



success | achieve | develop



Cement Plant



Ready Mix Plant



Crown Manager



Shipyard



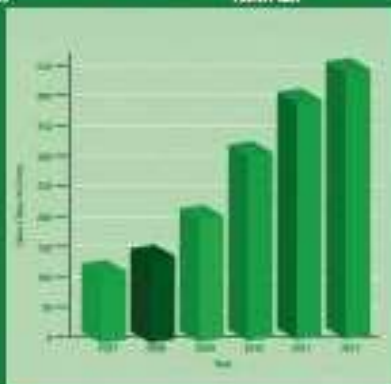
Transportation & Logistics Services



Power Plant



M.I. CEMENT FACTORY LIMITED



annual report
2012

WINNER OF EXPORT TROPHY (GOLD)



Chairman of M.J. Cement Factory Ltd (Crown Cement) is receiving National Export Trophy (GOLD) for 2008-2009 from Honourable Prime Minister

WINNER OF EXPORT TROPHY (GOLD)



Managing Director of M.I. Cement Factory Ltd. (Crown Cement) is receiving National Export Trophy (GOLD) for 2009-2010 from Honourable Prime Minister

ANNUAL REPORT 2012

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M.L. CEMENT FACTORY LTD.

House # 1 & 7, Road # 95, Block # CEN (A), North Avenue, Gulshan-2, Dhaka-1212
 Tel: +88-02-9852631, 9852633, 9852634, 9852636, 9852641, Fax: +88-02-9852643
 E-mail: info@crowncement.com, www.crowncement.com
 Factory: West Mukterpus, Munshigonj, Tel: 7648077, Fax: 88-02-7648070

M.I. CEMENT FACTORY LTD.

M.I. CEMENT PLANT



BRIEF HISTORY

M.I. Cement Factory Ltd. is a public limited company and one of the leading manufacturers of cement in Bangladesh. On December 31, 1994 it started its journey with the commitment for providing high quality cement to the country. Its brand "Crown Cement" has won renown both at home and abroad.

Initially the plant was installed with a capacity of producing 600 tpd (ton per day) of Portland cement. With the passing of time the demand of Crown Cement increased day by day. Therefore the sponsors expanded the project thrice. By dint of quality Crown Cement soon gained acceptability both at home and abroad which raised the necessity for expanding the plant from initial 600 tpd (ton per day), 800 tpd 2nd unit in 2002, 1400 tpd 3rd unit in 2006 and 3000 tpd 4th unit in 2011 thereby raising the total production capacity to 5800 tpd i.e. 1.740 million metric ton per annum.

The company has been listed with Dhaka Stock Exchange and Chittagong Stock Exchange in 2011. Its high growth agenda have been highly appreciated by the shareholders, and have won investors trust. Its backward and forward integration endeavors have given new dimensions to its growth platform. With this end in view, the associate industrial units' viz., Crown Polymer Bagging Ltd., Crown Power Generation Ltd., Crown Mariners Ltd., Crown Transportation & Logistics Ltd., Crown Cement Concrete & Building Products Ltd. have been set up and are already in operation. The company has also acquired a handy max size ocean going ship to facilitate transportation of raw materials from abroad. It is hopefully expected that these new growth platforms will facilitate creation of new dimensions and frontiers to the mother company M.I. Cement Factory Ltd.

Crown Cement pioneered in export of cement in 2003 and paved the way for earning hard-earned foreign currency. Recently Crown Cement achieved the National Export Trophy (Gold) twice for attaining the top most place among the cement exporters in Bangladesh.

The factory possesses well communications facility both through water and road. It is located at West Mukterpur, Munshigonj on the bank of the river Dhaleswari. It is connected by a metallic road (Dhaka-Munshigonj Highway) linked with the whole country.

১৮তম বার্ষিক সাধারণ সভার বিজ্ঞপ্তি

এতদ্বারা জানানো যাক যে, এম.আই. সিমেন্ট ফ্যাক্টরী লিমিটেড এর শেয়ারহোল্ডারদের ১৮তম বার্ষিক সাধারণ সভা নিম্নলিখিত বিজ্ঞপ্তি সম্পাদনকল্পে আগামী ২৩ ডিসেম্বর ২০১২ সপাল ১১:০০ ঘটিকায় পশ্চিম মুন্সারাপুর, মুন্সিগঞ্জ অবস্থিত কোম্পানীর কার্যালয় প্রাপ্ত অনুষ্ঠিত হবে।

আলোচ্য সূচী:

১. ৩০ জুন ২০১২ তারিখে সমাপ্ত বছরের নিরীক্ষিত লাভ লোকসানের হিসাব ও স্থিতিপত্র এবং সেই সঙ্গে নিরীক্ষক ও পরিচালকমণ্ডলীর প্রতিবেদন গ্রহণ, বিবেচনা ও অনুমোদন।
২. ৩০ জুন ২০১২ তারিখে সমাপ্ত বছরের লভ্যাংশ ঘোষণা ও অনুমোদন।
৩. কোম্পানীর আর্টিকলস্ অব অ্যাসোসিয়েশনের সংশ্লিষ্ট ধারা অনুযায়ী পরিচালকবৃন্দের নির্বাচন এবং দুই জন অতিরিক্ত ব্যবস্থাপনা পরিচালকের পুনর্নিয়োগ।
৪. ৩০ জুন ২০১০ তারিখে সমাপ্ত বছরের জন্য নিরীক্ষক নিয়োগ ও তাদের পারিশ্রমিক নির্ধারণ।
৫. নিরপেক্ষ পরিচালক নিয়োগ।

তারিখ: ঢাকা
২৯ নভেম্বর ২০১২

পরিচালকমণ্ডলীর আদেশক্রমে



(মোঃ মাসহাবুল ইসলাম, এক্সিকিউটিভ)
কোম্পানী সচিব

নোট:

১. ২২ নভেম্বর ২০১২ তারিখে রেকর্ড ডেটে যে সকল সদস্যের নাম কোম্পানীর শেয়ার রেজিস্টারে লিপিবদ্ধ থাকবে কেবল তাঁরাই বার্ষিক সাধারণ সভায় উপস্থিত হওয়ার এবং লভ্যাংশ পাওয়ার যোগ্য বলে বিবেচিত হবেন।
২. এক জন সদস্য এই সাধারণ সভায় উপস্থিত থাকতে এবং ভোট প্রদান করতে পারেন কিংবা তাঁর পক্ষে বার্ষিক সাধারণ সভায় উপস্থিত হতে এবং ভোট প্রদান করতে একজনকে প্রতিনিয়োগ করতে পারেন। উপযুক্ত বৈধিগত স্ট্যাম্প সম্বলিত প্রত্নি করম যথাযথভাবে পূরণ করে সভা আরম্ভের ৪৮ (আটচল্লিশ) ঘণ্টা পূর্বে কোম্পানীর কর্পোরেট অফিস হাউস নং ১ এবং ৭, রোড নং ৯৫, গুলশান - ২, ঢাকা - ১২১২ তে অবশ্যই জমা দিতে হবে।
৩. সদস্যগণের অথবা প্রত্নিগণের স্থানিরা দ্বিগুণ ব্যাকর যাচাই সাপেক্ষে সভা কক্ষে প্রবেশ করা যাবে।
৪. কোম্পানীর ৩০ জুন ২০১২ তারিখে সমাপ্ত বছরের বার্ষিক প্রতিবেদন ৬ ডিসেম্বর ২০১২ তারিখ হতে কোম্পানীর ওয়েব সাইট www.crowncement.com এ পাওয়া যাবে।

শেয়ারহোল্ডারবৃন্দের সময় অবগতির জন্য জানানো যাক যে, আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার উপহার / খাবার / যাতায়াত ভাতা প্রদানের ব্যবস্থা থাকবে না।

NOTICE OF THE 18TH ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of M.I. Cement Factory Limited will be held on Sunday, the 23rd December 2012 at 11:00 A.M. at the Factory Premises, West Mukterpur, Munshiganj to transact the following business:

AGENDA:

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 30 June 2012, together with the Reports of the Auditors and the Directors thereon.
2. To declare the Dividend for the year ended 30 June 2012.
3. To elect Directors and re-appointment of 2 (two) Additional Managing Directors in terms of the relevant provisions of the Articles of Association of the Company.
4. To appoint Auditors for the year 2012-2013 and to fix their remuneration.
5. To appoint Independent Directors.

