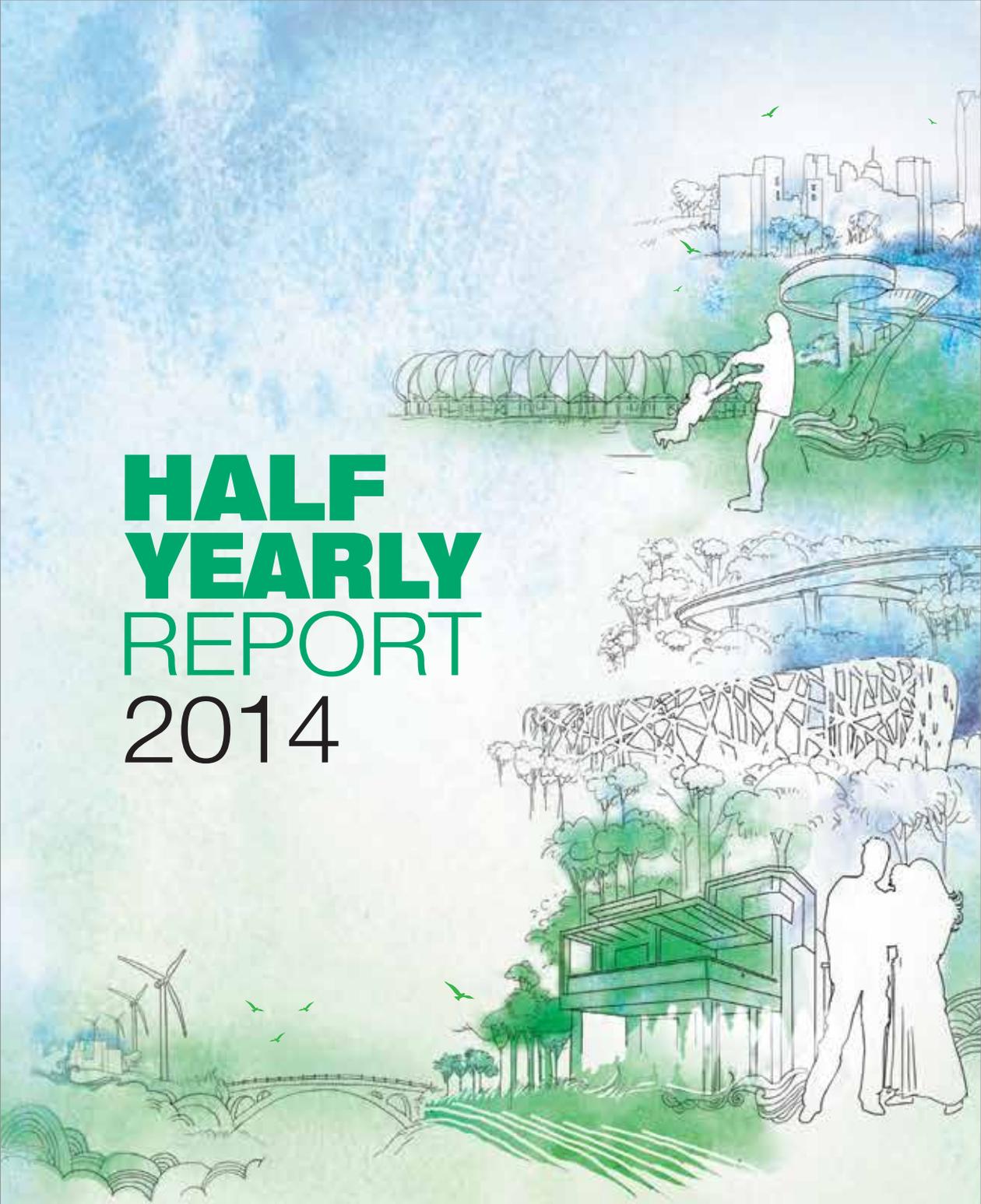


HALF YEARLY REPORT 2014



Lafarge Surma Cement Ltd.

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



Lafarge Surma Cement Ltd.

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

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Dated: Dhaka July 17, 2014

Dear Shareholders,

Pursuant to the requirements of the Securities and Exchange Rules, 1987 and the Listing Regulations of the Stock Exchanges, we are pleased to present the following Half-Yearly Financial Statements of Lafarge Surma Cement Limited:

- Un-audited Half-Yearly Consolidated Financial Statements containing Financial Position as on June 30, 2014, Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flow for the half-year ended on the same date; and
- Un-audited Half-Yearly Financial Statements containing Financial Position as on June 30, 2014, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow for the half-year ended on the same date.

