
Letter of Credit-raw materials	17,958	27,595
Custom duties	9,472	18,186
Others	17,706	23,540
	72,325	230,494

12.2 Security and other deposits

House rental	520	520
Telecommunications	527	527
Central Depository System	500	500
Other services	714	714
	2,261	2,261

	2009 Taka'000	2008 Taka'000
13 Derivative Instruments-Assets		
Derivative instruments	50	1,960

The Company entered into forward contracts with the commercial banks in order to manage its foreign exchange exposure due to change in exchange rates. The amount is the difference between market prices and prices the company would pay to settle the foreign exchange liabilities at close of the year.

	2009	2008
14 Cash and Cash Equivalents		
Cash in hand	310	570
Cash at banks	310	570
In current accounts	47,864	15
In short term deposit accounts	21,856	17,707
In short notice deposit account	9	9
	69,729	17,731
	70,039	18,301

	2009	2008
15 Share Capital		
a. Authorised capital		
70,000,000 ordinary shares of Tk. 100 each	7,000,000	7,000,000
b. Issued, subscribed and fully paid up capital		
Balance on 01 January		
Fully paid up in cash	5,759,888	5,759,888
Fully paid up in other than cash	46,980	46,980
	5,806,868	5,806,868

c. Composition of shareholders at 31 December 2009			
Name of the shareholders	Nationality or incorporated in	Number of shares	Holding %
Surma Holdings BV	The Netherlands	34,184,935	58.87%
International Finance Corporation	U S A	2,898,500	4.99%
Asian Development Bank	Philippines	5,797,000	9.98%
Sinha Fashions Ltd.	Bangladesh	1,755,000	3.02%
Islam Cement Limited	Bangladesh	1,595,710	2.75%
Other shareholders-	Bangladeshi & NRB	11,837,530	20.39%
		58,068,675	100.00%

d. Classification of shares by holding			
Slabs by number of shares	Number of shareholders	Number of shares	Holding %
Less than 500	8,713	1,240,183	2.14%
From 500 to 5,000	1254	1,845,436	3.18%
From 5,001 to 10,000	76	553,047	0.95%
From 10,001 to 20,000	61	866,479	1.49%
From 20,001 to 30,000	27	661,738	1.14%
From 30,001 to 40,000	9	314,756	0.54%
From 40,001 to 50,000	2	90,538	0.16%
From 50,001 to 100,000	14	859,879	1.48%
From 100,001 to 1,000,000	10	2,959,439	5.10%
Above 1,000,000	7	48,677,180	83.82%
	10,173	58,068,675	100.00%

	2009 Taka'000	2008 Taka'000
16. Accumulated Loss		
Balance as on 1 January	1,636,782	2,271,977
Net profit after tax for the year	(582,925)	(635,195)
Balance as at 31 December	1,053,857	1,636,782

17 Long Term Debt				
17.1 Long Portion				
Loan drawn down from:	Currency	Amount '000 Foreign Currency	Amount in BDT'000	Amount in BDT'000
International Finance Corporation	USD	25,325	1,753,734	2,327,169
Asian Development Bank	USD	17,143	1,187,143	1,654,080
European Investment Bank	USD	18,725	1,296,695	1,690,011
Deutsche Investitions und Entwicklungsgesellschaft mbH	EURO	2,900	288,123	465,487
Standard Chartered Bank			100,000	170,000
AB Bank Limited			80,260	98,182
			4,705,955	6,404,929

17.2 Current Portion				
Loan drawn down from:	Currency	Amount '000 Foreign Currency	Amount in BDT'000	Amount in BDT'000
International Finance Corporation	USD	8,442	584,578	581,793
Asian Development Bank	USD	6,857	474,857	472,594
European Investment Bank	USD	5,797	401,408	385,215
Deutsche Investitions und Entwicklungsgesellschaft mbH	EURO	1,934	192,082	186,194
Standard Chartered Bank			70,000	70,000
AB Bank Limited			19,067	21,818
			1,741,992	1,717,614

Details of loan agreements

Name of Lenders	Type	Amount	Tenor	Interest Rates
International Finance Corporation (IFC)				
Loan A	Term Loan	USD 35 million	7 years	(i) LIBOR+2.875% till FSC* date (ii) after period (i) above LIBOR+3.25% till 60% repaid (iii) after period (ii) above LIBOR+3.00% on outstanding

*FSC: Financial Support Completion

Loan B	Term Loan	USD 15 million	7 years	(i) LIBOR+2.75% till FSC date (ii) after period (i) above LIBOR+3.25% till 60% repaid (iii) after period (ii) above LIBOR+3.00% on outstanding
--------	-----------	----------------	---------	---

The repayment of the loan has started from 15th January 2007 and will end on 15th July 2013.

Asian Development Bank (ADB)

Term Loan	USD 40 million	7 years	(i) LIBOR+2.75% till FSC date (ii) after period (i) above LIBOR+3.25% till 60% repaid (iii) after period (ii) above LIBOR+3.00% on outstanding
-----------	----------------	---------	---

The repayment of the loan has started from 15th September 2006 and will end on 15th March 2013.

German Development Bank (DEG)

Term Loan EURO 9.28 million 6 years EURIBOR+3.25%

The repayment of the loan has started from 15th September 2006 and will end on 15th March 2012.

European Investment Bank (EIB)

Term Loan USD 35 million 7 years 4.29%

The repayment of the loan has started from 15th January 2007 and will end on 15th July 2013.

Standard Chartered Bank

Term Loan BDT 350 million 5 years

The repayment of the loan has started from 30th June 2007 and will end on 12 April 2012.

AB Bank Limited

Term Loan BDT 120 million 6 years

The repayment of the loan has started from 31st December 2008 and will end on 31st March 2014.

Security:

Memorandum of Deposit of Title Deeds: Creating equitable mortgage over 191.67 acres of land situated at Sunamganj District and 1.75 acres of land situated at Narayanganj District owned by Lafarge Surma Cement Limited;

Deed of Hypothecation (on fixed and floating assets): Creating hypothecation over all tangible moveable assets of both Lafarge Surma Cement Limited and Lafarge Umiam Mining Private Limited;

Security agreement: Creating charge over the contracts;

Memorandum of deposit of shares: Creating equitable mortgage over the shares owned by the Lafarge Surma Cement Limited and its subsidiary company Lafarge Umiam Mining Private Limited;

Letter of Lien and Set off: Bank account under lien of Lafarge Surma Cement Limited and Lafarge Umiam Mining Private Limited; and

Composite Security Agreement: Creating security interests over the offshore bank accounts and offshore investments.

Debt covenant for dividend policy

IFC and ADB have laid down a condition for payment of dividend. The Company should obtain their approval for declaration of dividend after the accumulated loss of the Company have been fully recovered.

	2009 Taka'000	2008 Taka'000
18 Contribution To Employee Benefits		
Contribution to gratuity scheme (Note- 3.5-i)	43,546	31,866
Provision for Stock Appreciation Rights (SAR)*	355	-
	<u>43,901</u>	<u>31,866</u>

*Stock Appreciation Rights (SAR)

This is a global programme of Lafarge Group under which the employees of Lafarge Surma Cement Limited have subscribed for shares of Lafarge at the price ruling on the date of subscription after deduction of a discount on the shares. The employees have been given an interest free loan repayable over a 24 month period to finance the share subscription. At the end of a five year vesting period, the gain, if any, on sale of shares will be given to the employees. Provision made on the account relates to the amount of discount on subscription.

19 Trade Payables

	2009 Taka'000	2008 Taka'000
Raw materials	61,424	124,675
Packing bags	20,219	58,081
Marketing expenses	26,987	23,868
Distribution cost	149,840	80,540
Computer expenses	24,140	12,271
Audit fee	1,100	1,139
Maintenance	19,825	25,612
Administrative office expenses	39,586	30,191
General assistance fee (Note- 19.1)	148,332	77,276
Trademark license fee (Note- 19.2)	148,331	77,276
Gas bill	65,895	49,502
Operation and maintenance bill-Power Plant	8,458	18,243
Discount on sales	98,136	34,328
Advances paid by customers	107,430	16,485
Others	31,568	8,279
	<u>951,271</u>	<u>637,766</u>

19.1 General assistance fee

The amount 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).

19.2 Trademark license fee

The amount 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).

20 Other Payables

Payables to supplier of property, plant and equipment	144,172	165,154
Interest and commitment fees on debts	117,112	194,932
Accrued bonus	14,214	42,158
Workers profit participation funds (Note- 3.5-iii)	104,780	49,526
Income tax & VAT deducted at source	14,434	563
Derivative Instruments (Note- 21)	-	15,257
Others	94,923	46,774
	<u>489,635</u>	<u>514,364</u>

21 Derivative Instruments-Liabilities

Derivative instruments	-	15,257
------------------------	---	--------

The Company entered into forward contracts with the commercial banks in order to manage its foreign exchange exposure due to change in exchange rates. The amount is the difference between market prices and prices the company would pay to settle the foreign exchange liabilities at close of the year.

22 Bank Overdrafts

Standard Chartered Bank, Dhaka	97,419	283,661
AB Bank Limited, Dhaka	-	11,287
Commercial Bank of Ceylon plc.	185,209	197,690
Trust Bank Limited, Dhaka	-	298,100
Citibank N.A., Dhaka	100,037	2,783
The City Bank Limited, SOD Account, Dhaka	-	270,544

Prime Bank Limited, SOD Account, Dhaka	-	54,837
Eastern Bank Limited, SOD Account, Dhaka	6,565	2,695
Uttara Bank Limited, Cash credit Account	53,806	244,314
The Hongkong and Shanghai Banking Corporation Limited	232,060	54,462
	<u>675,096</u>	<u>1,420,373</u>
23 Short Term Debt		
Standard Chartered Bank, Dhaka	1,300,000	1,140,000
Citibank N.A., Dhaka	1,527,489	1,243,873
Eastern Bank Limited	150,000	70,000
Commercial Bank of Ceylon plc	170,000	-
The Hongkong and Shanghai Banking Corporation Limited	117,893	350,000
	<u>3,265,382</u>	<u>2,803,873</u>

The terms and conditions of the Bank Overdrafts (Note-22) and Short Term Debts (Note-23) are as follows:

Standard Chartered Bank, Dhaka
Facility limit: Taka 1,540,000,000

Security: i. Hypothecation of Company's inventory
ii. Hypothecation of Company's receivables
iii. Demand Promissory Note and Letter of Continuation
iv. Guarantee from Financiere Lafarge

Validity: Up to 05 March 2010

Citibank N.A., Dhaka
Facility limit: Taka 1,780,000,000

Security: i. Financiere Lafarge Corporate Guarantee
ii. Hypothecation of Company's inventory
iii. Hypothecation of Company's receivables
iv. Demand Promissory Note and Letter of Continuation

Validity: Up to 30 October 2010

Commercial Bank of Ceylon Plc, Dhaka
Facility limit: Taka 370,000,000

Security: i. Guarantee from Standard Chartered Bank, Dhaka and counter guarantee from Financiere Lafarge.
ii. Hypothecation of Company's inventory
iii. Hypothecation of Company's receivables
iv. Demand Promissory Note and Letter of Continuation

Validity: Up to 31 March 2010

Eastern Bank Limited, Dhaka
Facility limit: Taka 200,000,000

Security: i. Guarantee from Standard Chartered Bank, Dhaka and counter guarantee from Financiere Lafarge.
ii. Demand Promissory Note and Letter of Continuation

Validity: Up to 31 October 2010

Uttara Bank Limited, Dhaka

Facility limit: Taka 300,000,000

Security: i. Hypothecation of Company's inventory
ii. Hypothecation of Company's receivables
iii. Demand Promissory Note and Letter of Continuation

Validity: Up to 31 March 2010

The Hongkong and Shanghai Banking Corporation Limited, Dhaka

Facility limit: Taka 420,000,000

Security: i. Financiere Lafarge Corporate Guarantee
ii. Demand Promissory Note and Letter of Continuation