Dated: Dhaka
29 November 2012

By Order of the Board



(Md. Mozharul Islam, FCS)
Company Secretary

Notes:

1. The members, whose names appeared in the Company's Register or in the Depository Register on the Record Date i.e. 22 November 2012, will be entitled to attend the Annual General Meeting and to receive the dividend.
2. A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped must be deposited at Company's Head Office, House # 1 & 7, Road # 95, Gulshan -2, Dhaka- 1212 not later than 48 hours before the time fixed for the Meeting.
3. Admission into the meeting will be allowed on production of the Attendance Slip sent with the notice and verification of signature of the Member(s) and/or Proxy holder(s).
4. The Annual Report for the year ended 30 June 2012 will be available in the Company's website at www.crowncement.com from 6 December 2012.

পেশাদারগণের সময় অবগতির জন্য জানানো যাচ্ছে যে, আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার উপহার / বাবদ / স্বাগতমতে ভাতা প্রদানের ব্যবস্থা থাকবে না।

VISION

Our vision is to make a contribution to the nation by creating opportunities in the arena of industrial growth and development of Bangladesh and to provide a solid foundations for society's future.

MISSION

As a modern cement company, we manufacture cement (Brand name: Crown Cement) to meet the needs of clients through innovative products & services that create value for all our stakeholders.



VALUES

Commitment

Shareholders - Create sustainable economic value for our shareholders by utilizing an honest and efficient business methodology.

Community – Committed to serve the society through employment creation, support community projects & events, and be a responsible corporate citizen.

Customers – Render service to our customers by using state-of-the-art technology, offering diversified products and aspiring to fulfill their needs to the best of our abilities.

Employees – Be reliant on the inherent merit of the employees and honor our relationships. Work together to celebrate and reward the unique backgrounds, viewpoints, skills, and talents of everyone at the workplace, at each level.

Accountability

We are accountable for providing quality products & excellent services along with meeting the strict requirements of regulatory standards and ethical business practices.

Inspiring, Motivating & Compelling

We're ambitious and innovative. We get excited about our work. We bring energy and imagination to our work in order to achieve a level of performance, not achieved before. We achieve a higher standard of excellence. Everything we produce should look fresh and modern.

Ability

We have the ability to undertake the responsibility to materialize our commitment and goals. In all matters we think ahead & take new initiatives. We can see things from different perspectives; we are open to change and not bounded by how we have done things in the past. We can respond rapidly and adjust our mode of operation to meet stakeholder needs and achieve our goals.

Keep Promises

Everything we do should work perfectly. In all matters we maintain integrity & excellence. We believe in actions, not in words.

Be Respectful

We respect our customers, shareholders & other stakeholders and want to fulfill their needs. We are respectful in regard to all our interactions with them. We always appreciate comments & suggestions from our stakeholders. We are open, helpful & friendly. We have total commitment to customer satisfaction.





GOALS

Our goals are to:

- Continually set the latest standards of modern technology in our industry to satisfy the needs of customers through innovative products and services.
- Contribute to the national economy and the infrastructure development of the country.
- Secure the strongest competitive position in our relevant market places through making quality product and operational excellence.
- Be partner with the best suppliers, delivering increased value for both the company and our customers.
- Be recognized as a respected & attractive company & an employer of first choice.
- Provide extensive career opportunities through competitive pay & benefits, training & development & a congenial working environment.
- Empower our employees at every level, and integrate them fully into our network.
- Continually demonstrate our commitment to sustainable environmental performance, and play a pro-active role in Corporate Social Responsibility (CSR) within our sphere of influence.
- Achieve long-term financial performance.
- Create secured investment opportunity within the country.
- Enhance versatility, & diversification through the penetration of new market segments.
- Improve administrative & organization structures to review all business lines regularly & develop the best practice in the industry.
- Earn foreign currency through export

MILESTONES

Our job is to identify ways to increase productivity and efficiency and to promote a sustainable future. No matter how good we are at service, our success depends more than anything on being able to connect with customers.

In our journey the following years are the symbol of prosperity and progress:

- 2012: Procured a mother vessel (Crown Voyager) for transportation of raw materials
- 2011: Launched operation of 4th unit to double the production capacity
- 2011: Listed with Dhaka Stock Exchange (DSE) & Chittagong Stock Exchange (CSE)
- 2010: Awarded National Export Trophy (Gold) for the year 2009-10
- 2009: Awarded National Export Trophy (Gold) for the year 2008-09
- 2008: Launched operation of 3rd unit with production capacity of 1400 MT/Day
- 2002: Launched operation of 2nd unit with production capacity of 800 MT/Day
- 2000: Started commercial operation with production capacity of 600 MT/Day
- 1994: Incorporated as a public limited company



CORPORATE PROFILE

Status	: Public Limited Company
Incorporation of the Company	: 31 st December 1994
Date of Commencement of Business	: 31 st December 1994
Subscription opened on	: 9 th January 2011
Subscription closed on	: 13 th January 2011
Listed with Dhaka Stock Exchange Ltd.	: 18 th May 2011
Listed with Chittagong Stock Exchange Ltd.	: 5 th May 2011
Commercial Production started on	: 13 th October 2000
Nature of Business	: Manufacturing and marketing of Ordinary Portland Cement and Portland Composite Cement.
Credit Rating	: Entity-AA3 Short Term-ST-2
Authorized Capital	: Tk. 500,00,00,000
Paid up Capital	: Tk. 135,00,00,000
Man Power	: 715 Permanent, 45 Casual, 40 Unskilled Labor
No. of Shareholders	: 90,185

Corporate Office:

House # 1 & 7, Road # 95, Block # CEN (A), North Avenue, Gulshan-2, Dhaka-1212

Tel: +88-02-9852631, 9852633, 9852634, 9852636, 9852641, Fax: +88-02-9852643

E-mail: info@crowncement.com, www.crowncement.com

Factory: West Mukterpux, Munshigonj, Tel: 7648077, Fax: 88-02-7648070

BOARD OF DIRECTORS



Mohammed Jahangir Alam
Chairman



Alhaj Md. Khabiruddin Molla
Managing Director



Mohammed Alamgir Kabir
Additional Managing Director



Molla Mohammad Majnu
Additional Managing Director



Md. Mizanur Rahman Molla
Director



Md. Almas Shimul
Director

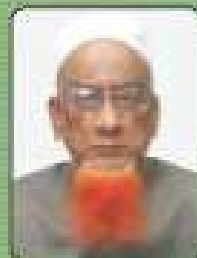


Golam Mohammad
Independent Director

SPONSOR SHAREHOLDERS



Mohammed Jahangir Alam



Alhaj Md. Khabiruddin Moja



Mohammed Jahangir Kabir



Moja Mohammad Mazru



Md. Mizanur Rahman Moja



Md. Almas Shinnul



Alhaj Roseya Begum



Alhaj Md. Abdur Rouf



Md. Ashrafuzzaman



Md. Abdul Ahad

AUDIT COMMITTEE



Golam Mohammad
(Independent Director)
Chairman



Mohammed Alamgir Kabir
Member



Molla Mohammad Majnu
Member

LENDERS

ONE Bank Limited
Bank Asia
Jamuna Bank Limited
Prime Bank Limited
Dutch Bangla Bank Limited
Mutual Trust Bank Limited
HSBC
Eastern Bank Limited
National Bank Limited
United Commercial Bank Limited
Shahjalal Islami Bank Limited
SABINCO

AUDITORS

ACNABIN
Chartered Accountants, 808/L Bhaban (13th Floor)
12, Karwan Bazar Commercial Area, Dhaka-1215

REGISTERED OFFICE

West Mukterpur, Munshigonj

MANAGEMENT TEAM

M.I. Cement Factory Ltd has a team of skilled, qualified and experienced Engineers, Expert Marketing Team, Chemist and Technicians under whose supervision, guidance and direct participation the production activities are carried out. Behind the screen, there is a promising, honest and experienced management team to oversee and manage the whole production & distribution network.

The sponsors of the project had their experience of forty years in cement trading & manufacturing. From their experience they have learned that there is no alternative to quality, correct weight of goods and rendering of satisfactory services to customers.

The efficient management team abides by:

1. Integrity in all their dealings.
2. Excellence in everything they do.
3. Total Commitment to customer satisfaction.
4. Thinking ahead and taking new initiatives.



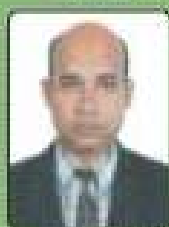
Mr. Moiner Hossain Talukder, FCA
Executive Director



Engr. Saiful Alam
Executive Director



Engr. Md. Shah Alam
Technical Advisor



Engr. A.S.M Faruk Uddin
GM, Technical



Engr. Md. Sabdur Rahman
GM, Marketing & Sales



Subodh Kumar Banerjee
Sr. PMA, General



Md. Shahidul Jabe Khan
Head of Internal Audit



Mr. Mayeen Uddin Toker
Head of Supply Chain



Sakrithi Mukherjee
Head of HR & Admin



Shakerul Haque Hossain
Chief Financial Officer



Mr. Mohtashim Islam, FCS
Company Secretary

M.I. CEMENT FACTORY LTD.
4TH UNIT



PHOTOGRAPH OF THE 17TH ANNUAL GENERAL MEETING





CHAIRMAN'S MESSAGE

Bismillahir Rahmanir Rahim

Dear Shareholders,

It gives me immense pleasure to welcome you all to the 18th Annual General Meeting of M.L. Cement Factory Ltd. and to share the pleasure of success & prospect of your company. It is indeed a unique opportunity for us to exchange views and ideas on the Company's activities and performance during the year under reference and its growth potential for the future.