Yours sincerely,

Tarek Samir Ahmed Elba
Chief Executive Officer



LAFARGE SURMA CEMENT LIMITED
Consolidated Statement of Financial Position (Un-audited)
at 30 June 2014

	NOTES	30 Jun 2014 Taka'000	31 Dec 2013 Taka'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	12,660,279	12,763,354
Intangible assets	6	992,866	987,293
Other receivables	9	58,978	86,457
		13,712,123	13,837,104
CURRENT ASSETS			
Inventories	7	1,612,918	1,593,449
Trade receivables	8	779,715	799,536
Other receivables	9	2,218,083	1,592,835
Cash and cash equivalents	10	2,067,086	1,204,399
		6,677,802	5,190,219
TOTAL ASSETS		20,389,925	19,027,323
EQUITY & LIABILITIES			
Share capital		11,613,735	11,613,735
Retained earnings		(122,543)	(944,130)
Other components of equity		(15,251)	(52,603)
Foreign currency translation		411,671	427,423
SHAREHOLDERS' EQUITY- PARENT COMPANY		11,887,612	11,044,425
Non-controlling interests		133	118
EQUITY		11,887,745	11,044,543
NON-CURRENT LIABILITIES			
Long-term debt	11	320,583	497,027
Deferred tax liabilities	12	1,570,113	1,224,510
Employee benefits		28,830	137,817
Provision	13	25,446	23,146
		1,944,972	1,882,500
CURRENT LIABILITIES			
Trade payables	14	2,224,920	2,267,632
Other payables	15	932,707	440,064
Derivative instruments		23,241	48,355
Current portion of long term debt	11	413,738	409,100
Short-term debt	16	2,795,383	2,761,847
Current tax liabilities	17	167,219	173,282
		6,557,208	6,100,280
TOTAL EQUITY AND LIABILITIES		20,389,925	19,027,323

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


 Finance Director


 Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED
Consolidated Income Statement (Un-audited)
for the period ended 30 June 2014

	NOTES	Jan-Jun 2014	Jan-Jun 2013	Apr-Jun 2014	Apr-Jun 2013
		Taka '000	Taka '000	Taka '000	Taka '000
REVENUE	18	5,626,724	5,691,975	2,954,962	2,746,008
Cost of sales	19	(3,462,781)	(3,249,411)	(1,803,524)	(1,656,450)
GROSS PROFIT		2,163,943	2,442,564	1,151,438	1,089,558
General and administrative expenses	20	(366,282)	(374,055)	(186,275)	(183,143)
Sales and marketing expenses	21	(82,940)	(80,941)	(42,835)	(39,732)
Other operating income		74,290	179,953	70,930	171,165
OPERATING INCOME		1,789,011	2,167,521	993,258	1,037,848
Finance cost	22	(104,409)	(439,818)	(54,242)	(377,211)
Finance income	22	57,212	51	1,142	51
INCOME BEFORE TAX		1,741,814	1,727,754	940,158	660,688
Income tax	23	(339,540)	(665,733)	(165,801)	(299,019)
INCOME FOR THE PERIOD		1,402,274	1,062,021	774,357	361,669
Basic earnings per share (Taka)	24	1.21	0.91	0.67	0.31

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


Finance Director


Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED
Consolidated Statement of Comprehensive Income (Un-audited)
for the period ended 30 June 2014

	Jan-Jun 2014 Taka'000	Jan-Jun 2013 Taka'000	Apr-Jun 2014 Taka '000	Apr-Jun 2013 Taka '000
INCOME FOR THE PERIOD	1,402,27	1,062,021	774,357	361,669
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge instruments	37,352	(81,347)	(4,306)	(90,950)
Exchange differences on translating foreign operation	(15,752)	236,493	5,135	220,517
Non controlling interests- currency translation adjustment	15	(65)	(1)	(57)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	21,615	155,081	828	129,510
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,423,889	1,217,102	775,185	491,179
Attributable to:				
Owners of the parent Company	1,423,874	1,217,167	775,186	491,236
Non-controlling interests	15	(65)	(1)	(57)
	1,423,889	1,217,102	775,185	491,179

Mae
Finance Director

Tak
Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED
Consolidated Statement of Changes in Equity (Un-audited)
for the period ended 30 June 2014

(All figures are in Tk. '000)

	Share capital	Retained earnings	Other components of equity	Foreign currency translation	Equity for parent company	Non controlling interests	Total equity
Balance at 1 January 2013	11,613,735	(3,490,257)	(11,894)	268,932	8,380,516	231	8,380,747
Total comprehensive income/(loss) for the period	-	1,062,021	(81,347)	236,493	1,217,167	(65)	1,217,102
Balance at 30 June 2013	11,613,735	(2,428,236)	(93,241)	505,425	9,597,683	166	9,597,849
Balance at 1 January 2014	11,613,735	(944,130)	(52,603)	427,423	11,044,425	118	11,044,543
Total comprehensive income/(loss) for the period	-	1,402,274	37,352	(15,752)	1,423,874	15	1,423,889
Interim dividend	-	(580,687)	-	-	(580,687)	-	(580,687)
Balance at 30 June 2014	11,613,735	(122,543)	(15,251)	411,671	11,887,612	133	11,887,745

Mae
Finance Director

Tak
Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED
Consolidated Statement of Cash Flows (Un-audited)
for the period ended 30 June 2014