Validity: Up to 31 December 2010

	2009 Taka'000	2008 Taka'000
24 Current Income Tax Liabilities		
Balance as on 1 January	1,251	7,517
Provision during the year	-	(6,266)
Balance as at 31 December	<u>1,251</u>	<u>1,251</u>
25 Commitments		
Contracted but not provided for in these accounts:		
Security agency services contract	11,426	15,162
Capital expenditure	37,089	43,740
Others		
Contractors, consultants and suppliers	549,428	117,372
Calyon Corporation and Investment Bank (Calyon is the guarantor of EIB loan)	37,540	56,438
	<u>635,483</u>	<u>232,712</u>
26 Contingent Liabilities		
26.1 Bank guarantees have been issued in favour of Customs Authority against import of equipment and spare parts.	7,301	7,817
Bank guarantees totaling Tk. 10.8 million have been issued in favour of Wartsila Bangladesh as a payment guarantee against operation & maintenance contract.	10,800	10,800
Bank guarantees have been issued in favour of Jalalabad Gas Transmission and Distribution System Limited for continued gas supply to the plant.	265,487	265,487
26.2 Claims		
a. Claims against the Company not acknowledged as debt	Nil	Nil
b. Claims by the Company not acknowledged as receivable	Nil	Nil

	2009 Taka'000	2008 Taka'000
27 Revenue		
Sale of grey cement*	5,391,277	4,115,390
Sale of cement clinker	2,152,448	2,096,548
	7,543,725	6,211,938
*Sale of grey cement		
Local sales	5,371,006	4,105,010
Export	20,271	10,380
	5,391,277	4,115,390
28 Cost of Sales		
Opening finished goods and work in process (Note- 41)	296,525	122,555
Raw materials consumed (Note- 28.1)	2,259,610	1,791,646
Power and fuel consumed	790,079	672,291
Production and maintenance overhead (Note- 28.2)	843,669	774,631
General and social expenses (Note- 28.3)	201,528	191,807
Internal distribution cost	917,641	580,178
Closing finished goods and work in process (Note- 41)	(203,510)	(296,525)
	5,105,542	3,836,583
28.1 Raw materials consumed		
Limestone	1,529,774	1,170,975
Shale	6,329	3,685
Clay	77,208	76,181
Gypsum	142,778	104,754
Iron Ore	40,980	66,828
Sand	9,326	10,054
Packing bag	339,945	304,660
Others	113,270	54,509
	2,259,610	1,791,646
28.2 Production and maintenance overhead		
Salary, allowances and benefits	124,798	115,870
Contributions to employees' benefit schemes	5,953	5,778
Staff welfare expenses	1,217	1,688
Maintenance	147,477	118,546
Other supplies and spares	38,025	10,073
Material handling	35,821	58,573
Other expenses	18,385	8,133
Technical studies	15,930	10,190
Depreciation (Note- 5.2)	456,063	445,780
	843,669	774,631

	2009 Taka'000	2008 Taka'000
28.3 General and social expenses		
Salary, allowances and benefits	37,543	41,113
Contributions to employees' benefit schemes	1,778	1,391
Staff welfare expenses	6,966	829
Training, seminars and meeting	4,537	4,024
Traveling	15,558	12,607
Rent	321	2,535
Gas, electricity and water	595	1,182
Telephone, fax and postage	2,844	2,993
Office maintenance	6,901	6,423
Security services	16,752	9,383
Printing and stationery	1,052	973
Computer expenses	11,779	17,958
Other supplies and spares	4,815	6,423
Other office expenses	5,708	17,955
Registration and other fees	6,018	1,100
Consultancy	-	3,000
Vehicles running expenses	9,416	4,276
Corporate social activities	3,436	2,217
Insurance	65,509	55,425
	201,528	191,807
29 General and Administrative Expenses		
Salary, allowances and benefits	89,009	100,097
Contributions to employees' benefit scheme	9,105	8,302
Staff welfare expenses	2,182	1,085
Training, seminars and meeting	12,792	20,146
Traveling	6,448	10,402
Rent	22,110	16,534
Gas, electricity and water	1,416	1,100
Telephone, fax and postage	3,227	3,175
Entertainment	1,351	1,274
Office maintenance	3,649	2,441
Office security services	1,233	359
Printing and stationery	1,484	1,940
Computer expenses	19,088	19,374
Other office expenses	4,451	3,252
Registration and other fees	1,686	1,664
Audit and tax advisory fees (Note- 30)	1,699	1,786
Legal expenses	815	921
Vehicles running expenses	8,825	9,271
Public relation	4,674	6,753
General assistance fee (Note- 19.1)	71,056	53,277
Trademark license fee (Note- 19.2)	71,056	53,277
Insurance	2,111	3,404
General survey and studies	1,329	2,049
Depreciation (Note- 5.2)	28,979	27,943
Amortization of intangible assets (Note- 6)	6,444	9,232
	376,219	359,058

	2009 Taka'000	2008 Taka'000
30 Audit and Tax Advisory Fees		
Statutory audit fee	200	200
Group audit fee	510	660
Certification fees	49	47
Annual consolidation audit	200	240
Pocket expenses	30	39
Tax and VAT advisory services	710	600
	1,699	1,786
31 Selling and Distribution Expenses		
Salary, allowances and benefits	29,276	48,598
Contributions to retirement benefit scheme	2,143	2,879
Training, seminars and meeting	302	1,468
Traveling	2,775	3,335
Gas, electricity and water	70	93
Telephone, fax and postage	1,064	1,435
Entertainment	331	243
Office maintenance	419	598
Printing and stationery	1,192	611
Other office expenses	3,282	265
Registration and other fees	1,517	2,303
Advertisement and promotion	73,563	69,443
Insurance	156	-
Provision for trade receivables	8,071	447
General survey and studies	788	304
	124,949	132,022
32 Other Income		
Sale of property, plant and equipment and others	903	2,689
Sale of paper bags	2,044	1,112
Insurance claim received (Note- 32.1)	-	177,785
Loss on non-operating receivable (Note- 32.2)	-	(97,827)
	2,947	83,759
32.1 Last year, the Company received an insurance claim of Taka 177,785 (in thousand) against business interruption.		
32.2 Loss on adjustable minimum payment against gas contract with the Jalalabad Gas Transmission and Distribution System Limited.		
33 Finance Costs and Income		
Interest on long term loan	342,106	551,740
Interest on bank overdrafts and short term debts	419,856	456,552
Fees for long term loan	27,191	25,555
Derivative expenses	-	13,297
Interest on discounted bill	9,121	12,538
Bank charges and commission	30,700	9,141
Finance costs	828,974	1,068,823

	2009 Taka'000	2008 Taka'000
Interest on loan to subsidiary company (Note- 8)	48,928	78,283
Interest Income on Bank Deposits	184	125
Derivative income	13,348	-
Finance income	62,460	78,408
Net finance costs	766,514	990,415
34 Income Tax Expenses		
Current income tax income	-	(6,256)
Deferred income tax expenses	466,904	312,043
	466,904	305,787

35 Earnings Per Share

35.1 Basic earnings per share

Basic earning per share has been calculated taking a capital base of 58,068,675 number of ordinary shares of Taka 100 each as issued up to 31 December 2009.

35.2 Diluted earnings per share

No diluted earnings per share is required to be calculated during the year as there was no scope for dilution under review.

36 Related Party Transactions (Amount in Taka '000)

During the year, the Company carried out a number of transactions with related parties in the normal course of business and on arms' length basis. The name of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of IAS 24.

Name of the Party and relationship	Nature of transaction	Transaction Value	Outstanding amount
		During the Year	at 31 Dec 2009
Lafarge Asia SDN BHD-Group Company	Intercompany services/Technical assistance	55,120	82,805
Lafarge Halla Cement Limited-Group Company	Intercompany services/Technical assistance	6,915	7,125
Lafarge Cement UK-Group Company	Intercompany services	12,591	18,057
Lafarge S.A.-Group Company	Technical assistance/Trademark license	85,220	241,012
Cementia Asia SDN BHD-Group Company	Travel expenses	271	271
Lafarge Dujiangyan Cement Co Ltd-Group Company	Intercompany services	-	356
Cementos Molins-Group Company	Trademark license/Travel expenses	63,667	132,368
Eastern Housing Ltd.-Shareholder	Cement sales	25,997	1,540
Bengal Development Corp.-Shareholder	Cement sales	7,969	348
Sinha Textile Ltd.-Shareholder	Cement sales	5,468	-
Aftab Global Textiles Ltd.-Shareholder	Cement sales	10,112	-
Lafarge Umiam Mining Private Limited-Subsidiary Company	Import of raw materials	1,482,307	54,221
	Interest income	48,928	224,260
	Loan amount received	110,919	1,129,641

There is no transactions during the year with Surma Holdings BV (the major shareholder of the Company).

	2009 Taka'000	2008 Taka'000
37 Remuneration of Directors, Managers and Officers		
Salary, allowances and benefits	133,590	108,304
Contributions to employees' benefit scheme	8,681	10,063
Reimbursable expenses	2,008	504
	144,279	118,871
During the year the Board of Directors of the Company did not receive any remuneration or fees for services rendered by them.		
38 Expenditure in Foreign Currencies		
Technical assistance	30,614	22,708
Interest and fees on long term debts	323,004	526,952
Travel expenses	3,981	-
	357,599	549,660
39 Earnings in Foreign Currencies		
Interest on loan to subsidiary company	48,928	78,283
40 Materials Consumption (Note- 28.1)		
In terms of value		
Imported	1,833,131	1,400,751
Indigenous	426,479	390,895
	2,259,610	1,791,646
In terms of Percentage		
Imported	81	78
Indigenous	19	22
	100	100

41 Opening and Closing Finished Goods and Work in Process (Note- 28)

Items	Unit	2009		2008	
		Quantity'000	Taka'000	Quantity'000	Taka'000
Grey cement	MT	37	109,578	27	118,973
Cement clinker	MT	81	182,928	1	1,552
Work in process	MT	5	4,019	2	2,029
Balance as on 1 January		123	296,525	30	122,554
Grey cement	MT	30	99,219	37	109,578
Cement clinker	MT	41	99,471	81	182,928
Work in process	MT	5	4,820	5	4,019
Balance as at 31 December		76	203,510	123	296,525

42 Number of Employees

	2009	2008
Nationality:		
Bangladeshi	373	357
Non-Bangladeshi	12	11
	385	368
Salary range:		
Monthly Taka 3,000 or above	385	368
Monthly below Taka 3,000	Nil	Nil

43 Installed Capacity and Actual Production (Figures in Thousand MT)

Products	Annual Installed Capacity	Actual Production	
		2009	2008
Grey cement	1,200	967	748
Cement clinker	1,150	1,184	1022


Company Secretary


Director


Managing Director



REPORT & FINANCIAL STATEMENTS OF LAFARGE UMIAM MINING PRIVATE LIMITED

For the year ended 31 December 2009

Dear Shareholders

Your Directors have the pleasure in presenting the tenth Annual Report of Lafarge Umiyam Mining Private Limited (the "Company"), together with the audited balance sheet and the profit and loss account for the year ended December 31, 2009.

Directors' Report

Review of the Activities:

In early May 2007, the operations of your Company were stopped in response to an order of the Ministry of Environment and Forest (MoEF), Government of India. The Hon'ble Supreme Court of India by an interim order in November, 2007 allowed your Company to continue its limestone mining operations and since then till February 5, 2010, the Company continued mining operations and export of limestone. On February 5, 2010, however, the Hon'ble Supreme Court of India directed your Company, to stop mining activities in the State of Meghalaya. Accordingly, until April 11, 2010 your Company continued export of limestone. Following several hearings, in the last hearing on April 26, 2010, the Hon'ble Supreme Court of India has instructed your Company to submit certain reports, which have been recommended by MoEF.

In partial modification of its earlier granted Environmental Clearance to your Company, the MoEF has stipulated additional conditions and has confirmed our Environmental Clearance.

The Hon'ble Court is expected to fix the date of the next hearing in third week of July 2010.

Your Company has always been committed to legal and environmental compliances and the "Committee" constituted by MoEF, which visited the Company's mining site recently has confirmed that high environmental standards have been maintained.

Your Company is therefore hopeful of meeting all the conditions stipulated by the Hon'ble Supreme Court to enable recommencement of the mining operations as soon as possible.