In 2011-2012 the demand of our quality brand "Crown Cement" has raised steadily. The turnover of your Company was remarkable and growth in turnover was much higher during the year under reference. The total turnover of your Company in 2011-2012 has reached to Tk.5,657.60 million showing an increase of about 40.66% over the previous year. In spite of the increased sales volume, the Gross Profit and the Operating Profit has scaled down marginally, because of the adverse fluctuation of the exchange rate of Bangladeshi Taka against US Dollar about 16% approx. during the year under review. At the same time you will be happy to note that the Net Profit After Tax (NPAT) for the current year stood at Tk. 559.47 million as against Tk. 435.94 million of the previous year, which is much higher this year compared to the last year, resulting an increase in Earnings Per Share (EPS) of Tk. 4.14 as against Tk. 3.23 (restated) of the last year. The current year's performance has encouraged the Board of Directors to recommend a Handsome dividend of 45% which consists of 35% Cash and 10% Stock.

M.I. CEMENT FACTORY LTD.

We are marching forward to make our growth steady. The potentiality of growing our Cement Sector in Bangladesh is very bright. The per capita cement consumption in Bangladesh is 83 Kg. compared to the world average of 430 Kg. In India 174 Kg. in Pakistan 131 Kg. in Sri Lanka 128 Kg. and in Vietnam 408 Kg. This huge scope of growth in cement industry in Bangladesh will lead your Company to grow further. To this effect your Company has been continuing its expansion program and in November 2011 the newly installed 4th Unit started its production of additional 3,000 Metric Tons (60,000 Bags) per day. This will lead your Company to extend its market share as well as the growth. In the list of cement exporters we occupied the top most rank in the country for the last several consecutive years. We achieved National Export Trophy (Gold) for the years 2008-2009 and 2009-2010. During the current year, we earned foreign currency against export of our cement is about US \$-9 (nine) million. Our cement is being used in heavy construction works, like- bridges, flyovers, culverts and high rise buildings. It is worth while to mention that Crown Cement is being used in Jaba Bari Gulistan Fly Over Project and the Kuil Fly Over Project.

Bangladesh's Cement Industry is dependent upon imported Raw Materials, namely - Clinker, Gypsum, Lime Stone, Fly Ash and Slag. Of these Raw Materials Clinker is the major component which constitute about 70% for our Portland Composite Cement (PCC) and 95% for Ordinary Portland Cement (OPC). We import Clinker from Thailand, Vietnam, China, South Korea and occasionally from Japan. Slag is being imported from Japan, China and India and Gypsum mainly comes from Thailand. In procuring these Raw Materials we give much emphasis on quality, for which we do not hesitate to incur extra costs. Before importing the Raw Materials we test samples, collecting from the suppliers in our well-equipped laboratory. We import the Raw Materials only when we are satisfied from our test results. Consequently, it gives us the opportunity of producing Quality Cement. After production of the finished goods, sample tests are carried out for every batch of the products. It is not marketed until it passes our exclusive testing criteria. In addition to the above, our cement is duly approved by the Bangladesh Standard and Testing Institution (BSTI), Bureau of Indian Standards (BIS) and Bangladesh University of Engineering and Technology (BUET). At the same time, our cement is being tested regularly by the user group as well. We received ISO 9001:2008 certificates issued by ISO Certification Body Moody International Certification Ltd. In Bangladesh our National Standard Certification Body BSTI adopted European Standard as Bangladesh Standard. We produce two types of Cement i.e. OPC and PCC of Bangladesh Standard BDS-EN 197-1, CEM-I 52.5N and BDS-EN 197-1, CEM-II/A-M, 42.5N respectively corresponding to American Standard ASTM Type I C - 150 and ASTM Type - IP / ISC - 595 respectively. All these process have helped us earn remarkable goodwill both at home and abroad.

The Bangladesh cement market has been experiencing double digits growth for the last few years and this trend is expected to continue. Your Company is very much committed to serve this market and we plan to undertake a number of strategic and operational projects, which will help us to become even more efficient in what we do and also better prepare us for the future. To keep the pace of upward growth of your Company the Board of Directors is actively pursuing the policy of minimizing the costs in various areas by establishing various Backward Linkage Companies, such as - Crown Power Generation Limited, Crown Polymer Bagging Limited, Crown Mariners Limited and Crown Transportation and Logistics Limited. The activities of all these companies are cycling to help our main product i.e. production of cement and to reach the same to the door of the users. The investment in these associate companies has already been started. Moreover, the Board of Directors has undertaken several initiatives to diversify its business. To this effect, an Ocean going Mother Vessel has already been bought for facilitating transportation of raw materials from abroad, the registration of which has been completed after the year-end under reference. For purchasing the Mother Vessel, Foreign Currency Loan has been availed by the Company, which has been approved after the year-end under reference.

In conclusion, I would like to thank each member of the Board for their cooperation, support and valuable advice while taking decisions to run the Company towards its positive growth. I would also like to thank our employees for their dedicated service to take the Company in the present position. We are confident that we will succeed in fulfilling the expectations of the shareholders. I wish to thank to our valued shareholders for their continued support and confidence to the Board of Directors. Throughout the year, we got cordial co-operation, support and assistance from different Government Offices, Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Non-government Offices, Autonomous Bodies, Banks, Insurance Companies & other regulatory bodies that helped the Company to function smoothly & properly. I convey my sincere thanks and gratitude to all of them.

May the Almighty Allah bless & guide us in all our efforts in the coming years.



Mohammed Jahangir Alam
Chairman

BOARD MEETING





REPORT OF THE BOARD OF DIRECTORS

for the year ended 30 June 2012

Under Section 184 of the Companies Act 1994 and Notification No. SEC/CMRRCD/2006- 158/ Admin/02-08 dated 20 February 2006 of the Securities and Exchange Commission.

Dear Valued Shareholders,

Brief History of the Cement Industry

Before 1990 about 95% of country's demand for cement met through import. Only one unit i.e. Chhatak Cement Company a basic plant, was the only cement production project in the country with a production capacity of 240,000 MT annually. From 1992, Cement industry began to grow in the country. At one stage nearly 68 or so number of big and small units were established including some non-standard industrial units and began to produce cement. But with the passage of time and facing hard competition about half of the plants shut down and went out of operation. Presently about 40 units are in regular operation including five foreign owned ones, having total production capacity of about 20 million MT. With the increase of demand, all the leading industrial groups are expanding their plants, nearly doubling their capacities, presuming about 15% yearly growth in demand and foreseeing the future potentiality.

State of the Company's Affairs

The accounting year ended 30 June 2012 is another successful year of your Company. During the year, the operation of the newly installed 4th Unit with an installed capacity of 3000 metric ton (60,000 bags) per day has been strated. The production of cement using the partial capacity of the newly installed 4th Unit started to add its contribution towards the turnover of the reporting year. As a result, the turnover has raised to Tk. 5,657.60 million in the current year as against Tk. 4,022.27 million of the last year.

But with the Pace of growth in the current year's turnover, the Gross Profit and the Operating Profit did not match with the similar trend. Because, increase in cost of imported raw materials due to the adverse fluctuation of exchange rate of Bangladeshi Taka against US Dollar during the reporting year.

Market for the Cement Industry

Construction takes up an important role in the economy (about 10% of the GDP). Annual demand for cement in the country is about 15.00 million MT. Understandably, the market has a capacity overhang. Presently, there is small market for export of cement that exists mainly to the small northeastern states of India about 250 lac MT a year. There is a prospect in exporting cement to Myanmar, but it has not yet grown and activated. Another prospective country is Maldives; market is to be created there also. There are four categories of cement consumers in the country. The largest with about 60% of the consumption are the individual home builders. This is also the most price sensitive segment. Real estate developers, especially in the country's urban area constitute about 8% of the market. Construction contractors constitute another 3% of the market. Lastly, various government projects including defense sector take up to about 30% of the total cement consumption.