	Jan-Jun 2014 Taka'000	Jan-Jun 2013 Taka'000
Cash Flows From Operating Activities		
Cash receipts from customers	5,569,730	5,734,755
Cash paid to suppliers and employees	(4,160,718)	(3,440,103)
Cash generated in operations	1,409,012	2,294,652
Income tax paid	(254,748)	(130,880)
Other receipts	75,996	172,016
Net cash generated by operating activities	1,230,260	2,335,788
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(138,453)	(141,473)
Payments for intangible assets	(2,134)	(1)
Proceeds from sale of property, plant and equipment	477	4,533
Interest income on bank deposits	17,235	-
Net cash used in investing activities	(122,875)	(136,941)
Cash Flows From Financing Activities		
Repayment of long term debt	(183,069)	(1,610,441)
Increase (decrease) in short term debt	27,392	(125,002)
Payment of interest	(90,277)	(211,421)
Net cash used in financing activities	(245,954)	(1,946,864)
Net effect of foreign currency translation on cash and cash equivalents	1,256	(775)
Net increase/(decrease) in cash and cash equivalents	862,687	251,208
Cash and Cash Equivalents at Beginning of the Period	1,204,399	154,160
Cash and Cash Equivalents at End of the Period	2,067,086	405,368


Finance Director


Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED

Notes to the Condensed Consolidated Financial Statements (Un-audited) for the period ended 30 June 2014

1 Background and Introduction

Formation and legal status

Lafarge Surma Cement Limited (LSCL) - (hereinafter referred to as "Lafarge Surma or the Company") was incorporated on 11 November 1997 as a private limited company in Bangladesh under the Companies Act 1994 having its registered office in Dhaka. The Company has subsequently been converted into a public limited company on 20 January 2003 and went for Initial Public Offering of shares in November 2003 which was fully subscribed and issued. The shares have since been listed and are being traded in Dhaka and Chittagong Stock Exchanges. Presently the Company has two subsidiaries in India. The main objectives of the subsidiaries are to support the holding company. A brief description of each of the subsidiary is given below:

Lum Mawshun Minerals Private Limited (LMMPL) - incorporated under the Indian Companies Act 1956 on 17 November 1994 as a private limited company with its registered office at Shillong in the State of Meghalaya, India.

Lafarge Umiam Mining Private Limited (LUMPL) - incorporated under the Indian Companies Act 1956 on 22 March 1999 as a private limited company with its registered office at Shillong in the State of Meghalaya, India.

2 Nature of Business

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

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

3 Basis of Preparation

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

4 Significant Accounting Policies

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

- derivative financial instruments measured at fair value;
- financial instruments at fair value through profit and loss measured at fair value.

The same accounting policies, presentation and methods of computation have been followed in these interim financial statements as were applied in the preparation of the Company's financial statements for the year ended 31 December 2013.

	30 Jun 2014 Taka'000	31 Dec 2013 Taka'000
5 Property, Plant and Equipment		
COST		
At January 1	16,689,914	16,808,096
Additions	144,403	196,293
Disposals	(14,415)	(38,666)
Translation adjustment	50,629	(275,809)
At June 30/December 31	<u>16,870,531</u>	<u>16,689,914</u>
DEPRECIATION		
At January	3,926,560	3,438,864
Disposals	(12,236)	(25,890)
Change for the period	284,096	571,374
Translation adjustment	11,832	(57,788)
At June 30/December 31	<u>4,210,252</u>	<u>3,926,560</u>
CARRYING AMOUNT	<u><u>12,660,279</u></u>	<u><u>12,763,354</u></u>

	30 Jun 2014 Taka'000	31 Dec 2013 Taka'000
6 Intangible Assets		
COST		
At January 1	1,172,008	1,339,077
Additions	2,134	8,328
Disposals	(4)	(32)
Translation adjustment	31,339	(175,365)
At June 30/December 31	<u>1,205,477</u>	<u>1,172,008</u>
AMORTIZATION		
At January	184,715	152,306
Disposals	(4)	-
Change for the period	24,009	48,748
Translation adjustment	3,891	(16,339)
At June 30/December 31	<u>212,611</u>	<u>184,715</u>
CARRYING AMOUNT	<u>992,866</u>	<u>987,293</u>
7 Inventories		
Raw materials	527,189	467,912
Spare parts	850,945	860,095
Packing materials	15,769	10,782
Other materials	65,081	118,255
Finished goods and work in process	153,934	136,405
	<u>1,612,918</u>	<u>1,593,449</u>
8 Trade Receivables		
Trade receivables	789,392	808,346
Valuation allowance	(9,677)	(8,810)
	<u>779,715</u>	<u>799,536</u>
9 Other Receivables		
Contractors, consultants, suppliers and others	386,901	240,426
Employees	73,191	42,272
Prepaid expenses	252,613	150,311
VAT current account	180,208	117,171
Income tax-deducted at source	1,325,873	1,067,068
Other receivables	44,693	59,383
Accrued interest	13,582	2,661
	<u>2,277,061</u>	<u>1,679,292</u>
<i>Current portion</i>	2,218,083	1,592,835
<i>Non-current portion</i>	58,978	86,457
10 Cash and Cash Equivalents		
Cash in hand	712	713
Cash at banks	2,066,374	1,203,686
	<u>2,067,086</u>	<u>1,204,399</u>
11 Long Term Debt		
11.1 Long portion		
Citibank N.A. - Mumbai	139,731	233,246
Standard Chartered Bank - Mumbai	180,852	263,781
	<u>320,583</u>	<u>497,027</u>
11.2 Current portion		
Citibank N.A. - Mumbai	232,886	233,246
Standard Chartered Bank - Mumbai	180,852	175,854
	<u>413,738</u>	<u>409,100</u>