Production Performance:

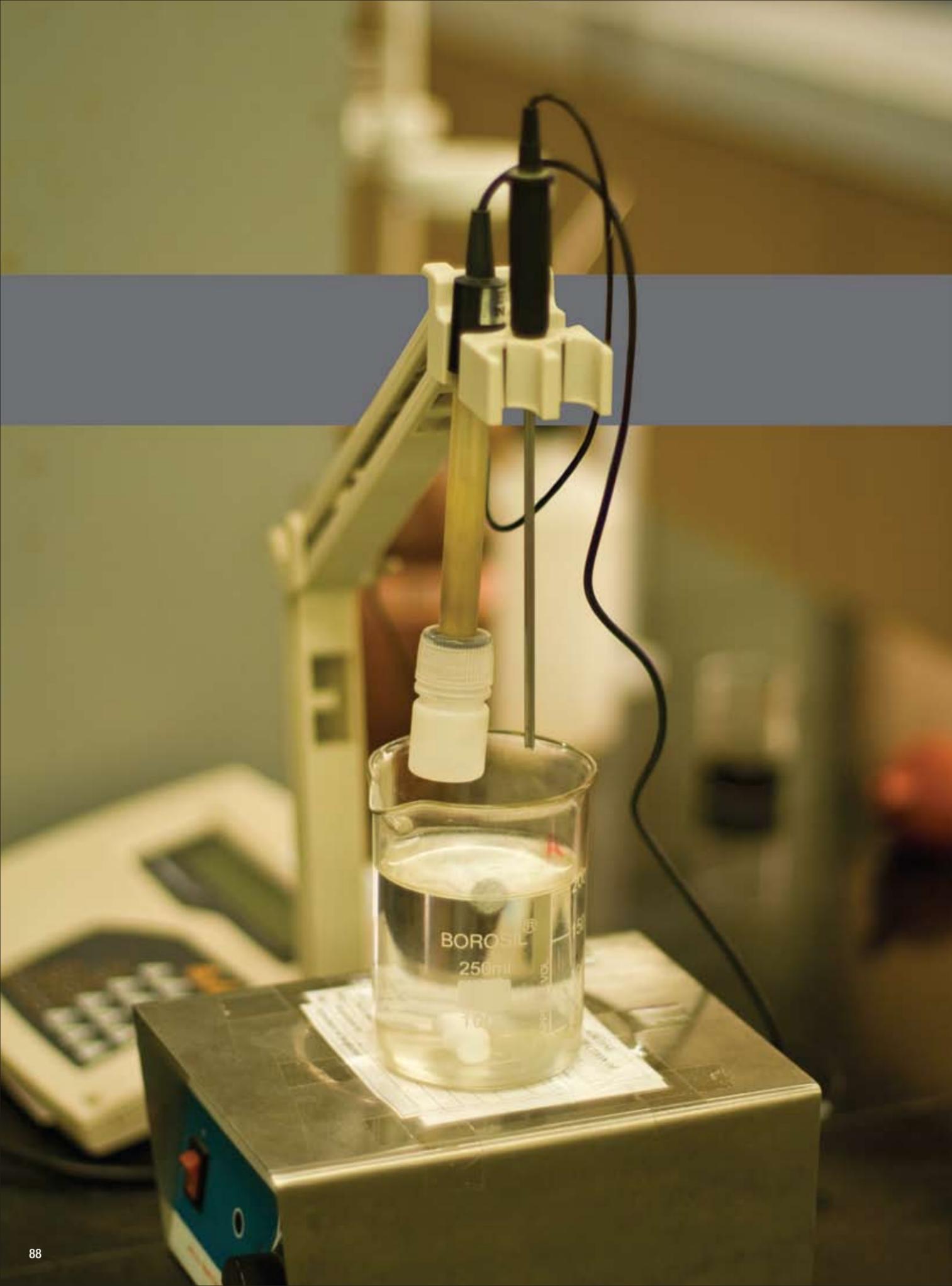
During the year 2009, with limestone production of 1.954 million tonnes and export sales at 2 million tonnes, your Company achieved 100% capacity utilization of targeted limestone production and export sales. Your Company generated a sales figure of INR 1,064,848 ('000).

During the previous year the performance level of the installed MMD crusher was satisfactory. The crusher performance became consistent after the necessary technical modifications.

Health and Safety

Year 2009 has been a landmark year as, since inception, for the first time, your Company achieved a lost time injury (LTI) free year.

In 2009, we undertook many programmes to continue our improvement in the field of "Safety Behavioural Change" within the Company and among its contractors' personnel. The month of March 2009 was observed as the "Near-Miss Incident Reporting Awareness Month" to improve reporting of near-miss incidents with an objective of eliminating accidents. The month of June 2009 was observed as the "Safety Month" with a theme of "Improving Our Safety Behaviour". Many posters on core safety issues were posted at the plant, terminal and head office, and different video presentations, quiz competitions, PEP talks and training



sessions were conducted to improve the safety awareness of the employees and contractors. Enthusiastic participation by both the Company and contractors' personnel made the Safety Month a great success.

Your Company's ambition is to be a leader in the field of Health and Safety and with that end in mind an

During the year 2009, with limestone production of 1.954 million tonnes and export sales at 2 million tonnes, your Company achieved 100% capacity utilization of targeted limestone production and export sales. Your Company generated a sales figure of INR 1,064,848 ('000).

Annual Health & Safety Plan for 2010 is under implementation. This plan is constructed in line with world class Standards, Advisories and Priorities in such a way, so that a unique visible change can be achieved to make your Business Unit as one of the best Business Units. We are committed to ensure the best possible healthy and safe work environment for the employees and contractors of the Company.

The Company is also committed to follow the recommendations made by the 10th (Tenth) Conference of Directorate General of Mines Safety as applicable to our mines.

Security

Your Company has been implementing a full-fledged security plan to safeguard crusher installation and the belt conveyor. Security agencies are in place and are working under the supervision of the Company's security consultants and officers.

Financial Performance

During the year 2009, with limestone exports of 2 million tonnes your Company achieved 100% capacity utilization of targeted limestone production and export sales. This had resulted in substantial improvement in net worth erosion.

The net profit earned after tax during the year was INR 313,724 ('000) as compared to net loss of INR 171,258 ('000) incurred during the previous year. The accumulated loss as of December 31, 2009 was INR 238,881 ('000) which represents 58% of the paid up capital of the Company compared to previous year where it was 134% of the paid up capital. The requirement of limestone by the cement plant remains consistent and it is expected that your Company will continue to be able to export its entire production in the future.

The financial results of the Company are as follows:

Particulars	Rupees in ' 000	
	Dec' 31, 2009	Dec' 31, 2008
Gross revenue	1,087,696	664,247
Expenditure	650,336	795,347
EBIDTA	437,360	(131,100)
Interest and finance charges	58,136	97,024
Depreciation	65,086	57,612
Prior period items	-	(28,882)
Profit/(Loss) before tax	314,138	(256,854)
Provision for tax (including deferred tax)	414	(85,596v)
Profit/(Loss) after tax	313,724	(171,258)
Surplus/deficit brought forward from previous year	(552,605)	(381,347)
Surplus/deficit carried forward to balance sheet	(238,881)	(552,605)
Earning per share	7.63	(4.16)

Corporate Social Responsibility:

Your Company has also undertaken wide ranging community development activities in the villages surrounding the mining site especially at the villages of Nongtraï and Shella. This is being done in close coordination with the respective village Durbars with the formation of the Joint Committee on Community Development ("JCCD") in both the villages consisting of the members appointed by the village Durbars and representatives of the Company. Your Company and the JCCD have undertaken various community development programmes particularly those in the areas of healthcare, support to education, development of local infrastructure, water supply schemes, vocational trainings, sports promotion, social meets and events.

Your Company continued with its endeavours to improve the healthcare facilities for the local community around the mining site operations. In addition to a permanent healthcare centre, a Mobile Clinic and a registered medical doctor, free medical services including medicines are being provided to the surrounding villagers.

Your Company organized several health camps where free pathological tests, dental and vision screening tests, distribution of spectacles free of costs and free cataract operations were conducted. Large numbers of school children have been benefited by the dental and vision screening camps which are organized in the villages regularly.

In the education sector, your Company continues to provide annual scholarships to the local bright and needy students, assistance for enhancement of schoolteacher's salary, support to the school's infrastructure and academic gadgets to the students. In Nongtraï Village, your Company with the proposal of the JCCD, has extended its education programme from the Upper Primary to Class VIII in an effort to convert the Upper Primary school into a Secondary school facility and classes have already commenced for the academic year 2010.

Your Company has set up weaving centre at Nongtraï village and after the first six months, the trainees have held an exhibition cum sale of the finished products.

The local community has also been supported by improvement of the basic infrastructures like construction of concrete walkways, washing ramps, public lavatories, bathing enclosures, drains etc. Village water supply schemes are drawn and have reached the final process and the water supply will start from the month of May 2010 at 3 sub-villages.

All these activities have already begun to show positive results in the local communities who now have good medical facilities at their doorsteps, and support for good education for their children. The royalty paid by the Company for extraction of limestone and the employment opportunities generated in the area have supplemented the income of the households.

Human Resources

Your Company is emphasizing on the development of the internal resources to take over their next position and ensure a long term career for them. An extensive recruitment process is being followed to recruit the right talent for the right position from the market. A rigorous succession planning process has taken place to identify the successors for the key positions and proper development plan is formed for them. Retention strategies are also being designed for the critical resources of the Company. Local tribal talents are being identified for training and taking over positions in the quarry.

Your Company continues to benchmark the compensation and benefits with the market and offers competitive remuneration package to attract new talents and keep the internal resources motivated.

Directors

The Company has ten (10) Directors on the Board. The Directors are not liable to retire by rotation.

Appointments

Lafarge Surma Cement Limited ("LSC), by resolution dated June 24, 2009, nominated Mr. Kazi Khalid Mahmood and Dr. Ashim Kumar Chattopadhyay, as Directors on the Board of the Company.

LSC has further nominated Mr. Asim Chattopadhyay and Ms. Sayeda Tahya Hossain, as Directors on the Board of the Company.

Mr. Kazi Khalid Mahmood has been appointed as an Additional Director on the Board of the Company on June 24, 2009. Mr. Mahmood, is a Director of LSC.

Dr. Ashim Kumar Chattopadhyay has been appointed as an Additional Director on the Board of the Company on June 24, 2009. Dr. Chattopadhyay, is an expert Geologist, and his presence on the Board would be beneficial for the Company.

Ms. Sayeda Tahya Hossain has been appointed as an Additional Director on the Board of the Company on March 29, 2010. Ms. Tahya, is a Director of LSC and her presence on the Board would be beneficial for the Company.

Mr. Asim Chattopadhyay has been appointed as an Additional Director on the Board of the Company on March 29, 2010. Mr. Chattopadhyay is the Senior Vice President - Operations of LSC. His presence on the Board would be beneficial for the Company.

Resignations

Mr. Shaheed Siddique (nominee of LSC) resigned from the Board by a letter dated June 1, 2009. Mr. Siddique was appointed as Director of the Company on April 1, 2004 and he contributed to the Company's development with his presence and wise counsel in the past five years.

Mr. K. Swaminathan (nominee of LSC) resigned from the Board by a letter dated June 1, 2009. Mr. Swaminathan was appointed as Director of the Company on March 22, 2007 and he contributed to the Company's development with his presence and wise counsel in the past two years.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' responsibility statement, it is hereby confirmed:

1. That in the preparation of the annual accounts for the year ended December 31, 2009, the applicable Accounting Standards have been followed along with proper explanations were provided for material departures, if any.
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting

records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

4. That the Directors have prepared the accounts for the financial year ended on December 31, 2009 on a going concern basis.

Auditors and Auditors' Report

Pursuant to the Indian Companies Act, 1956, the Company's statutory auditors of M/s. Deloitte Haskins & Sells, Chartered Accountants, retire at the ensuing Annual General Meeting. They have offered themselves for reappointment as statutory auditors and have confirmed that their appointment, if made, will be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

The notes to accounts forming part of the financial statements are self-explanatory and need no further explanation.

There are no qualifications in the Auditors' Report which require any clarification/explanation.