Industry Outlook and Future Prospect of the Cement Industry

Historically, Bangladesh in the past did not depend much on cement, gradually the transition of traditional low rise building to high rise one has pushed up the use of cement. But as the economy continue to remain agro based, construction sectors have not been able to gain momentum and as the infrastructure development is selective, cement remains a product of low demand in relation to the neighboring countries, not to speak the developing countries of the world. The situation is gradually changing. Increase in demand for cement has soared up due to mainly the property sector boom and infrastructure



Signing Ceremony between M.I. Cement Factory Ltd. & China National Heavy Machinery Corporation.

development concentrated in Dhaka Metropolitan and other major urban areas of the Country. With the implementation of large-scale infrastructure projects, exhilarated pace of urbanization, construction of apartment buildings and multi-storied shopping complexes in urban areas and change in the taste and economical position to a large number of rural people, aspiring for modern houses the demand for cement has been gaining momentum day by day.

Statistical data of per capita cement utilization among some developing countries will prove the potentiality of cement industry in the country. The present per head cement consumption in Bangladesh is about 83 KG, which is fairly low compared to India (174 KG), Malaysia (590 KG), Pakistan (131 KG), Thailand (425 KG), Sri Lanka (178 KG) and Vietnam (408 KG). It is also observed that the real estate sector is booming day by day, the country's physical infrastructure needs to be developed to a great extent, the capital and other cities of the country needs civil construction with heavy structures, our rural areas are stepping towards a modern look with the improvement of the rural economy all these factors are prospective in the development of the cement industry in the country.

Last year, the International Monetary Fund (IMF) indicated that Bangladesh's economy had become the 48th largest in the world. The UK Investors Chronicle has identified Bangladesh as one of the world's seven hottest emerging markets due to its relatively stable currency with solid foreign reserves and record foreign remittances, as well as 6.7% real growth rate in 2011. The Bangladesh government has set itself the challenge to transform into a middle-income country by 2021. In line with this strategic vision, the government has undertaken massive programs for infrastructure development in partnership with the private sector. As the government allows 100% foreign direct investment (FDI), the infrastructure sector offers an interesting mix of opportunities for overseas interest leading to high growth in cement industry.

On the other hand, we are exploring the possibilities of exporting cement to overseas countries. Presently Bangladesh is exporting to the northeastern states of India and we are the top most exporters, sharing of about 40% of the total cement export of the country. Our another neighboring country Myanmar is showing another prospective field for export of cement to boost up and develop the cement export, this industrial sector needs government emphasized patronization. To reduce production cost sufficient gas and electricity supply should be ensured.

Risk Factor

Though a booming sector with great potentiality cement industry has also some risk factors. Firstly, it is threatened by over supply resulting from huge capacity expansion by almost all leading industry players. Secondly, almost all raw materials of cement are imported, if the supplies of the same are cut-off due to adverse political cause, war or other disturbance, the

industry will go out of operation though possibility of arising such situation is very remote. Exports also predict some problems in the future, especially regarding cement prices.

The country imports most of its clinker from abroad and with the increasing value of the US Dollar against local currency, the price of cement is rocking up along with most construction materials. If the opportunities are explored adroitly and threats can be addressed properly, cement industry is likely to become one of the most attractive industries of the country.



Discussions on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin

As it is presented in the Statement of Comprehensive Income that the Cost of Goods Sold for the year ended 30 June 2012 is Tk. 4,906.99 million as against Tk. 3,254.01 million for the corresponding period of last year. As we have said earlier, the expenditure to start operation of the 4th Unit had to incur from the date of beginning of the commissioning of the Unit but the optimum level of capacity utilization could not be reached. Hence the additional sales represents only a few months production from the newly installed 4th Unit. Another reason for reduction in Gross and Operating Profit of the current year is increased cost of imported raw materials due to the adverse fluctuation of exchange rate of Bangladeshi Taka against US Dollar during the current year.

Quality of our Product

Bangladesh's Cement Industry is dependent upon imported Raw Materials, namely – Clinker, Gypsum, Lime Stone, Fly Ash and Slag. Of these Raw Materials Clinker is the major component which constitutes about 70% for our Portland Composite Cement (PCC) and 95% for Ordinary Portland Cement (OPC). We import Clinker from Thailand, Vietnam, China, South Korea and occasionally from Japan. Slag is being imported from China, India and mainly from Japan and Gypsum mainly comes from Thailand. In procuring these Raw Materials we give much emphasis on quality, for which we do not hesitate to incur extra costs. Before importing the Raw Materials we test samples, collecting from the suppliers in our well-equipped Laboratory. We import the Raw Materials only when we are satisfied with our test results. Consequently, it gives us the opportunity of producing Quality Cement. After production of the finished goods, sample tests are carried out for every batch of the products. It is not marketed until it passes our exclusive testing criteria. In addition to the above, our cement is duly approved by the Bangladesh Standard and Testing Institution (BSTI), Bureau of Indian Standards (BIS) and Bangladesh University of Engineering and Technology (BUET). At the same time our cement is being tested regularly by the user group as well. We received ISO 9001:2008 certificate issued by ISO Certification Body, Moody International Certification Ltd. In Bangladesh our National Standard Certification Body 'BSTI' adopted European Standard as Bangladesh Standard. We produce two types of Cement i.e. OPC and PCC of Bangladesh Standard BDS-EN 197-1:2003, CEM – I, 52.5N and BDS – EN 197 – 1:2003, CEM – II / A-M, 42.5N respectively corresponding to American Standard ASTM Type 1 C – 150 and ASTM Type – 1P / 15 C – 595 respectively. All these processes have helped us earning remarkable goodwill both at home and abroad.

Export

M.I. Cement Factory Ltd. is the largest cement exporter in Bangladesh. The major export market of our product 'Crown Cement' is the northeastern states of India including Tripura, Meghalaya, eastern and western region of Assam.

The company has won National Export Trophy (Gold) for consecutive two years (2008-2009 and 2009-2010) and received the trophy at a ceremony organized by Ministry of Commerce and Export Promotion Bureau for its extraordinary contribution to the country's economy through foreign currency earnings. During the year under review we earned foreign exchange to the tune of about US \$ 9 million.



Seminar on "Management in Construction" at Agartala Press Club (India)

M.I. CEMENT FACTORY LTD.

Information Technology

From the beginning of the journey, M.I. Cement Factory Ltd. is an IT Driven Company. The Company depends on an ERP Software to run its entire business. All the activities, like - Sales Collection, Supply Chain and Human Resources Management are automated by the ERP. As the company is providing all relevant information to its stakeholders, it publishes all relevant information through the website regularly. Your Company is now planning to accommodate more facilities to its stakeholders by enhancing the IT facilities.

Shifting of the Head Office

The Head Office of your company has been shifted to House No. 1 & 7, Road No. 95, Block No. CEN(A), North Avenue, Gulshan - 2, Dhaka-1212 in the month of May 2012. Shifting of the company Head Office at Gulshan area will position your company in a more prominent way and would bring more convenience in operation of its activities.

Health Safety and Environment

Your Company gives top most priority towards the Health, Safety and Environment related issues in relation to the employees and the neighboring people. We took necessary measures to avoid any sort of risky matter in connection with these issues. In this respect, awareness programs are conducted for avoidance of any sort of health hazardous activities at each and every level of activities in the production process.

At the same time, we have taken necessary measures in our factory to make the environment pollution free. M.I. Cement Factory Ltd is very much aware in keeping the surroundings healthy and safe.

Financial Results

The financial results for the year ended 30 June 2012 is given below:

Retained earnings	Tk.	303,370,870
(Carried forward from previous year)		
Add: Revaluation reserve realized	Tk.	2,787,687
Add: Net Profit for the year	Tk.	<u>559,465,867</u>
Total funds available for appropriation	Tk.	865,624,424
Proposed Dividend:		
Cash Dividend @ 35%	Tk.	<u>472,500,000</u>
Stock Dividend @ 10%	Tk.	<u>135,000,000</u>
	Tk.	<u>607,500,000</u>
Unappropriated profit carried forward to next year	Tk.	<u>258,124,424</u>

Dividend

The Board of Directors is pleased to recommend total dividend of 45%, which consists of cash dividend @ 35% i.e. Tk. 3.50 for each share of Tk. 10.00 & stock dividend @ 10% i.e. 1 bonus share for each 10 ordinary shares for the year ended 30 June 2012.

Contribution to the National Exchequer

During the accounting year ended 30 June 2012, the company has contributed Tk. 1,461,146,352 to the National Exchequer in the Form of Corporate Tax, Customs Duty, VAT etc.

Election of Directors

Pursuant to the provisions of the Companies Act 1994 and clause No. 81 of the Articles of Association of the Company one-third of the Directors shall retire by rotation in every Annual General Meeting. Accordingly, 2 (two) directors of the company will retire in the 18th Annual General Meeting. The retiring directors are:

1. Mr. Md. Almas Shimul and
2. Mr. Md. Mizanur Rahman Molla

Being eligible they offer themselves for re-election.