	30 Jun 2014 <u>Taka'000</u>	31 Dec 2013 <u>Taka'000</u>
12 Deferred Tax Liabilities		
The tax effects of temporary differences that resulted in deferred tax liabilities and assets.		
<i>Deferred tax liabilities</i>		
Property, plant and equipment	2,425,900	2,432,162
	<u>2,425,900</u>	<u>2,432,162</u>
<i>Deferred tax assets</i>		
Provision for gratuity	3,340	32,722
Provision for doubtful debts	2,661	2,423
Business loss	849,786	1,172,507
	<u>855,787</u>	<u>1,207,652</u>
Net deferred tax liabilities	<u>1,570,113</u>	<u>1,224,510</u>
13 Provisions		
Site restoration provisions		
Balance at 1 January	23,146	23,125
Current year addition	1,624	4,995
Translation adjustment	676	(4,974)
At June 30/December 31	<u>25,446</u>	<u>23,146</u>
The Company is legally required to restore a quarry site, the estimated costs of site restoration are accrued and recognized to the cost of sales, on the basis of mines closure plan submitted to Indian Bureau of Mines (IBM).		
14 Trade Payables		
Payable for expenses	1,448,740	1,369,267
General assistance fee (Note- 14.1)	264,499	288,286
Trademark license fee (Note- 14.2)	264,499	288,285
Advances paid by customers	244,244	321,059
Others	2,938	735
	<u>2,224,920</u>	<u>2,267,632</u>
14.1 General assistance fee		
The amount is payable to Lafarge S.A. and Cementos Molins for general assistance fee (1 percent of annual net turnover of the company in accordance with the General Assistance Agreement).		
14.2 Trademark license fee		
The amount is equally payable to Lafarge S.A. and Cementos Molins for trademark license fee (1 percent of annual net turnover of the company in accordance with the Trademark License Agreement).		
15 Other Payables		
Payables to supplier of property, plant & equipment	122,013	95,848
Accrued interest and commitment fees	10,307	8,325
Payable to employees	127,938	240,348
Income tax & VAT deducted at source	91,762	95,543
Interim dividend payable*	580,687	-
	<u>932,707</u>	<u>440,064</u>

*The Board of Directors' of the Company at the meeting held on 9 June 2014 has approved an interim dividend of five percent, in cash, on the paid-up capital of the Company based on the results for the period from 1 January to 31 May 2014 .



	30 Jun 2014	31 Dec 2013
	<u>Taka'000</u>	<u>Taka'000</u>
16 Short Term Debt		
Bank overdraft facilities	74,079	73,993
Short term credit facilities	2,721,304	2,687,854
	<u>2,795,383</u>	<u>2,761,847</u>
17 Current Tax Liabilities		
Balance at 1 January	173,282	115,592
Cancellation of provision	(23,076)	-
Provision for the period/year	17,013	57,690
At June 31/December 31	<u>167,219</u>	<u>173,282</u>
	<u>Jan-Jun 2014</u>	<u>Jan-Jun 2013</u>
	<u>Taka'000</u>	<u>Taka'000</u>
18 Revenue		
Sale of gray cement	5,029,162	4,712,681
Sale of cement clinker	597,562	979,294
	<u>5,626,724</u>	<u>5,691,975</u>
19 Cost of Sales		
Manufacturing variable cost	1,942,652	1,743,569
Manufacturing fixed cost	677,633	580,795
Distribution cost to customers	178,428	132,622
Internal distribution cost	354,307	321,915
Inventory movement	16,089	1,72,612
Depreciation and amortization	293,672	297,898
	<u>3,462,781</u>	<u>3,249,411</u>
20 General and Administrative Expenses		
Salary, allowances and benefits	94,502	83,386
General assistance fee	53,118	4,590
Trademark license fee	53,117	54,590
Computer expenses	16,812	16,814
Other office expenses	72,757	62,448
Administrative depreciation and amortization	14,156	15,181
Contribution to Workers' Profit Participation and welfare Fund	61,820	87,046
	<u>366,282</u>	<u>374,055</u>
21 Sales and Marketing Expenses		
Salary, allowances and benefits	29,578	31,436
Advertisement	39,144	37,936
Other office expenses	14,218	11,569
	<u>82,940</u>	<u>80,941</u>
22 Finance Costs and Income		
Interest on long term debt	31,114	77,158
Interest on short term debt	43,393	94,280
Fees for long term debt	-	6,472
Other finance costs	20,047	412
Exchange loss	-	250,805
Bank charges and commission	9,855	10,691
Finance costs	<u>104,409</u>	<u>439,818</u>
Interest income on Bank Deposits	28,060	51
Exchange gain	29,152	-
Finance income	<u>57,212</u>	<u>51</u>
Net finance (income)/costs	<u>47,197</u>	<u>4,39,767</u>