In the Audit Report to the shareholders, the auditors without qualifying their report have drawn attention to note 1 of part B of Schedule 14 to the financial statements disclosing the fact that there has been suspension of limestone mining operations of the Company as per the order of the Hon'ble Supreme Court of India dated February 5, 2010. In subsequent hearings, the Hon'ble Supreme Court has stated further criteria on your Company for obtaining forest clearance. The final order from the Honorable Court is still pending.

In this regard, the Board of Directors of the Company would like to draw your kind attention to the relevant statements made above in the State of the Company's Affairs. Your Company and the Sponsors have given their highest importance to resolve the Forest Clearance issue pending before the Supreme Court of India and are hopeful that the issue will be resolved in near future.

Particulars of employees

The Particulars as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are set out in the Annexure "A" included in this report.

Conservation of Energy, Technology Absorption and Foreign Exchange

The particulars as required under section 217(1) (e) of the Indian Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, are set out in Annexure "B" to this report

Fixed deposits

During the year under review, your Company has not accepted any deposit from the public.

Acknowledgements

Your Directors wish to express their grateful appreciation for the valuable support and continued cooperation received from LSC, lenders, banks, project consultants and the Durbars of Nongtra and Shella.

For and on Behalf of the Board



Shivesh Kumar Sinha
Chairman
Place: New Delhi
Date: April 26, 2010

Annexure "A" to the Directors' Report

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended and forming part of the Directors' Report for the year ended December 31, 2009.

Employed throughout the year and was in receipt of remuneration aggregating not less than Rs. 24 lacs per annum.

Name & age	Designation & nature	Remuneration received (INR)	Qualification & Experience	Date of Joining	Particulars of last employment
Narayan Prasad Sharma	VP & Director	5,042('000)	B.E. (Mech.) & M.B.A 18 years	1.10.1999	Engineer, Lafarge Asia Pacific, PTE. Ltd.

- Note: 1. Mr. Sharma is not related to any of the Directors of the Company and does not hold any shares in the Company.
2. The appointment is contractual and the conditions of employment are governed by individual terms and conditions of service.

Annexure "B" to the Directors' Report

Information pursuant to Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, as amended and forming part of the Directors' Report for the year ended December 31, 2009.

I. Conservation of Energy:

(a) Energy conservation measures taken:

1. From the inception of quarry it was made a principle that equipment selection, operation and maintenance of the crushing plant, and DG set should be carried out based on best engineering practices which are energy efficient and environment friendly, with no compromise in quality of the final product.
2. With the help of the philosophy of equipment selection being the guiding factor, your Company, has not only improved its performance in energy consumption but also increased productivity. This has been done by continuously monitoring the equipment parameters both from crushing and engineering points of view for increasing the output and bringing down the energy consumption.
3. To keep pace with various engineering and technological developments taking place around the world, HRD activities are a regular requirement at any Mining Unit. This has not only enhanced the knowledge, skills and analytical ability of your Company employees but also helped in bringing in new ideas leading the way for modifications, adoption of latest developments in engineering and technology for overall improvement in efficiency of the quarry team and improvement in work culture.

(b) Additional Investment and proposals for energy conservation:

Automation of DG operations, control of parameters, installation of online fuel filtration plant etc. have been done.

(c) Impact of the measure of (a) and (b) above for reduction of Energy consumption and consequent impact on the cost of production of goods:

As these are implemented very recently, hence all the positive effects will hopefully be reflected in coming days of operations.

(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the Rules in respect of industries specified in the schedule thereto:

FORM A

A. Power and Fuel Consumption

	Current Year (Jan 1, 2009 - Dec 31, 2009)	Previous Year (Jan 1, 2008 - Dec 31, 2008)
1. Electricity:		
(a) Purchased:		
Unit (KWH)	157,032	112,367
Total Amount (Rs.)	896,520	594,426
Rate/unit (Rs.)	5.71	5.29
(b) Own Generation:		
(i) Through diesel generator	3,962,980	2,994,190
Units (KWH)		
(ii) Units/litre of diesel oil	3.06	2.76
Cost/unit (INR/Unit)	8.55	9.57
(iii) Through steam turbine/generator		
Units	N.A.	N.A.
Units per litre of fuel oil/gas	N.A.	N.A.
Cost/Units	N.A.	N.A.
2. Coal (specify quality and where used):		
Quantity (tonnes)	N.A.	N.A.
Total cost	N.A.	N.A.
Average cost (Rs.)	N.A.	N.A.
3. Furnace oil + LSHS		
Quantity (KI)	N.A.	N.A.
Total amount (Mio. Rs.)	N.A.	N.A.
Average rate (Rs./KI)	N.A.	N.A.
4. Others/internal generation (please give details)		
Quantity	N.A.	N.A.
Total cost	N.A.	N.A.
Rate/unit	N.A.	N.A.

B. Consumption per unit of production

2007 – 1.55KWH/MT
2008 – 1.99KWH/MT
2009 – 1.92KWH/MT

II. Technology Absorption:

The Efforts made in technology absorption as per Form B hereunder

FORM B

A. Research and Development (R & D)

1. Specific areas in which R & D was carried out by Company: As it is new unit, hence no such action taken.
2. Future plan of action: NA
3. Expenditure on R & D (Rs 0)
 - (a) Capital
 - (b) Recurring: NA
 - (c) Total
 - (d) Total R & D Exp. as a % of total: NA
 - (e) turnover

B. Technology absorption, adaptation and innovation

As it is new unit, hence no such action taken

III. Foreign Exchange earnings and outgo during the period:

The particulars relating to Foreign Exchange Earnings:

Particulars	Year Ended	
	31st December 2009	31st December 2008
	Rs.'000	Rs.'000
FOB Value of Exports	1,090,191	646,391
Total	1,090,191	646,391

The particulars relating to foreign exchange outgo during the period are:

Particulars	Year Ended	
	31st December 2009	31st December 2008
	Rs.'000	Rs.'000
i) Professional and Consulting fees	36,852	2,469
ii) Spare parts	71,973	51,476
iii) Travel expenditure	Nil	623
iv) Repayment of interest	45,868	11,346
v) Repayment of loan	104,867	Nil
Total	259,560	65,914

For and on Behalf of the Board



Shivesh Kumar Sinha
Chairman
Place: New Delhi
Date: April 26, 2010

Auditors' Report to the Members of Lafarge Umiam Mining Private Limited

1. We have audited the attached balance sheet of Lafarge Umiam Mining Private Limited as of 31st December 2009 and also the profit and loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion, attention is invited to note 1 of part B of Schedule 14 of the financial statements, disclosing the fact that there has been suspension of Limestone mining operation by an order of the Hon'ble Supreme Court of India dated 5th February 2010. In the same order, the Hon'ble Supreme Court has allowed export of already mined material. However, pending final order of the Hon'ble court, the accompanying financial statements have been prepared by the Company on a going concern basis.
4. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to above, we report that:
 - 5.1 We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - 5.2 In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of such books;
 - 5.3 The balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
 - 5.4 In our opinion, the balance sheet, the profit and loss account and the cash flow statement have been drawn up in accordance with the Accounting Standards referred to in sub-section 3(c) of Section 211 of the Companies Act, 1956;
 - 5.5 In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of balance sheet, of the state of affairs of the Company as at 31st December 2009
 - b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date

6. On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No.302009E)



A. Bhattacharya
Partner
M/No. 054110

Place: Kolkata
Dated: March 31, 2010

Annexure to the Auditors' Report (Referred to in paragraph 4 of our report of even date)

- (i) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - (b) Some of the fixed assets were physically verified by the management during the year in accordance with a programme of verification, which in our opinion provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noted on such verification.
 - (c) None of the fixed assets have been disposed off during the year.
- (ii) In respect of its inventories:
- (a) Inventories were physically verified during the year by the management which in our opinion is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examinations and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance major weaknesses in the aforesaid internal control systems.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements to be entered in the register maintained in pursuance in Section 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public within the purview of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 during the year under review.
- (vii) During the year the internal audit of the Company was carried out internally by the management as well as by a firm of Chartered Accountants appointed by the management. In our opinion scope of work of internal audit should be strengthened to be commensurate with the size of the Company and the nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) In respect of statutory dues:
- (a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance,

Income-tax, Service tax, Custom Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities during the year. There are no arrears of any undisputed statutory dues outstanding for more than six months as at the Balance Sheet date from the date they became payable.

- (b) According to the information and explanations given to us, there are no outstanding amounts of Income tax, Customs duty, Service tax and Cess on account of disputes.
- (x) The accumulated losses of the Company at the end of the year have exceeded fifty per cent of its net worth. The Company has not incurred cash losses during the year as well as in the previous financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to bankers. The Company did not have any outstanding debentures or any outstanding loans from financial institutions during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute as specified under paragraph (xiii) of the Order are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company is not a dealer or trader in securities.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the term loan availed by the Company were, prima facie, applied by the Company during the year for the purpose for which the term loan was obtained.
- (xvii) According to the information and explanations given to us, and on an overall examination of balance sheet of company, funds raised on short term basis aggregating to Rs. 297,717 thousands have, prima facie, been used during the year for long term investment
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year.
- (xix) According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No.302009E)



A. Bhattacharya
Partner
M/No. 054110

Place: Kolkata
Dated: March 31, 2010

Lafarge Umiam Mining Private Limited
Balance Sheet
As at 31st December 2009

	Schedule	Amount in Rs. '000	
		As at 31st December 2009	As at 31st December 2008
I. SOURCES OF FUNDS:			
1. SHAREHOLDER'S FUND			
Share Capital	1	411,331	411,331
2. LOAN FUNDS			
a) Secured Loans	2	761,468	896,220
b) Unsecured Loans	3	170,583	355,116
TOTAL		1,343,382	1,662,667
II. APPLICATION OF FUNDS :			
1. FIXED ASSETS			
a) Gross Block		1,344,810	1,332,774
b) Less: Depreciation		202,801	137,715
c) Net Block		1,142,009	1,195,059
d) Capital Work-in-progress	5	89,626	90,263
2. CURRENT ASSETS, LOANS, AND ADVANCES			
a) Inventories		88,263	60,378
b) Sundry debtors		36,550	37,935
c) Cash and bank balances		11,628	35,796
d) Other current asse ts		383	458
e) Loans and advances		151,950	140,424
		288,774	274,991

Lafarge Umiam Mining Private Limited
Balance Sheet
As at 31st December 2009

	Schedule	Amount in Rs. '000	
		As at 31st December 2009	As at 31st December 2008
Less :			
CURRENT LIABILITIES AND PROVISIONS	7		
a) Liabilities		388,256	449,617
b) Provisions		27,652	634
		415,908	450,251
Net Current Assets		(127,134)	(175,260)
3. PROFIT AND LOSS ACCOUNT		238,881	552,605
TOTAL		1,343,382	1,662,667
NOTES FORMING PART OF ACCOUNTS	14		

The Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants



A. Bhattacharya
Partner

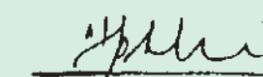
Place: Kolkata
Dated: March 31, 2010

For and on behalf of the Board



Michael Andrew Cowell
Director

Place: New Delhi
Dated: 29th March, 2010



Narayan Prasad Sharma
Director



Manjuree Rai
Company Secretary

Lafarge Umiam Mining Private Limited Profit and Loss Account

For The Year Ended 31st December, 2009

	Schedule	Amount in Rs. '000	
		Year ended 31st December 2009	Year ended 31st December 2008
INCOME			
Export Sales :			
Limestone		1,064,848	663,992
Other Income	8	22,848	255
TOTAL		1,087,696	664,247
EXPENDITURE			
Extracted materials, Royalty & Cess and Stores & Spares	9	507,136	403,947
Employees' Remuneration and Benefits	10	29,267	23,257
Operating and Administration Expenses	11	113,933	368,143
Financial Charges	12	58,136	97,024
Depreciation / Amortization		65,086	57,612
TOTAL		773,558	949,983
Profit / (Loss) before prior period items		314,138	(285,736)
Prior period items	13	-	(28,882)
Profit / (Loss) before Taxation		314,138	(256,854)
Provision for Taxation			
Current Tax		26,792	-
Deferred Tax - (Credit)		-	(86,512)
Fringe Benefit Tax		414	916
MAT Credit Entitlement [Refer Note B(21) of Schedule 14]		(26,792)	-