Re-appointment of 2 (two) Additional Managing Directors

Because of gradual expansion of business activities of your Company the Board of Directors has appointed two Additional Managing Directors (AMD) from among the Directors of the Company. The term of the two AMD's will expire on 31 December 2012.

To run the business activities of the Company smoothly, the two AMD's may be re-appointed for the next term of 5 years w.e.f 1 January 2013.

Independent Directors

As per the Corporate Governance Guidelines dated 3 July 2012 issued by the Securities and Exchange Commission our existing Independent Director Mr. Wali-ul-Marooof Matin resigned because of conflict of interest for being a Managing Director of an Asset Management Company. His resignation was accepted and in his place one Independent Director namely Mr. Golam Mohammad has been appointed. Another Independent Director will be appointed within the time frame of the Corporate Governance Compliance Guidelines i.e. within 31 December 2012.

Auditors

The existing auditors of the company M/S. ACNABIN, Chartered Accountants will retire at the 18th Annual General Meeting as per the SEC'S Order No. SEC/CMRRC/2009-193/104/Admin... dated 27 July 2011. We have received a Letter of Intent (LOI) from M/S. Hoda Vasi Chowdhury & Co. Chartered Accountants for appointment of auditors of the company for the year ending 30 June 2013. The Board of Directors has accepted the letter of Hoda Vasi Chowdhury & Co., for appointment as auditors, which is being placed in the 18th Annual General Meeting for shareholders approval.

Post Balance Sheet Events

Subsequent to the Balance sheet date, the Board of Directors recommended an aggregate dividend of 45% which consists of 35% Cash Dividend and 10% Stock Dividend. Your company has purchased an Ocean Going Mother Vessel for facilitating transportation of raw materials from abroad, the registration of which has been completed after the Balance Sheet Date. Again, the foreign currency loan of US \$15 million for purchasing the Ocean Going Mother Vessel, has been approved after the Balance Sheet Date.

IPO Fund Utilization

The details of the proposed expenditure plan of the IPO Fund as disclosed in the prospectus along with the actual investment made is given below for kind information of our valued shareholders:

Sl.No.	Item	Proposed in the Prospectus (million Tk.)	Investment made (million Tk.)	Reasons for more/less investment.
1	Land & Land Development	138.72	96.74	This expenditure has been optimized by ensuring efficient use of existing land in conjunction with the new land procured.
2	Buildings	443.90	577.82	Increase of price level of construction materials along with necessary modification of estimation are main reasons behind the variance.
3	Foreign Machinery	1,880.77	2,476.85	a) Actual price of the mother vessel was much higher than the estimate as we procured younger aged one. b) Increased installation cost involving foreign experts and c) Unfavorable fluctuation of the Foreign Exchange rate.
4	Local Machinery	70.10	29.39	Estimated local machinery purchase has been partially met by machinery purchased from abroad.
5	Vehicles	726.03	216.56	Instead of purchasing all the vehicles estimated, we are outsourcing the logistics support from our sister concerns.
6	Survey, Plan & Drawing	4.40	3.25	We have lowered this cost by negotiation.
7	Installation, Erection & Commission	81.50	58.30	Installation cost required for foreign machineries excluded from this head.
8	Furniture & Fixture	1.00	8.17	Modern and additional furniture & fixtures were purchased for new and expanded unit for which we have to pay extra amount.
9	Other Expenses	4.10	10.12	Additional expenses incurred in 4 th Unit inauguration ceremony to promote the company.
	Total	3,350.52	3,477.21	

CSR Activities

Corporate Social Responsibility (CSR) has become a fundamental business practice and has gained much attention from Board of Directors and executive management team of M.I. Cement Factory Ltd. The company understands that a strong CSR program is an essential element in achieving good business practices and efficient leadership. That's why the company has made a clear vision for CSR activities.

In recent years M.I. Cement Factory Ltd. has made social contribution through:

- Providing Merit Scholarship
- Sponsoring Culture & Sports
- Sponsoring Environmental Issues
- Sponsoring Skill Development Program
- Extending Education Support to a number of Under Privileged Students
- Extending Financial Support to Autistic People



Contribution to the Local Culture



Indo-Bangla Trade Fair-2012

Audit Committee of the Board

The Board of Directors of M.I. Cement Factory Ltd. constituted an Audit Committee as per the earlier Corporate Governance Guidelines dated 20 February 2006. The Audit Committee was consisted with the following members:

1. Chairman : Mr. Molla Mohammad Majnu, Director
2. Member : Mr. Mohammed Alamgir Kabir, Director
3. Member : Mr. Wali-ul-Marooof Matin, Independent Director

Subsequently, Mr. Wali-ul-Marooof Matin, Independent Director resigned and Mr. Golam Mohammad was appointed as Independent Director in his place in the Board Meeting held on 15 November 2012. Now the newly constituted Audit Committee is as under:

1. Chairman : Mr. Golam Mohammad, Independent Director
2. Member : Mr. Molla Mohammad Majnu, Director
3. Member : Mr. Mohammed Alamgir Kabir, Director

M.I. CEMENT FACTORY LTD.

Audit Committee Report for the year ended 30 June 2012

The scope of the Audit Committee :

- a. Monitor choice of accounting policies and principles and internal control risk management Process.
- b. Oversee the financial reporting process and hiring and performance of external auditors.
- c. Review the Quarterly, Half-yearly and Annual Financial Statements and submit to the Board for approval.
- d. Review the adequacy of internal audit function.
- e. Review Management Letters / Letter of Internal Control weakness issued by statutory auditors.
- f. Review the uses of the IPO Fund.

The Audit Committee performed following activities during the year under reference:

1. Reviewed the Internal Audit procedure of the Company.
2. Recommended to the Board to introduce a workable Internal Audit Manual for the Internal Audit Department of the company.
3. Reviewed along with the Management, the Quarterly and Half – yearly Financial Statements before submission to the Board for approval.
4. Reviewed along with the management, the Annual Financial Statements before submission to the Board for approval.
5. Reviewed and reported the findings on the following, where appropriate:
 - a) Conflict of interest.
 - b) Suspected or presumed fraud or irregularity or material defect in the Internal Control System.
 - c) Suspected infringement of laws, including securities related laws, rules and regulations.
 - d) Any other matter which should be disclosed to the Board of Directors immediately.
6. Reviewed the application of funds raised through Initial Public Offering (IPO) on a quarterly basis, half-yearly basis and annual basis.

Corporate Governance

The Securities and Exchange Commission has recently issued the Notification No. SEC/CMRRCD/2006-158/129/Admin/43 dated 3 July 2012 on the Corporate Governance Guidelines to be followed by the companies listed with any Stock Exchange in Bangladesh. The time frame for implementation of this Guideline is up to 31 December 2012. Our Company values the compliance of this Guideline as its responsibility. By the end of the stipulated time frame i.e. within 31 December 2012, all the compliance issues will be met by us. However, the Report under condition No. 5.00 i.e. status of compliance with the conditions imposed by the Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated 20 February 2006 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is given in the Directors Report as ann exure-1.

Acknowledgements

We take this opportunity to express our heartfelt thanks and gratitude to the esteemed shareholders for the co-operation extended by them. We also acknowledge and give our heartfelt thanks for the co-operation extended to us by the Securities and Exchange Commission, the Dhaka Stock Exchange Limited, the Chittagong Stock Exchange Limited, the Bangladesh Bank, Various Government Agencies, Non-Government Agencies, Autonomous Bodies, Banks, Insurance Companies, the Suppliers, Customers, Dealers, Retailers, Bangladesh Cement Manufacturers Association (BCMA) and our well wishers.

Last but not the least, the Board of Directors place on records their deep sense of appreciation for the dedicated services and loyalty of all the Executives, Officers, Staff and Workers who maintained an excellent working atmosphere conducive to high level of performance of the company.