	Jan-Jun 2014 <u>Taka'000</u>	Jan-Jun 2013 <u>Taka'000</u>
23 Income Tax		
Current income tax expenses	17,013	29,428
Cancellation of provision	(23,076)	
Deferred income tax	<u>345,603</u>	<u>636,305</u>
	<u><u>339,540</u></u>	<u><u>665,733</u></u>
24 Earnings Per Share		
The computation of basic earnings per share for the periods ended 2014 and 2013 are as follows:		
NUMERATOR	<i>(Thousand Taka)</i>	
INCOME FOR THE PERIOD- ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	<u>1,402,274</u>	<u>1,062,021</u>
DENOMINATOR	<i>(Thousands of Shares)</i>	
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	<u>1,161,374</u>	<u>1,161,374</u>
BASIC EARNINGS PER SHARE	<i>Taka</i> 1.21	0.91
DILUTED EARNINGS PER SHARE	<i>Taka</i> 1.21	0.91

25 Related Party Transactions

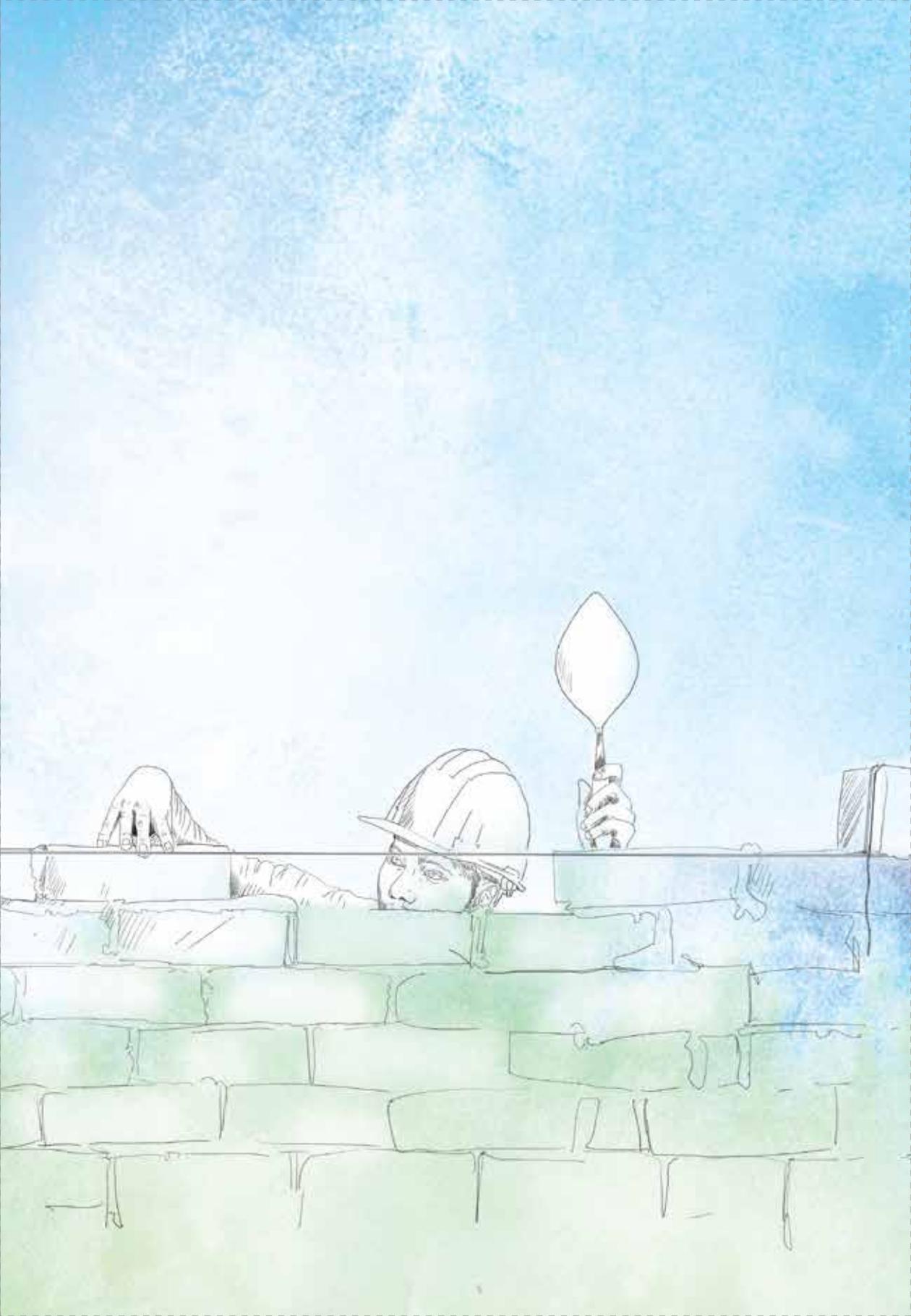
Except for the regular transactions, there were no significant related party transactions during the period.