Lafarge Umiam Mining Private Limited Profit and Loss Account

For The Year Ended 31st December, 2009

	Schedule	Amount in Rs. '000	
		Year ended 31st December 2009	Year ended 31st December 2008
Profit / (Loss) After Taxation		313,724	(171,258)
Balance brought forward from previous year		(552,605)	(381,347)
Balance carried to Balance Sheet		(238,881)	(552,605)
Basic and diluted Earnings per share - Rs.		7.63	(4.16)

NOTES FORMING PART OF ACCOUNTS 14

The Schedules referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants



A. Bhattacharya
Partner

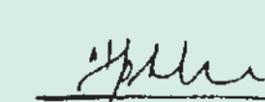
Place: Kolkata
Dated: March 31, 2010

For and on behalf of the Board

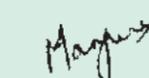


Michael Andrew Cowell
Director

Place: New Delhi
Dated: 29th March, 2010



Narayan Prasad Sharma
Director



Manjuree Rai
Company Secretary

Lafarge Umiam Mining Private Limited
Cash Flow Statement
For The Year Ended 31st December 2009

	Amount in Rs. '000	
	Year ended 31st December 2009	Year ended 31st December 2008
Cash flow from operating activities		
Cash receipts from customers	1,063,799	647,631
Payment for cost and expenses	(811,268)	(434,521)
Interest income from bank deposits	479	20
Wealth tax and Fringe benefit tax	(499)	(1,110)
Income tax refund	-	99
	<u>252,511</u>	<u>212,119</u>
Cash flow from investing activities		
Acquisition of fixed assets	(11,399)	(120,755)
	<u>(11,399)</u>	<u>(120,755)</u>
Cash flow from financing activities		
Repayment of Long term loan	(80,747)	-
Increase(Decrease) in Short term loan	(39,000)	(195,000)
Increase(Decrease) in Bank overdraft	(145,533)	132,076
	<u>(265,280)</u>	<u>(62,924)</u>
Net Increase in Cash and Cash Equivalents	<u>(24,168)</u>	<u>28,440</u>
Cash and equivalent at the beginning of the year {Refer Schedule 6A(c)}	35,796	7,356
Cash and equivalent at the end of the year {Refer Schedule 6/A(c)}	<u>11,628</u>	<u>35,796</u>
	<u>(24,168)</u>	<u>28,440</u>

Note:
Rs 650 thousands (Previous Rs 650 thousands) pledged with The Office of Commissioner of Central Excise, Meghalaya; Rs 1,681 thousand (Previous Rs 1,427 thousand) pledged in respect of Bank Guarantee issued by State Bank of India, Shillong in favour of Indian Bureau of Mines and Rs 1,711 thousand ((Previous year: Nil) towards stock appreciation right are not available for use by the Company.

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants



A. Bhattacharya
Partner

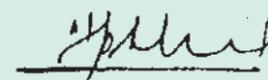
Place: Kolkata
Dated: March 31, 2010

For and on behalf of the Board



Michael Andrew Cowell
Director

Place: New Delhi
Dated: 29th March, 2010



Narayan Prasad Sharma
Director



Manjuree Rai
Company Secretary

Lafarge Umiam Mining Private Limited
Schedules forming part of the Balance Sheet

	Amount in Rs. '000	
	Year ended 31st December 2009	Year ended 31st December 2008
SCHEDULE 1		
SHARE CAPITAL		
Authorised :		
42,000,000 Equity shares of Rs 10/- each	<u>420,000</u>	<u>420,000</u>
Issued, Subscribed and Paid-up :		
41,133,099 (Previous year : 41,133,099) Equity shares of Rs. 10/- each fully paid - up	<u>411,331</u>	<u>411,331</u>
(Of the above 41,133,098 shares (Previous year 41,133,098) are held by Lafarge Surma Cement Limited, Bangladesh, the holding company.)	<u>411,331</u>	<u>411,331</u>
SCHEDULE 2		
SECURED LOANS		
Others		
From Lafarge Surma Cement Limited, Bangladesh, the holding company		
External Commercial Borrowing	<u>761,468</u>	<u>896,220</u>
(Refer Note No.B,3 of Schedule 14)		
	<u>761,468</u>	<u>896,220</u>
SCHEDULE 3		
UNSECURED LOANS		
From Banks		
Short Term Loans:		
From Citibank NA, Mumbai :		
Working capital demand loan	<u>75,000</u>	<u>120,000</u>
Overdraft	<u>583</u>	<u>436</u>
From Standard Chartered Bank, Mumbai :		
Working capital demand loan	<u>95,000</u>	<u>89,000</u>
Overdraft	<u>-</u>	<u>145,680</u>
	<u>170,583</u>	<u>355,116</u>

Lafarge Umiam Mining Private Limited
Schedules Forming Part of the Balance Sheet

Schedule 4
Fixed Assets

Particulars	Gross Block - At Cost			Depreciation			Net Block	
	As at 1st January 2009	Additions during the year	Adjustments during the year	As at 31st December 2009	Additions during the year	Adjustments during the year	As at 31st December 2009	As at 31st December 2008
Tangible Assets								
Freehold Land	20,490	-	-	20,490	-	-	20,490	20,490
Leasehold Land	13,885	-	-	13,885	649	-	11,937	12,586
Building	44,137	172	-	44,309	1,163	-	40,623	41,614
Plant and Machinery	1,131,088	5,765	-	1,136,853	54,133	-	969,826	1,018,194
Development Property	98,722	-	-	98,722	3,945	-	86,216	90,161
Furniture and Fixtures	2,837	-	-	2,837	268	-	1,820	2,088
Office & Household Equipments	3,615	797	-	4,412	687	-	1,670	1,560
Electronic Data								
Processing Equipment	4,041	65	-	4,106	485	-	657	1,077
Vehicles	10,884	5,237	-	16,121	3,067	-	8,067	5,897
Intangible Assets								
Software (Acquired)	3,075	-	-	3,075	689	-	703	1,392
TOTAL	1,332,774	12,036	-	1,344,810	65,086	-	1,142,009	1,195,059
Previous year	1,245,502	60,023	27,249	1,332,774	57,612	1,109	1,195,059	

SCHEDULE 5
CAPITAL WORK-IN-PROGRESS

Particulars	Amount in Rs. '000	
	As at 31st December 2009	As at 31st December 2008
Development Property	50,559	43,945
Building	12,099	8,499
Plant & Machinery	20,887	26,368
Others	6,081	11,451
TOTAL	89,626	90,263
Previous year	90,263	26,879

Note: Development of Property includes expenditure incurred on account of development of quarry.

* includes

a) Quarry expansion in addition to existing quarry

b) Expenditure relating to obtaining the Forest clearance (Refer Note No.B.1 of Schedule 13)

Lafarge Umiam Mining Private Limited
Schedules forming part of the Balance Sheet

Amount in Rs. '000

SCHEDULE 6

CURRENT ASSETS, LOANS AND ADVANCES

A. CURRENT ASSETS

a) Inventories

Extracted Limestone

Extracted Shalestone

Oil and Fuel

Stores and Spare parts

b) Sundry Debtors (Unsecured, considered good)

Other Debts (not exceeding six months)

c) Cash and Bank Balances

Cash balance on hand

Remittance in transit with Scheduled Banks

In Current Accounts

In Short Term Deposits Accounts *

* Rs 650 thousands (Previous year Rs 650 thousands) pledged with The Office of Commissioner of Central Excise, Meghalaya ;

Rs. 1,681 thousand (Previous year Rs 1,427 thousand)

pledged in respect of Bank Guarantee issued by State Bank of India, Shillong in favour of Indian Bureau of Mines

and Rs 1711 thousand. (Previous year: NIL) towards stock appreciation right.

d) Other Current Assets (Unsecured, considered good)

Interest accrued but not due on bank deposits

B. LOANS AND ADVANCES (Unsecured and Considered Good)

Advances recoverable in cash or kind or value to be received

Deposits

MAT Credit Entitlement [Refer Note B(21) of Schedule 14]

SCHEDULE 7

CURRENT LIABILITIES & PROVISIONS

A. CURRENT LIABILITIES

a) Sundry Creditors

i) Total outstanding dues to micro enterprises and small enterprises

ii) Total outstanding dues to creditors other than micro enterprises and small enterprises

b) Interest accrued but not due on loan

c) Other liabilities

B. PROVISIONS

a) Provision for Income Tax

(Net of Advance Taxes Rs. 76 thousand, previous year Rs. 76 thousand)

b) Provision for Fringe Benefit Tax

(Net of Advance Taxes Rs. 2,892 thousand, previous year Rs. 2,377 thousand)

c) Provision for Wealth Tax

(Net of Advance Taxes Rs. 125 thousand, previous year Rs. 74 thousand)

d) Provision for Gratuity

e) Provision for Stock Appreciation Right [Note B(12) of Schedule 14]

	Year ended 31st December 2009	Year ended 31st December 2008
SCHEDULE 6		
CURRENT ASSETS, LOANS AND ADVANCES		
A. CURRENT ASSETS		
a) Inventories		
Extracted Limestone	28,358	41,957
Extracted Shalestone	1,212	1,212
Oil and Fuel	1,027	354
Stores and Spare parts	57,666	16,855
	88,263	60,378
b) Sundry Debtors (Unsecured, considered good)		
Other Debts (not exceeding six months)	36,550	37,935
	36,550	37,935
c) Cash and Bank Balances		
Cash balance on hand	84	110
	-	28
Remittance in transit with Scheduled Banks		
In Current Accounts	5,459	31,576
In Short Term Deposits Accounts *	6,085	4,082
	11,628	35,796
d) Other Current Assets (Unsecured, considered good)		
Interest accrued but not due on bank deposits	383	458
	383	458
B. LOANS AND ADVANCES (Unsecured and Considered Good)	123,454	138,754
Advances recoverable in cash or kind or value to be received	1,703	1,670
Deposits	26,792	-
MAT Credit Entitlement [Refer Note B(21) of Schedule 14]	151,950	140,424
	288,774	274,991
SCHEDULE 7		
CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
a) Sundry Creditors		
i) Total outstanding dues to micro enterprises and small enterprises	-	-
ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	236,022	243,839
b) Interest accrued but not due on loan	151,466	173,664
c) Other liabilities	767	32,114
	388,256	449,617
B. PROVISIONS		
a) Provision for Income Tax		
(Net of Advance Taxes Rs. 76 thousand, previous year Rs. 76 thousand)	26,829	37
b) Provision for Fringe Benefit Tax		
(Net of Advance Taxes Rs. 2,892 thousand, previous year Rs. 2,377 thousand)	-	34
c) Provision for Wealth Tax		
(Net of Advance Taxes Rs. 125 thousand, previous year Rs. 74 thousand)	30	33
d) Provision for Gratuity	775	530
e) Provision for Stock Appreciation Right [Note B(12) of Schedule 14]	18	-
	27,652	634
	415,908	450,251

Lafarge Umiam Mining Private Limited
Schedules forming part of the Profit and Loss account

	Amount in Rs. '000	
	Year ended 31st December 2009	Year ended 31st December 2008
SCHEDULE 8		
OTHER INCOME		
Interest on bank deposits (Tax Deducted at Source Rs. Nil , PY Rs. 23,370)	404	255
Exchange fluctuation gain	21,278	-
Liability no longer required written back	1,166	-
	<u>22,848</u>	<u>255</u>
SCHEDULE 9		
EXTRACTED MATERIALS, ROYALTIES & CESS AND STORES & SPARES PARTS		
a) Extracted Limestone		
Opening stock	41,957	129,079
Add:- Cost of extraction	255,822	162,731
	<u>297,779</u>	<u>291,810</u>
Less : Closing stock	28,358	41,957
Extracted Limestone Consumed	269,421	249,853
b) Extracted Shalestone		
Opening stock	1,212	1,212
Add:- Cost of extraction	-	2,561
	1,212	3,773
Less : Closing stock	1,212	1,212
Extracted Limestone Consumed	-	2,561

Lafarge Umiam Mining Private Limited
Schedules forming part of the Profit and Loss account