On behalf of the Board



(Mohammed Jahangir Alam)
Chairman

Dated Dhaka
15 November 2012

Annexure -1

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

- 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.
- Proper books of account of the Company have been maintained.
- 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.
- The International Accounting Standards (IAS) / Bangladesh Accounting Standards (BAS) / International Financial Reporting Standards (IFRS) / Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the issuer company's ability to continue as a going concern.
- There are no significant deviations from the last year's operating results.
- Summary of key operating and financial data of preceding five years:

Income and Expenses:

(Amount in Taka '000)

Particulars	2012	2011	2010	2009	2008	2007
REVENUE	5,657,601	4,022,271	3,127,352	2,290,358	1,927,192	1,433,980
Cost of goods sold	4,906,985	3,254,014	2,425,806	1,893,230	1,717,283	1,257,600
GROSS PROFIT	750,616	768,257	701,546	397,128	209,909	176,380
a. Administrative Expenses	97,935	68,182	47,717	14,743	14,675	55,232
b. Selling & Distribution Expenses	141,982	152,221	127,073	39,345	24,852	14,068
c. a + b	239,917	220,403	174,790	54,088	39,527	69,300
Other Income	64,193	58,159	44,174	57,805	30,891	-
OPERATING PROFIT	574,892	606,014	570,930	400,845	201,274	107,079
Financial income/ (expenses)	177,928	95,083	(48,483)	(103,137)	(53,082)	(52,087)
Other non-operating income	27,830	13,728	8,926	2,663	430	-
Contribution to WPPF	37,174	34,039	-	-	-	-
NET PROFIT/(LOSS) BEFORE TAX	743,476	680,785	531,373	300,371	148,622	54,992
Income tax	184,010	244,850	199,265	112,639	53,307	-
NET PROFIT/(LOSS) AFTER TAX	559,466	435,936	332,108	187,732	95,315	54,992
Earnings per share (Taka)	4.14	3.23	4.99	9.39	47.66	27.50

Assets and Liabilities

(Amount in Taka '000)

ASSETS	2012	2011	2010	2009	2008	2007
NON CURRENT ASSETS	4,135,528	2,232,035	1,147,167	814,870	804,629	485,720
Property, Plant and Equipments	2,770,456	1,118,456	1,069,098	814,682	780,286	484,033
Capital work-in-progress	1,365,072	1,113,579	78,069	188	24,343	1,687
Investment in Associate Companies	20,205	20,205	192,129	89,422	58,199	-
CURRENT ASSETS	5,799,451	4,752,219	943,140	617,067	744,563	259,440
Investment in Shares	93,494	-	-	-	-	-
Inventories	442,127	587,646	352,650	187,204	196,215	42,388
Trade Receivables	753,852	343,048	316,069	251,503	318,776	46,176
Current account with sister concern	513,012	356,163	-	-	-	-
Other Receivables	61,234	304	4,813	3,021	9,133	-
Advance, deposits and prepayments	275,327	273,873	48,674	51,521	99,041	110,952
Advance Income Tax	717,452	323,817	160,756	96,296	97,488	55,352
Cash and Bank Balances	2,902,953	2,867,368	60,178	27,522	23,910	4,572
TOTAL ASSETS	9,915,184	7,004,459	2,282,436	1,521,359	1,607,391	745,160
EQUITY AND LIABILITIES						
Shareholders' Equity	5,437,960	5,028,494	1,335,998	740,319	552,588	372,816
Share Capital	1,350,000	1,000,000	700,000	200,000	200,000	200,000
Deposit Against Share	-	-	-	84,456	84,456	-
Share premium	2,956,560	2,956,560	-	-	-	-
Retained Earnings	865,625	803,371	364,501	427,525	239,794	144,478
Revaluation Reserve	265,775	268,563	271,497	-	-	-
General Reserve	-	-	-	28,338	28,338	-
Reserve for tax holiday	-	-	-	-	-	28,338
LIABILITIES						
Non-current Liabilities	1,962,968	606,788	64,659	103,746	193,188	72,726
Long term borrowing net off current maturity	1,811,139	513,435	15,806	70,782	183,527	72,726
Liabilities for gratuity and WPPF	47,081	37,934	-	-	-	-
Deferred tax liability	104,748	55,419	48,854	32,964	9,662	-
Current Liabilities & Provisions	2,514,256	1,369,177	881,779	677,294	861,615	299,618
Trade Payables	148,526	110,538	359,116	93,883	82,640	-
Other Payables	47,471	38,518	31,038	22,500	14,983	6,518
Current portion of long term borrowings	286,076	26,076	12,817	89,788	85,788	-
Short Term Loan	1,351,027	607,876	162,452	338,141	634,558	293,100
Provision for tax liabilities	663,484	554,641	316,356	132,982	43,645	-
Payable to IPO applicants	13,311	31,528	-	-	-	-
Unclaimed Dividend	4,361	-	-	-	-	-
TOTAL LIABILITIES	4,477,224	1,975,965	946,438	781,040	1,054,803	372,344
TOTAL EQUITY AND LIABILITIES	9,915,184	7,004,459	2,282,436	1,521,359	1,607,391	745,160

i) The number of Board Meetings held during the year and attendance of each Director:

Sl. No.	Name of Directors	Board Meetings held and attendance of directors						
		09.08.2011	22.10.2011	19.01.2012	11.03.2012	26.04.2012	17.05.2012	16.06.2012
1	Mr. Mohammed Jahangir Alam	√	√	√	√	√	√	√
2	Alhaj Md. Khabiruddin Molla	√	√	√	√	-	√	√
3	Mr. Mohammed Alamgir Kabir	√	√	√	√	√	√	√
4	Mr. Molla Mohammad Majnu	√	√	-	-	-	√	√
5	Mr. Md. Almas Shimul	√	√	√	√	√	√	√
6	Mr. Md. Mizanur Rahman Molla	√	√	√	√	√	√	√
7	Mr. Wali-ul-Marooof Matin (Independent Director)	-	-	√	-	√	-	√

j) The pattern of shareholding:

i) Parent / Subsidiary / Associated Companies and other related parties (name wise details): Not applicable.

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. Mohammed Jahangir Alam	Chairman	20,931,750	Nil	Nil
Al-Haj Md. Khabiruddin Molla	Managing Director	18,900,000	9,450,000	Nil
Mr. Mohammed Alamgir Kabir	Director	13,088,250	Nil	Nil
Mr. Molla Mohammad Majnu	Director	9,450,000	Nil	Nil
Mr. Md. Almas Shimul	Director	6,615,000	Nil	Nil
Mr. Md. Mizanur Rahman Molla	Director	9,450,000	Nil	Nil
Mr. Md. Mozharul Islam, FCS	Company Secretary	Nil	Nil	Nil
Mr. Shahriar Istiaq Halim	Chief Financial Officer	Nil	Nil	Nil
Mr. Md. Shahid Ullah Khan	Head of Internal Audit	Nil	Nil	Nil

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 per cent (10%) or more voting interest in the Company (name wise details):

Name	No. of shares
Mr. Mohammed Jahangir Alam	20,931,750
Al-Haj Md. Khabiruddin Molla	18,900,000

M.I. CEMENT FACTORY LTD.

As per Notification dated 20 February 2006, the Securities and Exchange Commission, the Directors state compliance with the condition as follows:

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/ Admin/02-08 dated 20 February 2006 issued under section 200 of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Explanation for non-Compliance with the condition
		Complied	Non Complied	
1.1	Board directors should not be less than 5(five) and more than 20(Twenty)	✓		
1.2(i)	1/10 th of the 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 books of account maintained	✓		
1.4(c)	Appropriate accounting policies consistently applied	✓		
1.4(d)	International Accounting Standards followed	✓		
1.4(e)	The system of internal controls is sound in Design	✓		
1.4(f)	No significant doubts 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(i)	Declaration of dividend	✓		
1.4(j)	Number of Board Meetings and attendance by Directors	✓		
1.4(k)	Pattern of shareholding	✓		
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary	✓		
2.2	CFO and Company Secretary to attend Board Meetings	✓		
3.0	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 the Audit Committee should have a professional qualification or experience	✓		
3.3.1(i)	Audit Committee report on its activities to the Board	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Explanation for non-Compliance with the condition
		Complied	Non-Complied	
3.3.1(ii)(a)	Report on conflicts of interests			No Such Incidence was occurred
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	Report 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	✓		

Dated: Dhaka
15 November 2012

On behalf of the Board


(Mohammed Jahangir Alam)
Chairman

Certificates of National Export Trophy (Gold)



Certificate of ISO 9001:2008

Certificate of Registration



This is to certify that this
Quality Management System of:

M I CEMENT FACTORY LIMITED
H/O : 25th Kalyan Building (1st Floor) Suite-101, 105, Mofitt Road, C/A, CHAWA
FACTORY, SECT. MUMBAI, MUMBAI-400002
INDIA

has been assessed and found compliant with the requirements of

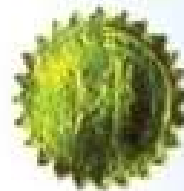
ISO 9001:2008

Against it having passed for registration providing the
Certification rules and conditions are observed at all times.

Certification Scope:

**MANUFACTURE OF ORDINARY PORTLAND CEMENT AND PORTLAND
COMPOSITE CEMENT.**

Certificate No. **04-B-05-QMS-90014**
Issue Date: **November 11, 2009**
Expiry Date: **October 31, 2012**



Authorized Signatory

Moody International Certification Ltd.