26 Commitments and Contingencies

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


Finance Director


Chief Executive Officer



LAFARGE SURMA CEMENT LIMITED
Statement of Financial Position (Un-audited)
at 30 June 2014

	Notes	30 Jun 2014 Taka'000	31 Dec 2013 Taka'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	11,274,950	11,387,280
Intangible assets	6	13,275	13,738
Investment in subsidiaries		531,880	517,181
Loan to subsidiary company		696,487	824,393
		<u>12,516,592</u>	<u>12,742,592</u>
CURRENT ASSETS			
Inventories	7	1,579,239	1,556,950
Trade receivables	8	779,715	799,536
Other receivables	9	2,049,851	1,572,195
Cash and cash equivalents	10	2,021,634	1,162,174
		<u>6,430,439</u>	<u>5,090,855</u>
TOTAL ASSETS		<u>18,947,031</u>	<u>17,833,447</u>
EQUITY & LIABILITIES			
Share capital		11,613,735	11,613,735
Retained earnings		1,103,465	849,109
Other component of equity		11,987	(2,712)
EQUITY		<u>12,729,187</u>	<u>12,460,132</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11	1,570,113	1,224,510
Employee benefits		21,269	1,28,358
		<u>1,591,382</u>	<u>1,352,868</u>
CURRENT LIABILITIES			
Trade payables	12	2,093,577	2,020,193
Other payables	13	917,469	403,143
Short-term debt	14	1,448,197	1,423,829
Current tax liabilities	15	167,219	173,282
		<u>4,626,462</u>	<u>4,020,447</u>
TOTAL EQUITY AND LIABILITIES		<u>18,947,031</u>	<u>17,833,447</u>

The accompanying Notes 1 to 24 form an integral part of these interim financial statements.


Finance Director


Chief Executive Officer



LAFARGE SURMA CEMENT LIMITED
Income Statement (Un-audited)
for the period ended 30 June 2014

		Jan-Jun 2014	Jan-Jun 2013	Apr-Jun 2014	Apr-Jun 2013
	Note	Taka '000	Taka '000	Taka '000	Taka '000
REVENUE	16	5,626,724	5,691,975	2,954,962	2,746,008
Cost of sales	17	(4,010,750)	(3,727,380)	(2,111,041)	(1,932,257)
GROSS PROFIT		1,615,974	1,964,595	843,921	813,751
General and administrative expenses	18	(366,282)	(374,055)	(186,275)	(183,143)
Sales and marketing expenses	19	(82,940)	(80,941)	(42,835)	(39,732)
Other operating income		3,795	179,953	435	171,165
OPERATING INCOME		1,170,547	1,689,552	615,246	762,041
Finance cost	20	(35,605)	(96,310)	(19,223)	(36,492)
Finance income	20	39,641	60,625	25,196	12,308
INCOME BEFORE TAX		1,174,583	1,653,867	621,219	737,857
Income tax	21	(339,540)	(665,733)	(165,801)	(299,019)
INCOME FOR THE PERIOD		835,043	988,134	455,418	438,838
Basic earnings per share (Taka)	22	0.72	0.85	0.39	0.38

The accompanying Notes 1 to 24 form an integral part of these interim financial statements.


Finance Director


Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED
Statement of Comprehensive Income (Un-audited)
for the period ended 30 June 2014

	Jan-Jun 2014 Taka '000	Jan-Jun 2013 Taka '000	Apr-Jun 2014 Taka '000	Apr-Jun 2013 Taka '000
INCOME FOR THE PERIOD	<u>835,043</u>	<u>988,134</u>	<u>455,418</u>	<u>438,838</u>
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge instruments	-	-	-	(492)
Exchange differences on translating foreign operation	14,699	(62,947)	(247)	(55,372)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>14,699</u>	<u>(62,947)</u>	<u>(247)</u>	<u>(55,864)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>849,742</u>	<u>925,187</u>	<u>455,171</u>	<u>382,974</u>


 Finance Director


 Chief Executive Officer

LAFARGE SURMA CEMENT LIMITED
Statement of Changes in Equity (Un-audited)
for the period ended 30 June 2014

(All figures are in Tk. '000)

	Share capital	Retained earnings	Other component of equity	Total equity
Balance at 1 January 2013	11,613,735	(1,224,788)	79,271	10,468,218
Total comprehensive income/(loss) for the period	-	988,134	(62,947)	925,187
Balance at 30 June 2013	11,613,735	(236,654)	16,324	11,393,405
Balance at 1 January 2014	11,613,735	849,109	(2,712)	12,460,132
Total comprehensive income for the period	-	835,043	14,699	849,742
Interim dividend	-	(580,687)	-	(580,687)
Balance at 30 June 2014	11,613,735	1,103,465	11,987	12,729,187