	Amount in Rs. '000	
	Year ended 31st December 2009	Year ended 31st December 2008
c) Royalty and Cess :		
State Government	143,556	74,883
Local bodies and others	29,805	24,170
Welfare Cess	2,000	1,304
	<u>175,361</u>	<u>100,357</u>
d) Consumption of Fuel, Stores and Spares		
Fuel	33,885	28,662
Stores and Spares	28,469	22,514
	<u>62,354</u>	<u>51,176</u>
	<u>507,136</u>	<u>403,947</u>
SCHEDULE 10		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, Wages and Bonus	27,905	22,039
Contribution to Provident and other funds	1,117	975
Gratuity	245	243
	<u>29,267</u>	<u>23,257</u>

Lafarge Umiam Mining Private Limited
Schedules forming part of the Profit and Loss account

	Amount in Rs. '000	
	Year ended 31st December 2009	Year ended 31st December 2008
SCHEDULE 11		
OPERATING AND ADMINISTRATION EXPENSES		
Rent	1,474	547
Repairs to buildings	-	121
Repairs to machinery	6,413	14,894
Repairs to others	9,648	3,675
Insurance	3,227	3,364
Rates & taxes (Wealth tax - Rs 48 thousand Previous year Rs 54 thousand)	115	54
Business Promotion & Public Relations	4,729	5,960
Auditors Remuneration	865	757
Consultancy fees	8,820	10,341
IT Cost	4,314	3,415
Security cost	25,158	21,748
Communication charges	937	1,136
Community Development	7,014	5,443
Gas, Water & Electricity	3,773	2,495
Exchange fluctuation loss	-	251,348
Bank charges	1,320	1,365
Books and periodicals	87	80
General study and survey	983	792
Legal fees	3,135	7,538
General office expense	2,269	2,723
Printing and stationery	289	622
Traveling and conveyance	13,197	16,106
Operation & Maintainance of DG sets	10,586	7,904
Registration and membership	13	5
Safety expense	1,941	2,622
Seminar and training	381	633
Site restoration cost	167	139
Deputation of custom official at site	3,078	2,316
	<u>113,933</u>	<u>368,143</u>

Lafarge Umiam Mining Private Limited
Schedules forming part of the Profit and Loss account

	Amount in Rs. '000	
	Year ended 31st December 2009	Year ended 31st December 2008
SCHEDULE 12		
FINANCIAL CHARGES		
Interest on fixed loans:		
Interest on External Commercial Borrowings	34,846	50,527
Interest on working capital demand loan and overdraft	28,066	51,313
Interest on other loans:		
Amortization of discount on forward contracts	(4,776)	(4,816)
	<u>58,136</u>	<u>97,024</u>
SCHEDULE 13		
PRIOR PERIOD ITEMS		
Interest on External Commercial Borrowings	-	(29,991)
Repairs to machinery	-	-
Depreciation	-	1,109
	<u>-</u>	<u>(28,882)</u>

Lafarge Umiam Mining Private Limited Schedule 14

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF PREPARATION

- a) The financial statements are prepared and presented in accordance with Historical Cost Convention and Accrual Basis of accounting.
- b) These are presented in accordance with Generally Accepted Accounting Principles (GAAP) in India, and comply with the Accounting Standard notified under Section 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.
- c) The preparation of financial statement requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities including Contingent Liabilities as of the date of the financial statement and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

2. REVENUE RECOGNITION

Revenue from sales of products is recognized on the basis of dispatch to customers.

Interest on deposits is recognized on a time proportion taking into account the amount outstanding at the rate.

3. FIXED ASSETS

Fixed Assets are stated at original cost of acquisition less accumulated depreciation. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation of asset. Software expected to provide future enduring economic benefits is stated at cost less amortization. All up gradation/enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

4. INVENTORY

Extracted Limestone and Shalestone are valued at the lower of cost or net realizable value.

Spare parts, oil & fuel and other supplies are valued at the cost based on weighted average basis.

5. DEPRECIATION / AMORTISATION

Depreciation is provided on the Straight Line Method at the rates prescribed Schedule XIV of the Companies Act 1956.

Leasehold Lands are amortised over the remaining tenure of the lease. Limestone and Shalestone quarry mining rights is amortised over the remaining tenure of legal rights.

Intangible assets are amortised over the best estimated of its useful life ranging a periods of 3 to 5 years.

6. FOREIGN EXCHANGE TRANSACTIONS

- a) Foreign currency transactions during the year are recorded at the rate of exchange prevailing on the date of transactions.
- b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of the item which are covered by forward exchange contracts, the difference between the year end rate and rate as on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- c) Non monetary foreign currency items are carried at cost.

Lafarge Umiam Mining Private Limited Schedule 14

- d) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

7. EMPLOYEE BENEFITS

Defined Contribution Schemes: Company's contribution towards Provident Fund paid / payable during the year to the Provident Fund Authority are charged to Profit and Loss Account.

Defined Benefit Schemes: Company's liabilities towards Gratuity are defined benefit scheme. All liability of Defined Benefit Schemes is ascertained by independent actuarial valuations as per the requirements of Accounting Standard- 15 on "Employee Benefits".

8. BORROWING COST

Borrowing costs to the extent / attributed to the acquisition / construction of qualifying assets are capitalized up to the date when such assets are ready for its intended use and all other borrowing costs are recognized as an expense in the period in which they are incurred.

9. TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act 1961.

Deferred tax is recognized subject to the consideration of prudence in respect of deferred tax assets, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or subsequently enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realization.

10. INTANGIBLE ASSETS

Software expected to provide future enduring economic benefits is stated at cost less amortization. All up gradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

11. IMPAIRMENT OF FIXED ASSETS

An impairment loss is recognized wherever the carrying amount of fixed assets of cash generating unit exceeds the recoverable amount i.e. net selling price or value in use, whichever is higher.

12. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

Lafarge Umiam Mining Private Limited Schedule 14

B. NOTES ON ACCOUNTS:

- Ministry of Environment and Forests, North Eastern Regional Office, Shillong, by letter dated 30th April 2007, directed the Company to stop the limestone mining operations until it had obtained forestry clearance under the Forest Conservation Act, 1980. Accordingly Limestone Mining Operations of the Company at its limestone mining site at Phlangkaruh, Nongtra, East Khasi Hills District, Meghalaya, was suspended from 04th May 2007 to 28th November 2007. The Company applied for clearance with the relevant authorities on 03rd May 2007 and filed an application before the Supreme Court of India on 08th June 2007 under Section 2 of the Forest Conservation Act, 1980 to allow resumption of mining operations and for expeditious clearance of the application filed with relevant government authorities. Both the Forest Advisory Committee under the Ministry of Environment and Forest and the Central Empowered Committee advising the forest bench of the Supreme Court of India have recommended the forest clearance approval application to the Green Bench of Supreme Court of India for final approval. After few hearings the Hon'ble Supreme Court passed an interim order on 23rd November 2007 permitting Company to resume its mining activities. Since then until 05th February 2010 the Company continued its uninterrupted limestone mining operation on the basis of the interim order of the Supreme Court dated 23rd November 2007. During the course of hearing on 05th February 2010 the Hon'ble Supreme Court had asked for certain clarifications with regard to export operations of limestone in the region to Bangladesh towards which Hon'ble Supreme Court had directed the Company to stop the Limestone mining operation for the time being till such further orders are passed. However, the Hon'ble Supreme Court has not imposed any restrictions to move any mined material lying at the Company's mines and stockpile thereby granting liberty to the Company to export the limestone. The matter was heard on 29th March 2010. The next date of the hearing is scheduled in early April 2010. The embargo on fresh mining continues.
- During the year ending as on 31st December 2009 the Company had achieved 100% capacity utilization of Limestone production and sales and as a result the net worth of the Company, which was fully eroded at the end of the previous year ending 31st December 2008 which were mainly due to unavoidable interruptions of productions for some regulatory issues relating to quarry operations as mentioned at Note no 1 above, has been substantially improved at the year end.
- The Company has availed an "offshore loan" from Lafarge Surma Cement Limited (LSC), Bangladesh, holding 41,133,098 shares of the Company (Previous year 41,133,098 shares) to fund its limestone and shale mining project development and operation the outstanding balance of which as on 31st December 2009 was Rs. 761,468 thousand/- (Previous year Rs. 896,220 thousand) The said loan has been granted by LSC out of an aggregate loan availed by LSC from certain "offshore lenders". As per the terms of the offshore loan, Lafarge Surma Cement Ltd & all its associates are required to create security of their respective assets in favour of the offshore lenders. The same is classified as secured loan, having charge against the following assets.
 - Mortgage (by deposit of title deeds) of all of the Companies immovable properties in favour of the offshore lenders.
 - Mortgage and charge over all present and future movable and intangible assets, contracts, investments and insurance policies of the Company except for stock in trade and receivable under a composite security agreement in favour of secured offshore lenders.
As per second amendment dated 20th December 2007 to the loan agreement dated 20th April 2004, the maturity period for repayment of loan installment has been extended from 3 years to 5 years and the provision of penal interest due to any late payment has been waived.
As per third amendment dated 01st June 2008, total overdue amount of interest as on 16th March 2008 will be paid in 32 equal installment along with the repayment of principal amount of loan on each interest payment date beginning from 15th June 2009.

Lafarge Umiam Mining Private Limited Schedule 14

- Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs 17,904 thousand (Previous Year Rs 100,422 thousand/-).
- Auditors' Remuneration (including service tax):

	Year Ended	
	31st December, 2009	31st December, 2008
	Rs.'000	Rs.'000
i) Statutory Audit fees	552	562
ii) Tax Audit related matter	309	-
iii) Other matters	-	180
iv) Reimbursement of Expense	4	15
Total	865	757

6. Directors' Remuneration

	Year Ended	
	31st December, 2009	31st December, 2008
	Rs.'000	Rs.'000
Salaries and Bonus	4,942	4,325
Contribution to provident fund	205	172
Total	5,147	4,497

The above excludes contribution to the group gratuity funds, which are actuarially determined on an overall basis.

7. Deferred tax :

The break up of deferred tax is as under	31st December, 2009	31st December, 2008
	Rs.'000	Rs.'000
Deferred Tax Liabilities		
Timing difference on account of:-		
-Depreciation	137,749	147,497
Gross Deferred Tax Liabilities (A)	137,749	147,497
Deferred Tax Assets		
-Unabsorbed depreciation (restricted to the extent of deferred tax liability on depreciation)	(137,749)	(147,497)
Gross Deferred Tax Assets (B)	(137,749)	(147,497)
Deferred Tax Assets (Net) (A-B)	NIL	NIL

Lafarge Umiam Mining Private Limited Schedule 14

8. Micro, Small and Medium Enterprises Development Act, 2006.

The Company has not received any intimation from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, and hence disclosures if any, relating to amounts unpaid as at the period end together with interest paid/ payable are required under the said act have not been given.

9. Expenditure / Earnings in foreign currency :

a) Expenditure in foreign currency (Cash basis – net of TDS)

	Year Ended	
	31st December 2009	31st December 2008
	Rs.'000	Rs.'000
i) Professional and Consulting fees	36,852	2,469
ii) Spare parts	71,973	51,476
iii) Travel expenditure	Nil	623
iv) Repayment of interest	45,868	11,346
v) Repayment of loan	104,867	Nil
Total	259,560	65,914

b) Earnings in foreign currency (Cash basis):

	Year Ended	
	31st December 2009	31st December 2008
	Rs.'000	Rs.'000
i) FOB Value of Exports	1,090,191	646,391
Total	1,090,191	646,391

10. Contingent Liability not provided for :

- Bank Guarantee amounting to Rs 1,681/- thousand (Previous Year Rs. 1,427/- thousand) issued by State Bank of India, Main Branch Shillong and Rs 1,077/- thousand (Previous Year Rs. 1,077/- thousand) issued by Standard Chartered Bank, Mumbai Branch on behalf of the Company favoring Indian Bureau of Mines as financial assurance for the progressive mines closure plan.
- The contingent liability on account of forest clearance approval under Forest Conservation Act (FCA), 1980 for its limestone mining area is Rs. 627,534/- thousand (Previous year Rs. 538,919/- thousand)

- Being 100% Export Oriented Unit (EOU), the Company is entitled to claim refund of taxes and duties incurred in relation to procurement of some goods and raw materials. The Company filed refund claim for taxes and duties paid in relation to construction of Long Belt Conveyor and Crusher. On January 6, 2009 the Board of Approval (BOA), Department of Commerce, Government of India decided that the long belt conveyor of the Company is installed outside the EOU premises for transportation of goods and is not eligible for duty free import/procurement under EOU scheme. The Company had filed an appeal against the order of the BOA before the Shillong Bench, Gauhati High Court on July 30, 2009 and the matter is pending for further hearing. If the appeal filed by the Company is not successful and BOA order prevails, the Company shall not be entitled to obtain the refund of Rs. 29,322 (Previous Year Rs. 29,322) from the authorities. However the amount of taxes and duties paid in relation to the long belt conveyor have been included in the cost of assets and has been presented in the financial statements accordingly.