100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

Certificate of Bureau of Indian Standards (BIS)



भारतीय मानक बोर्ड
BUREAU OF INDIAN STANDARDS

Address: Mohan Rao Building, Block 2, Sector 10,
Mayapuri, New Delhi - 110028

Phone: 011-23039100

Fax: 011-23039101

E-mail: info@bis.org.in

Certified Marks Department - I

ATTACHMENT TO LICENSE NO. CMA - 1000000

CRL NO	NAME OF THE LICENSEE WITH ADDRESS	PRODUCT	MARK
1000000	M.I. Cement Factory Ltd. Plot No. 1001 100 Industrial Complex Area B-10/10 Gurgaon Haryana	41 grade ordinary Portland	ISI 1001 - 1001

ENFORCEMENT NO. 01 Dated: 27-07-2009

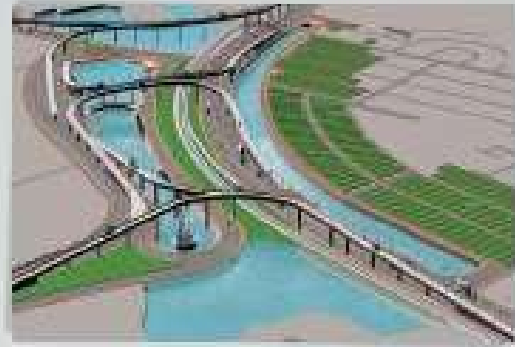
Renewed for a further period of two years from Eighth August Two Thousand and Two to Fourth August Two Thousand and Twelve.

Other terms and conditions of License remain the same.

(Signature)
SECRETARY
BUREAU OF INDIAN STANDARDS



Jatrabari-Gulistan Flyover
 Dhaka



Kuril Fly Over
 Dhaka

PRESTIGIOUS PROJECT AND OUR ACHIEVEMENT



Sea pearl beach resort and spa ltd.
 cox's bazar



New Market City Complex
 Dhaka, under Construction
 with Crown Cement



Fenchugonj Bridge
on the river Kuslari



Kaikartake Bridge
on the river Brahmaputra, Narayanganj
under Construction with Crown Cement

**PRESTIGIOUS PROJECT
AND OUR ACHIEVEMENT**



Betka Bridge
on the river Dholesshori, Munshigonj



NSC Tower
Battul Mokarram, Dhaka.



Audit Bhaban
 Kakrail, Dhaka



Anam Rang Plaza
 A Large Shopping Complex, at Dhanmondi, Dhaka

PRESTIGIOUS PROJECT AND OUR ACHIEVEMENT



ILS Hospital
 A Unit of GPT Healthcare Pvt. Ltd.
 Agratola, India



New Canadian Chansary
 Baridhara, Dhaka

M.I. Cement Factory Ltd.
Ocean Going Mother Vessel



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of M. I. Cement Factory Limited

We have audited the accompanying financial statements of M. I. Cement Factory Limited which comprise the statement of financial position as at 30 June 2012, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information for the year then ended.

Management Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standard and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above give a true and fair view of the financial position of M. I. Cement Factory Limited as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the Companies Act 1994, Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- (a) our examination and checking of records, relevant books of account, registers, schedules and financial statements were sufficient to enable us to form an informed and assessed opinion on the authenticity and accuracy of the financial statements;
- (b) we have obtained all the information, explanations and documents as required by us;
- (c) the company's management has followed relevant provisions of laws and rules in managing the affairs of the company. Proper books of account, records and other statutory books have been properly maintained;
- (d) the statement of financial position and the statement of comprehensive income are in agreement with the said books of account maintained by the company and examined by us; and
- (e) the expenditure incurred and payments made were for the purpose of the company's business for the year.

Dhaka,
18 October 2012


ACNABIN
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

ASSETS	Notes	30.06.2012 Taka	30.06.2011 Taka
Non-current Assets		4,135,527,540	2,232,034,924
Property, plant and equipment	4	2,770,455,941	1,118,455,992
Capital work in progress	5	1,365,071,599	1,113,578,932
Investment in Associate Companies	6	20,205,000	20,205,000
Current Assets		5,759,451,243	4,752,218,577
Investment in shares	7	93,494,348	-
Inventories	8	442,126,977	587,645,695
Trade receivables	9	753,851,554	343,047,480
Current account with sister concern	10	513,012,411	356,162,941
Other receivables	11	61,234,099	303,651
Advances, deposits & prepayments	12	275,326,903	273,873,313
Advance income tax	13	717,452,042	323,817,217
Cash and bank balances	14	2,902,952,909	2,867,368,280
TOTAL ASSETS		9,915,183,783	7,004,458,502
EQUITY AND LIABILITIES			
Shareholders' Equity		5,437,959,570	5,028,493,703
Share capital	15	1,350,000,000	1,000,000,000
Share premium	16	2,956,560,000	2,956,560,000
Retained earnings		865,624,424	803,370,870
Revaluation reserve		265,775,146	268,562,833
LIABILITIES			
Non-current Liabilities		1,962,968,266	606,787,522
Long term borrowing net off current maturity	17	1,811,139,113	513,434,222
Liabilities for gratuity and WPPF	18	47,080,930	37,934,111
Deferred tax liability	19	104,748,223	55,419,189
Current Liabilities and Provisions		2,514,255,947	1,369,177,277
Trade payables	20	148,526,299	110,537,447
Other payables	21	47,471,216	38,518,143
Current portion of long term borrowings	22	286,076,000	26,076,000
Short term loan	23	1,351,027,065	607,876,193
Provision for tax liabilities	24	663,483,837	554,641,164
Payable to IPO applicants		13,310,798	31,528,330
Unclaimed dividend		4,360,731	-
TOTAL LIABILITIES		4,477,224,213	1,975,964,799
TOTAL EQUITY AND LIABILITIES		9,915,183,783	7,004,458,502
Net Asset Value Per Share	34	40	37

The annexed notes form an integral part of the Statement of Financial Position.



Md. Jahangir Alam
Chairman


Md. Khabiruddin Molla
Managing Director


Molla Mohammad Majnu
Director


Md. Mozharul Islam, FCS
Company Secretary

This is the Statement of Financial Position referred to in our separate report of even date.
Dhaka, 18 October 2012


ACNABIN
Chartered Accountants

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Notes	2011-2012 Taka	2010-2011 Taka
Net sales	25	5,657,601,485	4,022,271,063
Cost of goods sold	26	(4,906,985,117)	(3,254,014,308)
Gross profit		750,616,368	768,256,755
Other operating income	27	64,193,352	58,159,262
Administrative expenses	28	(97,935,170)	(68,181,658)
Selling and distribution expenses	29	(141,982,312)	(152,220,573)
Operating profit		574,892,238	606,013,786
Other non-operating income/ (loss)	30	27,829,589	13,727,505
Financial income/ (expenses)	31	177,928,220	95,083,407
Profit before WPPF & Income Tax		780,650,047	714,824,699
Worker's Profit Participation Fund (WPPF)		(37,173,812)	(34,039,271)
Profit before Income tax		743,476,235	680,785,428
<u>Income tax expenses</u>	32		
Current Tax		(134,681,334)	(238,284,672)
Deferred Tax		(49,329,034)	(6,564,936)
Net profit after tax for the year		559,465,867	435,935,820
Earnings Per Share	33	4.14	3.23

The annexed notes form an integral part of the Statement of Comprehensive Income.


Md. Jahangir Alam
Chairman


Alhaj Md. Khabiruddin Molla
Managing Director


Molla Mohammad Majnu
Director


Md. Mozharul Islam, FCS
Company Secretary

This is the Statement of Comprehensive Income referred to in our separate report of even date.
Dhaka, 18-October 2012


ACNABIN
Chartered Accountants

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

(Figures are in Taka)

Particulars	Share Capital	Retained Earnings	Share Premium	Revaluation Reserve	Total Equity
Balance as on 01 July 2011					
Bonus shares issued 35%	1,000,000,000	803,370,870	2,956,560,000	268,562,833	5,028,493,703
Cash dividend paid 15%	350,000,000	(350,000,000)	-	-	-
Revaluation reserve realised	-	(150,000,000)	-	-	(150,000,000)
Net profit for the year	-	2,787,687	-	(2,787,687)	-
	-	559,465,867	-	-	559,465,867
Total as on 30 June 2012	1,350,000,000	865,624,424	2,956,560,000	265,775,146	5,437,959,570
Balance as on 01 July 2010					
Share issued to general public	700,000,000	364,500,643	-	271,497,240	1,335,997,883
Share premium	300,000,000	-	-	-	300,000,000
Revaluation reserve realised	-	-	2,956,560,000	-	2,956,560,000
Net profit for the year	-	2,934,408	-	(2,934,408)	-
	-	435,935,820	-	-	435,935,820
Total as on 30 June 2011	1,000,000,000	803,370,870	2,956,560,000	268,562,833	5,028,493,703