 Finance Director


 Chief Executive Officer



LAFARGE SURMA CEMENT LIMITED
Statement of Cash Flows (Un-audited)
for the period ended 30 June 2014

	Jan-Jun 2014 Taka'000	Jan-Jun 2013 Taka'000
Cash Flows From Operating Activities		
Cash receipts from customers	5,569,730	5,734,755
Cash paid to suppliers and employees	(4,618,083)	(3,902,229)
Cash generated in operations	951,647	1,832,526
Income tax paid	(192,116)	(130,880)
Other receipts	5,501	172,016
Net cash generated by operating activities	765,032	1,873,662
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(89,460)	(103,302)
Payments for intangible assets	(2,134)	(1)
Proceeds from sale of property, plant and equipment	477	4,526
Received against loan to subsidiary company	126,357	126,707
Interest received from subsidiary company	45,229	49,316
Interest income on bank deposits	17,235	-
Net cash generated by investing activities	97,704	77,246
Cash Flows From Financing Activities		
Repayment of long term debt	-	(1,462,161)
Increase (decrease) in short term debt	25,928	(111,050)
Payment of interest	(29,204)	(122,384)
Net cash used in financing activities	(3,276)	(1,695,595)
Net increase/(decrease) in cash and cash equivalents	859,460	255,313
Cash and Cash Equivalents at Beginning of the Period	1,162,174	143,503
Cash and Cash Equivalents at End of the Period	2,021,634	398,816


Finance Director


Chief Executive Officer



LAFARGE SURMA CEMENT LIMITED
Notes to the Condensed Financial Statements (Un-audited)
for the period ended 30 June 2014

1 Background and Introduction

Formation and legal status

Lafarge Surma Cement Limited (LSCL) - (hereinafter referred to as "Lafarge Surma or the Company") was incorporated on 11 November 1997 as a private limited company in Bangladesh under the Companies Act 1994 having its registered office in Dhaka. The Company has subsequently been converted into a public limited company on 20 January 2003 and went for Initial Public Offering of shares in November 2003 which was fully subscribed and issued. The shares have since been listed and are being traded in Dhaka and Chittagong Stock Exchanges.

2 Nature of Business

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

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

3 Basis of Preparation

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

4 Significant Accounting Policies

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

- i) derivative financial instruments measured at fair value;
- ii) financial instruments at fair value through profit and loss measured at fair value.

The same accounting policies, presentation and methods of computation have been followed in these interim financial statements as were applied in the preparation of the Company's financial statements for the year ended 31 December 2013.

	30 Jun 2014	31 Dec 2013
	<u>Taka'000</u>	<u>Taka'000</u>
5 Property, Plant and Equipment		
COST		
At January 1	14,910,193	14,837,085
Additions	139,960	111,774
Disposals	(14,415)	(38,666)
At June 30/December 31	<u>15,035,738</u>	<u>14,910,193</u>
DEPRECIATION		
At January	3,522,913	3,047,018
Disposals	(12,236)	(25,890)
Change for the period	250,111	501,785
At June 30/December 31	<u>3,760,788</u>	<u>3,522,913</u>
CARRYING AMOUNT	<u>11,274,950</u>	<u>11,387,280</u>
	30 Jun 2014	31 Dec 2013
	<u>Taka'000</u>	<u>Taka'000</u>
6 Intangible Assets		
COST		
At January 1	69,553	65,849
Additions	2,134	3,736
Disposals	(4)	(32)
At June 30/December 31	<u>71,683</u>	<u>69,553</u>

	30 Jun 2014 Taka'000	31 Dec 2013 Taka'000
AMORTIZATION		
At January	55,815	51,649
Disposals	(4)	-
Change for the period	2,597	4,166
At June 30/December 31	<u>58,408</u>	<u>55,815</u>
CARRYING AMOUNT	<u>13,275</u>	<u>13,738</u>
7 Inventories		
Raw materials	539,565	490,994
Spare parts	769,435	781,158
Packing materials	15,769	10,782
Other materials	62,467	1,14,431
Finished goods and work in process	192,003	159,585
	<u>1,579,239</u>	<u>1,556,950</u>
8 Trade Receivables		
Trade receivables	789,392	808,346
Valuation allowance	(9,677)	(8,810)
	<u>779,715</u>	<u>799,536</u>
9 Other Receivables		
Contractors, consultants, suppliers and others	253,736	114,555
Employees	71,979	41,743
Prepaid expenses	189,038	104,877
VAT current account	180,208	117,171
Income tax-deducted at source	1,139,896	947,780
Other receivables	21,072	26,754
Accrued interest	193,922	219,315
	<u>2,049,851</u>	<u>1,572,195</u>
10 Cash and Cash Equivalents		
Cash in hand	648	610
Cash at banks	2,020,986	1,161,564
	<u>2,021,634</u>	<u>1,162,174</u>
11 Deferred Tax Liabilities		
The tax effects of temporary differences that resulted in deferred tax liabilities and assets.		
Deferred tax liabilities		
Property, plant and equipment	2,425,900	2,432,162
	<u>2,425,900</u>	<u>2,432,162</u>
Deferred tax assets		
Provision for gratuity	3,340	32,722
Provision for doubtful debts	2,661	2,423
Business loss	849,786	1,172,507
	<u>855,787</u>	<u>1,207,652</u>
Net deferred tax liabilities	<u>1,570,113</u>	<u>1,224,510</u>
12 Trade Payables		
Payable for expenses	1,317,397	1,121,828
General assistance fee (Note- 12.1)	264,499	288,286
Trademark license fee (Note- 12.2)	264,499	288,285
Advances paid by customers	244,244	321,059
Others	2,938	735
	<u>2,093,577</u>	<u>2,020,193</u>