Lafarge Umiam Mining Private Limited Schedule 14

12. LEA (Lafarge 2009 international employee) share ownership plan

During the year the Company pursuant to Lafarge S.A.'s global human resource policy has established the Lafarge's Group stock bonus rights plan (“LEA 2009” or “the Plan”) whereby the employee has been granted 745 units of Stock Appreciation Rights on December 9, 2009 and on account of the Plan the Company has recognized a provision of Rs. 18/- thousand towards Stock Appreciation Rights.

- The Company is under a legal obligation to restore the mines in terms of progressive mines closure plan submitted to Indian Bureau of Mines at the end of mining operations. Based on the estimated useful live of the mines, estimated cost of site restoration has been provided during the year.

The details of provisions for site restoration cost are summarized below:

	Year Ended	
	31st December 2009	31st December 2008
	Rs.'000	Rs.'000
Opening balance	375	236
Additions	167	139
Reversals	Nil	Nil
Closing balance	542	375

- The Company is recognizing the provision for the employee retirement benefits as per Accounting Standard 15 “Employee Benefits”.

Independent Actuarial Valuation of all employee benefit scheme was made on 31st December 2009 which is in the nature of unfunded gratuity benefit.

Disclosure in table below in respect of Defined Benefit Scheme has been given to the extent availability of information.

The following tables set out the details of amount recognised in the financial statements in respect of defined benefit scheme for unfunded gratuity as per the actuarial valuation under the Projected Unit Credit Method.

I. Component of Employer Expenses

	Current Year	Previous Year
	Rs.'000	Rs.'000
1 Current Service cost	207	138
2 Interest cost	37	23
3 Expected return on plan assets	-	-
4 Curtailment cost/(credit)	-	-
5 Settlement cost/(credit)	-	-
6 Amortization of Past Service Cost	-	-
7 Actuarial Losses/(Gains)	1	82
8 Total expense recognized in the Statement of Profit & Loss	245	243

The Gratuity expenses have been recognized in “Gratuity” under Schedule 10.

Lafarge Umiam Mining Private Limited
Schedule 14

II. Net Asset/(Liability) recognized in the Balance Sheet as at

Sl. No.		Current Year	Previous Year
		Rs.'000	Rs.'000
1	Present value of Defined Benefit Obligation	775	530
2	Fair value of plan assets	-	-
3	Funded status [Surplus/(Deficit)]	(775)	(530)
4	Effect of balance sheet asset limit	-	-
5	Unrecognized Past Service Costs	-	-
6	Net asset/(liability) recognized in balance sheet	(775)	(530)

III. Change in Defined Benefit Obligations during the year ended

		Current Year	Previous Year
		Rs.'000	Rs.'000
1	Present Value of DBO at beginning of period	530	287
2	Current Service cost	207	138
3	Interest cost	37	23
4	Curtailment cost/(credit)	-	-
5	Settlement cost/(credit)	-	-
6	Employee contribution	-	-
7	Plan amendments	-	-
8	Acquisitions	-	-
9	Actuarial (gains)/ losses	1	82
10	Benefits paid	-	-
11	Present Value of DBO at the end of period	775	530

IV. Actuarial Assumptions

Sl. No.		Current Year	Previous Year
1	Discount Rate per annum Compound	7.00%	8.00%
2	Rate of increase in salaries	8.00%	5.00%
3	Rate of return on Plan Assets	Not Applicable	Not Applicable
4	Expected Average remaining working lives of employees (years)	21.72	20.26

Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

Lafarge Umiam Mining Private Limited
Schedule 14

Sl. No.		Current Year	Previous Year
		Rs.'000	Rs.'000
1	Employer's Contribution to recognized Provident Fund	1,117	975

15. Related party disclosure as per Accounting Standard -18 :

a) Key Managerial Personnel (KMP):

Name	Nature of relationship	Transactions year ended		
		31st December 2009	31st December 2008	Nature of transaction
		Rs.'000	Rs.'000	
Mr. Michael Andrew Cowell	Director	Nil	Nil	---
Mr. Masud Khan	Director	Nil	Nil	
Mr. Shivesh Kumar Sinha	Director	Nil	Nil	---
Mr. Chang Jae Song	Director	Nil	Nil	---
Mr. Jose Maria Fontdecaba	Director	Nil	Nil	---
Mr. Narayan Prasad Sharma	Director	5,042	4,497	Remuneration
Mr. Mohammad Shaheed Siddique (Ceased to be KMP w.e.f. 24.06.09)	Director (Ceased to be Director w.e.f 24.06.09)	Nil	Nil	
Mr. Kuppuswamy Swaminathan (Ceased to be KMP w.e.f.24.06.09)	Director (Ceased to be Director w.e.f 24.06.09)	Nil	Nil	
Mr. Kazi Khalid Mahmood	Director	Nil	Nil	
Mr. Ashim kumar Chattopadhyay	Director	105	Nil	Remuneration

b) Holding Company :

Name of the related party: Lafarge Surma Cement Ltd, Bangladesh

Transactions:

i) Secured External Commercial Borrowings (ECB) :

	31st December 2009	31st December 2008
	Rs.'000	Rs.'000
Closing balance	761,468	896,220
Total amount of ECB loan received during the year ended	Nil	Nil
Total of ECB loan foreign exchange fluctuation during the year	29,885	Nil
Total of ECB loan repaid during the year ended – Principal	104,867	Nil

ii) Interest on External Commercial Borrowing:

	31st December 2009	31st December 2008
	Rs.'000	Rs.'000
Total interest accrued but not due on ECB loan	151,013	173,664
Total interest repaid for the year ended - Gross	54,704	12,797

Lafarge Umiam Mining Private Limited Schedule 14

iii) Export sales transaction:

	31st December 2009	31st December 2008
	Rs.'000	Rs.'000
Closing balance of export sales receivables as at	36,550	37,935
Total value of export sales transaction during the year ended	1,064,848	663,992

16. Earnings per Share (EPS) – The numerators and denominators used to calculate Basic and Diluted EPS:

	31st December 2009	31st December 2008
a) Net Profit / (Loss) after Tax available for Equity Shareholders (Rs.'000)	313,724	(171,258)
b) Weighted average number of equity shares of nominal value of Rs. 10 /- each (Nos.)	41,133,099	41,133,099
c) Basic and diluted Earnings per Share (a ÷ b)	7.63	(4.16)

17. None of the Company's fixed assets are considered impaired as on the Balance Sheet Date.

18. During the year the company had entered into certain forward exchange contracts which are not intended for speculation purpose and only for hedging currency related risks. Such forward contracts are accounted for at the contract rate and the difference between the spot rate and the contracted rate is apportioned over the period of contract.

a) There are forward contracts outstanding as on 31st December, 2009 which are as follows:

As at	No. of Contracts	Amount (USD'000)	Amount (Rs.'000)
31st December 2009	12	3,300	155,130
31st December 2008	41	10,750	487,382

b) The year end foreign currency exposure that has not been hedged by a derivative instrument or otherwise are given below:

Particulars	Currency	Converitibe amount as at			
		31st December, 2009		31st December, 2008	
		Foreign Currency '000	Rs.'000	Foreign Currency '000	Rs.'000
External Commercials Borrowings	USD	16,312	761,467	18,498	896,220
Sundry Creditors	USD	37	1,745	692	33,512
	Euro	Nil	Nil	10	682
Advances for stores and spares	GBP	109	8,216	11	755

The disclosure (a) and (b) have been made consequent to an announcement by the Institute of Chartered Accountants of India on 2nd December 2005.

c) Consequent to an announcement by the Institute of Chartered Accountants of India on 29th March, 2008 the Company has provided foreign exchange loss of Rs. Nil/(Previous year Rs 354,803 thousand) due to fluctuations in foreign exchange rates in respect of all outstanding derivative contracts at the balance sheet date not backed by any underlying assets by marking them to the market.

Lafarge Umiam Mining Private Limited Schedule 14

19. The Company has no reportable segment as the company is primarily engaged in the mining activities and the entire sales are export sales.

20. Quantitative information

a) Particulars regarding capacity and production- Extracted Material

Particulars	Units of measurement	Current year			Previous year		
		Licensed Capacity	Installed Capacity	Actual Production	Licensed Capacity	Installed Capacity	Actual Production
Limestone	MT	2,000,000	1,954,000	1,954,000	2,000,000	1,954,000	1,198,547
Shalestone	MT	342,000	300,000	Nil	342,000	300,000	Nil

b) Particulars regarding finished goods

Particulars	Units of measurement	Current year			Previous year		
		Opening stock	Production Sales	Closing stock	Opening stock	Production Sales	Closing stock
Crushed	Rs.'000	Nil	1,064,847	Nil	Nil	663,992	Nil
Limestone	MT	Nil	2,000,000	Nil	Nil	1,497,653	Nil
Crushed	Rs.'000	Nil	Nil	Nil	Nil	Nil	Nil
Shalestone	MT	Nil	Nil	Nil	Nil	Nil	Nil

c) Particulars regarding extracted raw materials and stores and spares consumed:

Particulars	Units of measurement	Current year		Previous year	
		Quantity	Value (Rs.'000)	Quantity	Value (Rs.'000)
Extracted Limestone	MT	2,000,000	269,421	1,497,653	249,853
Extracted Shalestone	MT	Nil	Nil	Nil	Nil
Oil and fuel	Litres	1,292,783	33,885	1,082,702	28,662
Stores and Spares	-	-	28,469	-	22,514

21. Considering the future profitability and taxable position in the subsequent years, the Company has recognized the 'MAT Credit entitlement' as an asset by crediting the Profit and Loss Account for an equivalent amount and disclosed under 'Current Assets, Loans and Advances' (Schedule 6) in the accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternative Tax under Income Tax Act, 1961" issued by The Institute of Chartered Accountants of India.

22. Figures for the previous year have been rearranged /regrouped wherever necessary to conform to figures of current year.

For and on behalf of the Board

Signatories to Schedules 1 to 14



Directors

REPORT & FINANCIAL STATEMENTS OF LUM MAWSHUN MINERALS PRIVATE LIMITED

For the year ended 31 December 2009

Dear Shareholders

Your Directors have the pleasure in presenting the Annual Report of Lum Mawshun Minerals Private Limited (the "Company"), together with the audited balance sheet and the profit and loss account for the year ended December 31, 2009.

Directors' Report

Review of the Activities

Your Company had been set up as a subsidiary of Lafarge Surma Cement Limited ("LSC") to obtain the land rights and mining leases for the mining project in Meghalaya, India. The Company, with due approval of the Government of Meghalaya, transferred all lands acquired for the project to Lafarge Umiam Mining Private Limited ("LUMPL"), the operating company for the Mining project. Your Company is now exploring new opportunities for development of future business.

Financial Highlights

The net loss for the year 2009 was INR 116,842/-

Directors

Resignations

Mr. K Swaminathan (nominee of LSC) resigned from the Board by a letter dated June 01, 2009 as he has assumed new responsibilities elsewhere. Mr. Swaminathan was appointed as Director of the Company in April, 2007.

Mr. Shaheed Siddique (nominee of LSC) resigned from the Board by a letter dated June 01, 2009 as he has assumed new responsibilities elsewhere. Mr. Siddique was appointed as Director of the Company in August, 2008.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' responsibility statement, it is hereby confirmed:

1. That in the preparation of the annual accounts for the year ended December 31, 2009, the applicable Accounting Standards have been followed along with proper explanations were provided for material departures, if any.
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. That the Directors have prepared the accounts for the financial year ended on December 31, 2009 on a going concern basis.