12.1 General assistance fee

The amount is payable to Lafarge S.A. and Cementos Molins for general assistance fee (1 percent of annual net turnover of the company in accordance with the General Assistance Agreement).

12.2 Trademark license fee

The amount is equally payable to Lafarge S.A. and Cementos Molins for trademark license fee (1 percent of annual net turnover of the company in accordance with the Trademark License Agreement).

	30 Jun 2014	31 Dec 2013
	<u>Taka'000</u>	<u>Taka'000</u>
13 Other Payables		
Payables to supplier of property, plant & equipment	117,725	67,225
Accrued interest and commitment fees	10,307	8,325
Payable to employees	122,643	238,101
Income tax & VAT deducted at source	86,107	89,492
Interim dividend payable*	580,687	-
	<u>917,469</u>	<u>403,143</u>

*The Board of Directors' of the Company at the meeting held on 9 June 2014 has approved an interim dividend of five percent, in cash, on the paid-up capital of the Company based on the results for the period from 1 January to 31 May 2014 .

14 Short Term Debt**Used short term credit facilities**

Citibank N.A.	745,799	382,554
The Hongkong and Shanghai Banking Corporation Limited	672,788	396,525
Standard Chartered Bank	29,610	644,750
	<u>1,448,197</u>	<u>1,423,829</u>

15 Current Tax Liabilities

Balance at 1 January	173,282	115,592
Cancellation of provision	(23,076)	-
Provision for the period/year	17,013	57,690
At March 31/December 31	<u>167,219</u>	<u>173,282</u>

	Jan-Jun 2014	Jan-Jun 2013
	<u>Taka'000</u>	<u>Taka'000</u>
16 Revenue		
Sale of gray cement	5,029,162	4,712,681
Sale of cement clinker	597,562	979,294
	<u>5,626,724</u>	<u>5,691,975</u>
17 Cost of Sales		
Manufacturing variable cost	2,763,160	2,515,394
Manufacturing fixed cost	508,936	415,829
Distribution cost to customers	178,428	132,622
Internal distribution cost	354,307	321,915
Inventory movement	(32,354)	1,04,634
Depreciation	238,273	236,986
	<u>4,010,750</u>	<u>3,727,380</u>

18 General and Administrative Expenses

Salary, allowances and benefits	94,502	83,386
General assistance fee	53,118	54,590
Trademark license fee	53,117	54,590
Computer expenses	16,812	16,814
Other office expenses	72,757	62,448
Administrative depreciation and amortization	14,156	15,181
Contribution to Workers' Profit Participation and welfare Fund	61,820	87,046
	<u>366,282</u>	<u>374,055</u>

	Jan-Jun 2014 Taka'000	Jan-Jun 2013 Taka'000
19 Sales and Marketing Expenses		
Salary, allowances and benefits	29,578	31,436
Advertisement	39,144	37,936
Other office expenses	14,218	11,569
	<u>82,940</u>	<u>80,941</u>
20 Finance Costs and Income		
Interest on long term debt	-	25,732
Interest on short term debt	15,136	53,996
Fees for long term debt	-	6,472
Exchange loss	-	-
Other finance costs	11,685	412
Bank charges and commission	8,784	9,698
Finance costs	<u>35,605</u>	<u>96,310</u>
Interest on loan to subsidiary company	12,707	16,945
Interest income on Bank Deposits	26,144	51
Exchange gain	790	43,629
Finance income	<u>39,641</u>	<u>60,625</u>
Net finance costs	<u>(4,036)</u>	<u>35,685</u>
21 Income Tax		
Current income tax expenses	17,013	29,428
Cancellation of provision	(23,076)	-
Deferred income tax	3,45,603	6,36,305
	<u>339,540</u>	<u>665,733</u>

22 Earnings Per Share

The computation of basic earnings per share for the periods ended 2014 and 2013 are as follows:

NUMERATOR (Thousand Taka)

INCOME FOR THE PERIOD- ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY

835,043

988,134

DENOMINATOR (Thousands of Shares)

WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING

1,161,374

1,161,374

BASIC EARNINGS PER SHARE

Taka

0.72

0.85

DILUTED EARNINGS PER SHARE

Taka

0.72

0.85

23 Related Party Transactions

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

24 Commitments and Contingencies

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


Finance Director


Chief Executive Officer