Auditors and Auditors' Report

Pursuant to the Indian Companies Act, 1956, the Company's statutory auditors of M/s. Deloitte Haskins & Sells, Chartered Accountants, retire at the ensuing Annual General Meeting. They have offered themselves for

reappointment as statutory auditors and have confirmed that their appointment, if made, will be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

The notes to accounts forming part of the financial statements are self-explanatory and need no further explanation.

There is no qualification in the Auditors' Report which requires any clarification/explanation.

Particulars of employees

As there was no employee drawing remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules 1975 as amended from time to time, statement under section 217(2A) is not annexed.

Conservation of Energy, Technology Absorption and Foreign Exchange

The particulars as required under section 217(1) (e) of the Indian Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, are set out in Annexure "A" to this report

Fixed deposits

During the year under review, the Company has not accepted any deposit from the public.

Acknowledgements

Your Directors wish to express their grateful appreciation for the valuable and continued support and cooperation received from LSC, LUMPL, lenders, project consultants and the Durbars of Nongtraï and Shella.

For and on behalf of the Board

Place: Dhaka
Date: 05/04/ 2010



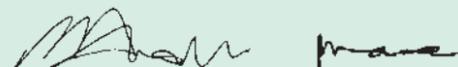
Directors

Annexure "A" to the Directors' Report

Particulars furnished pursuant to the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988,

- A. Conservation of Energy : The Company is not a manufacturing Company and hence the details in respect of Conservation of Energy are not applicable.
- B. Technology absorption : NIL
- C. Foreign Exchange earnings & outflow during the period : NIL

For and on behalf of the Board



Directors

Auditors' Report to the Members of Lum Mawshun Minerals Private Limited

We have audited the attached balance sheet of Lum Mawshun Minerals Private Limited as at 31st December 2009 and the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Without qualifying our report, we invite attention to note 3 of Schedule 5 regarding financial statements being prepared on a going concern basis, in spite of full erosion of net worth of the Company as the year end, taking into account the continued support from its parent company.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of such books;
- (iii) The balance sheet and the profit and loss account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet and the profit and loss account have been drawn up in accordance with the Accounting Standards referred to in sub-section 3 (c) of section 211 of the Companies Act, 1956.
- (v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of balance sheet, of the state of affairs of the Company as at 31st December 2009;
 - b) in the case of the profit and loss account, of the loss of the Company for the year ended on that date;

- (vi) On the basis of written representations received from the directors as on 31st December 2009 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st December 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No.302009E)



A. Bhattacharya
Partner
M/No. 054110

Place: Kolkata
Dated: March 31, 2010

Annexure to the Auditors' Report (Referred to in paragraph 4 of our report of even date)

- (i) According to the information and explanations given to us and the records examined by us, the Company has no fixed assets during the year.
- (ii) According to the information and explanations given to us and the records examined by us, the Company has no inventories during the year.
- (iii) According to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us and the records examined by us, there have been no transactions during the year in respect of purchase of inventory, fixed assets and for the sale of goods and services.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements to be entered in the register maintained in pursuance in Section 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public within the purview of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 during the year under review.
- (vii) The paid up capital & reserves of the Company being less than Rs 50 lacs as at the commencement of the financial year and there being no turnover since incorporation, question of having an Internal Audit System does not arise.
- (viii) The provisions of maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 as specified under paragraph (viii) of the Order are not applicable to the Company.
- (ix) In respect of statutory dues:
- a. According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income-tax, Service tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year. There are no arrears of any undisputed statutory dues outstanding for more than six months as at the Balance Sheet date from the date they became payable.
- b. According to the information and explanations given to us, there are no outstanding amounts of Income tax, Customs duty, Service tax and Cess on account of disputes.
- (x) The accumulated losses of the Company have exceeded fifty percent of its net worth as at the end of the year. The Company has incurred cash losses during year as well as in the preceding previous year.
- (xi) The Company has not borrowed any monies from financial institutions, banks or through issue of debenture.
- (xii) According to the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute as specified under paragraph (xiii) of the Order are not applicable to the Company.

- (xiv) According to the information and explanations given to us, the Company is not a dealer or trader in securities.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) The Company has not borrowed any monies through term loans.
- (xvii) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year.
- (xix) According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures during the year.
- (xx) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No.302009E)



A. Bhattacharya
Partner
M/No. 054110

Place: Kolkata
Dated: March 31, 2010

Lum Mawshun Minerals Private Limited Balance Sheet As at 31st December 2009

	Schedule	As at 31st December 2009 Rs	As at 31st December 2008 Rs
SOURCES OF FUNDS :			
1. Shareholders' Funds :			
Share Capital	1	546,600	546,600
Total		<u>546,600</u>	<u>546,600</u>
APPLICATION OF FUNDS :			
1. Current Assets, Loans and Advances			
a) Cash and bank balances	2	75,720	262,889
b) Other current assets	3	16,669	13,674
		<u>92,389</u>	<u>276,563</u>
Less : Current Liabilities & Provisions			
Current Liabilities	4	318,083	385,415
Net Current Assets		<u>(225,694)</u>	<u>(108,852)</u>
2. Profit and Loss Account			
Total		<u>772,294</u>	<u>655,452</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	5		

The Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants



A. Bhattacharya
Partner

Place: Kolkata
Dated: March 31, 2010

For and on behalf of the Board



Michael Andrew Cowell
Director

Place: New Delhi
Dated: 29th March, 2010



Mausd Khan
Director

Lum Mawshun Minerals Private Limited
Profit and Loss Account For The Year Ended 31st December, 2009

Schedule	Year ended 31st December 2009 Rs	Year ended 31st December 2008 Rs
A .INCOME		
Interest on bank deposits		
[Tax deducted at source - Rs. Nil (previous year - Rs. Nil)]	2,995	13,674
Total	2,995	13,674
B. EXPENDITURE		
Bank charges		
Auditors Remuneration	606	105
Professional fees	70,062	33,708
Filing fees	45,169	37,079
	4,000	-
	119,837	70,892
Net profit / (loss) for the year (A-B)		
Balance brought forward from previous year	(116,842)	(57,218)
Balance carried forward to Balance Sheet	(655,452)	(598,234)
	(772,294)	(655,452)
Earnings per share (Basic and diluted)		
	(21.38)	(10.47)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	5	

The Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants



A. Bhattacharya
Partner

Place: Kolkata
Dated: March 31, 2010

For and on behalf of the Board



Michael Andrew Cowell
Director

Place: New Delhi
Dated: 29th March, 2010



Mausd Khan
Director

Lum Mawshun Minerals Private Limited
Schedules forming part of the Balance Sheet.

	As at 31st December 2009 Rs	As at 31st December 2008 Rs
Schedule 1 : Share Capital		
Authorised :		
1,68,000 Equity shares of Rs 100/- each	16,800,000	16,800,000
Issued, Subscribed and Paid-up :		
5466 Equity shares (Previous year 5466 equity shares) of Rs. 100/- each fully paid - up [of the above, 4046 shares (Previous year 4046 shares) are held by Lafarge Surma Cement Limited, Bangladesh, the holding company]	546,600	546,600
	546,600	546,600
Schedule 2 : Cash and Bank Balances		
Cash balance on hand	274	274
Balances with Scheduled Bank:		
In Current Account	55,446	242,615
In Fixed Deposit Account *	20,000	20,000
	75,446	262,615
Total	75,720	262,889
* Pledged with The Director of Mineral Resources, Meghalaya		
Schedule 3 : Other Current Assets (Unsecured, considered good)		
Interest Accrued but not due on Fixed Deposits	16,669	13,674
Total	16,669	13,674
Schedule 4 : Current Liabilities		
Sundry Creditors		
- total outstanding dues of Micro Enterprises and Small Enterprises	-	-
- total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	314,383	385,415
Other Liabilities	3,700	-
Total	318,083	385,415

(There is no amount outstanding as at Balance Sheet date to be credited to Investor's Education & Protection Fund)

Lum Mawshun Minerals Private Limited

Schedule forming part of the Balance Sheet As at 31st December 2009

Schedule 5.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF PREPARATION

- 1.1 The financial statements are prepared and presented in accordance with Historical Cost Convention and Accrual Basis of accounting.
- 1.2 These are presented in accordance with Generally Accepted Accounting Principles (GAAP) in India, and comply with the Accounting Standard notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.
- 1.3 The preparation of financial statement requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities including Contingent Liabilities as of the date of the financial statement and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

2. TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act 1961.

Deferred tax is recognized subject to the consideration of prudence in respect of deferred tax assets, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or subsequently enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realization.

3. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

(B) NOTES ON ACCOUNTS:

1. Micro, Small and Medium Enterprises Development Act, 2006.

The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, and hence disclosures if any, relating to amounts unpaid as at the period end together with interest paid/ payable are required under the said act have not been given.

2. The Company is a subsidiary of Lafarge Surma Cement Ltd, Bangladesh (Parent Company). The Company was formed for acquisition of mining and land rights to facilitate the mining operation of limestone & shale by Lafarge Umiam Mining Pvt Ltd (LUMPL), another subsidiary of the parent Company and supply of the same to the cement plant being set up by the parent Company at Bangladesh. During the earlier years the Company has transferred the Mining & Land rights as well as freehold & leasehold lands as was acquired to LUMPL along with the preoperative expenses and related account balances pertaining to such lands transferred, after obtaining necessary approval from the Government. Consequently there has been no business during the year as well as in the previous years. However, the Company is exploring new opportunities.

Lum Mawshun Minerals Private Limited

Schedule Forming part of the Balance Sheet, As at 31st December, 2009

Schedule 5.

3. The net worth of the Company as on 31.12.2009 has been fully eroded and the Company has been incurring losses over the years including the current year. However, the Company enjoys continued supports from its parent company. In view of this, going concern assumption has not been vitiated.

4. Earnings per Share (EPS) – The numerators and denominators used to calculate Basic and Diluted EPS:

Particulars	Year ended December, 31	
	2009	2008
1 Net Profit after tax attributable to Equity Shareholders (Rs) {A}	(116,842)	(57,218)
2 Weighted average number of Equity Shares outstanding during the year (Nos.) {B}	5,466	5,466
3 Nominal Value of Equity per share (Rs.)	100	100
4 Basic / Diluted Earnings per share (Rs.) {A÷B}	(21.38)	(10.47)

5. Deferred tax Asset/Liability has not been created during the year, there being no timing difference between the accounting income and taxable income, which is capable of reversing in subsequent periods.

6. Auditors' Remuneration (including service tax):

	Year ended 31-Dec-2009 (Rs)	Year ended 31-Dec-2008 (Rs)
Audit Fees	33,090	33,708
Tax Audit Fees	36,399	-
Reimbursement of Expenses	573	-
Total	70,062	33,708

7. The previous year's figures have been regrouped and rearranged wherever necessary to conform to the figures of the current year.

For and on behalf of the Board

Signatories to Schedules 1 to 14


Directors

Form of Proxy and Attendance Slip

Lafarge Surma Cement Ltd.

A company of  LAFARGE and  CEMENTOS MOLINS

Form of Proxy

I/We (Name)

of (Address)

being a shareholder of Lafarge Surma Cement Limited (the "Company") hereby appoint,

Mr./Ms (Name)

of (Address)

as my/our proxy, to attend on my/our behalf at the 12th Annual General Meeting of the Company to be held on June 24, 2010 and at any adjournment thereof or any poll that may be taken in consequence thereof and to vote on my/our behalf as he/she thinks fit on all Resolutions.

As witness my/our hand this day of 2010.

Signed (Shareholder)

Folio/BO ID No.

Signed (Proxy)

Folio/BO ID No.

Affix revenue stamp

Tk. 8.00

Note: The proxy form, duly filled in and stamped, must be submitted with the Registered Office of the Company not less than 72 hours before the time fixed for the meeting.

Lafarge Surma Cement Ltd.

A company of  LAFARGE and  CEMENTOS MOLINS

Attendance Slip

I hereby record my presence at the 12th Annual General Meeting of Lafarge Surma Cement Limited on June 24, 2010.

Name

Folio/BO ID

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Note: Please complete this Attendance Slip and deposit at the registration counter on the day of the meeting.

Signature