Dhaka,
18 October 2012


Md. Jahangir Alam
Chairman


Alhaj Md. Khabiruddin Molla
Managing Director


Molla Mohammad Majnu
Director


Md. Mocharraf Islam, FCS
Company Secretary


STATEMENT OF CASH FLOWS

For the year ended 30 June 2012


	2011-2012 Taka	2010-2011 Taka
A. Cash flow from operating activities		
Cash received from customers	5,246,797,411	3,999,801,667
Cash received from other operating income	64,193,352	58,159,262
Cash received from non operating income	27,849,874	13,727,506
Cash received from financial income	116,977,487	95,083,406
Cash paid to suppliers & employees	(4,601,959,504)	(3,505,288,599)
Cash paid for operating expenses	(200,826,844)	(586,698,747)
Income tax paid	(419,473,486)	(163,061,258)
Net cash flow from/(used in) operating activities	233,558,290	(88,276,762)
B. Cash flow from investing activities		
Acquisition of property, plant and equipment	(792,840,884)	(135,882,724)
Proceeds from sale of property, plant and equipment	2,802,420	6,697,895
Payment made for capital work in progress	(1,294,590,343)	(1,035,510,320)
Investment in shares	(93,494,348)	-
Investment in associates companies	(156,849,470)	(184,239,050)
Net cash used in investing activities	(2,334,972,625)	(1,348,934,199)
C. Cash flow from financing activities		
Receipt of short term loan	743,150,871	445,423,724
Receipt of long term loan	1,557,704,892	510,889,155
Proceeds received from issue of shares	-	3,288,088,330
Refund to IPO applicants	(18,217,532)	-
Dividend paid	(145,639,269)	-
Net cash flow from financing activities	2,136,998,963	4,244,401,209
D. Net surplus in cash & bank balances during the year (A+B+C)	35,584,627	2,807,190,247
E. Cash and bank balance at the beginning of the year	2,867,368,280	60,178,033
F. Cash and bank balances at the end of the year	2,902,952,909	2,867,368,280
Net Operating Cash Flows Per Share (NOCFPS)	1.73	(0.65)

Dhaka,
18 October 2012


Md. Jahangir Alam
Chairman


Alhaj Md. Khabiruddin Molla
Managing Director


Molla Mohammad Majnu
Director


Md. Mozharul Islam, FCS
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

1. Incorporation and legal status

M.I. Cement Factory Limited was incorporated on 31 December, 1994 under the Companies Act 1994 as a public limited company. The plant, equipped with world famous O'Sepa Separator, initially went into operation with the daily production capacity of 600 metric tons in the year 2000 and marketed its product with the brand name "Crown Cement". From the very beginning, it has been maintaining an uncompromised policy of producing high quality cement. As a result, it has gained huge popularity in the market. Due to increase in demand, the company has set up its second unit with the production capacity of 800 metric tons per day in 2002 and third unit with capacity of 1400 tons per day in 2008.

Gradually with the increase in demand the management undertook further expansion program for 4th unit of the plant raising the total production capacity to 5800 metric tons per day. The 4th unit's commercial production has started from November 2011.

The registered office of the company is situated at West Mukterpur, Munshigonj and the operational head quarter at House # 01 & 07, Road # 95, Block # CEN(A), North Avenue, Gulshan-2, Dhaka-1212.

2. Nature of activities

The principal activities of the company throughout the year continued to be manufacturing and marketing of Ordinary Portland Cement and Portland Composite Cement.

3. Summary of significant accounting and valuation policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless other wise stated. The specific Accounting Policies selected and applied by the company's management for significant transactions and events that have a material effect in the preparation and presentation of financial statements are within the framework of Bangladesh Accounting Standard (BAS)-1 "Presentation of Financial Statements". Compared to the previous year, there were no significant changes in the accounting and valuation principles affecting the financial position and performance of the company. Accounting and valuation methods are disclosed for reasons of clarity.

3.1 Basis of preparation of the financial statements

(a) Accounting standards

The financial statements of the company have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), covering Bangladesh Accounting Standards (BAS).

(b) Accounting convention

The financial statements are prepared under the historical cost convention except land & land development and factory building and therefore the effect of inflation has not been taken into consideration. The company classified the expenses using the function of expenses method as per BAS-1.

(c) Compliance of laws and regulations

The financial statements have been prepared and the disclosures of information made in accordance with the requirements of the Companies Act 1994, The Securities and Exchange Rules 1987, BASs, BFRSs and other applicable laws and regulations. On the basis of these regulations, Bangladesh Financial Reporting Standards (BFRS) which cover Bangladesh Accounting Standards were applied with the applicable standards at the date of financial position.

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(d) Critical accounting estimates, assumptions and judgments

The preparation of the financial statements in conformity with BFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in ascertaining assumption in the process of applying the company's accounting policies and reported amount of assets, liabilities, income and expenses.

(e) Application of Standards

The following BASs are applicable for the financial statements of the company for the year under audit:

BAS	1	Presentation of Financial Statements
BAS	2	Inventories
BAS	7	Statement of Cash Flows
BAS	8	Accounting policies, Changes in Accounting Estimates and Errors
BAS	10	Events after the Reporting Period
BAS	12	Income taxes
BAS	16	Property, Plant and Equipment
BAS	18	Revenue
BAS	19	Employee Benefits
BAS	21	The Effects of Changes in Foreign Exchange Rates
BAS	23	Borrowing Costs
BAS	24	Related Party Disclosures
BAS	27	Consolidated and Separate Financial Statements
BAS	28	Investments in Associates.
BAS	33	Earnings Per Share
BAS	37	Provisions, Contingent Liabilities and Contingent Assets

Status of BFRS applied:

Sl #	Name of the BFRS/IFRS	BFRS #	Status
1	Share-based Payments	2	N/A
2	Business Combinations	3	N/A
3	Insurance contracts	4	N/A
4	Non-current assets Held for sale and Discontinued Operations	5	N/A
5	Exploration for and Evaluation of Mineral Resources	6	N/A

3.2 Foreign currency translation

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date in accordance with BAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign currency monetary assets and liabilities at the date of financial position are translated at the rates prevailing on that date. Exchange differences at the date of financial position are charged / credited to comprehensive income, to the extent that this treatment does not contradict with Schedule IX to the Companies Act 1994.

(a) The company has not incurred any expenditure in foreign currency for the period from 01.07.2011 to 30.06.2012 on account of royalty, know-how, professional consultancy fees and interest.

(b) Foreign exchange earning USD 88,54,050 equivalent to BDT 701,049,885 in respect of export has been calculated on F.O.B basis.

(c) The company has not earned any foreign exchanges for royalty, know-how, professional and consultancy fees.

3.3 Impairment of assets

In accordance with the provision of BAS-36: Impairment of Assets, the carrying amount of non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognised in the financial statements. No such indication of impairment has been observed till to date.

3.4 Property, plant and equipment

Tangible fixed assets are accounted for according to BAS 16 (Property, Plant and Equipment) at historical cost less cumulative depreciation and cumulative impairment, if any. The capital work-in-progress is stated at cost. Historical cost includes expenditure that is direct attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and carrying amount of the assets) is recognised in the statement of comprehensive income in the year of disposal of the assets.

Land is not depreciated. Depreciation on other assets is calculated using the reducing balance method to allocate their cost over their estimated useful lives. In respect of addition to fixed assets, depreciation is charged from the month of addition. No depreciation is charged in the month of disposal. Rates of depreciation are as under:

Category of assets	Rate of depreciation (%)
Buildings	5%
Plant and machinery	10%
Furniture and fixtures	10%
Equipment	20%
Transport and vehicles	10% - 15%
Other assets	10% - 20%

3.5 Inventories

Inventories are valued in accordance with BAS 2 (Inventories) at the lower of cost and net realizable value. The cost of finished goods comprises raw materials, direct labour, other direct and related production overheads (based on normal capacity) and production related depreciation. It excludes borrowing costs. Net realizable value is based on estimated selling price in the ordinary course of business less any further costs expected to be incurred to make the sale.

3.6 Trade and other receivables

Trade receivables are carried at original invoice amount. All the receivables are considered as good and realisable.

3.7 Cash and bank balances

It includes cash in hand, bank deposit and other short term highly liquid investments with original maturities of three months or less were held and available for use by the company without any restriction except as disclosed in note no.14 as FDR amounting to taka 1,325.37 million and having insignificant risk of changes in value of these current assets.

3.8 Borrowings

Borrowing costs are classified into current and non-current liabilities. Moreover, in compliance with the requirements of BAS 23 (Borrowing Costs), interest and other costs incurred by the company in connection with the borrowing of funds are recognized as an expense in the period in which they are incurred.

3.9 Employee benefits

(a) Defined contribution plan

The company operates a contributory provident fund for its permanent employees, provision for which is being made monthly as per the rules. The fund is under process of getting recognition from the National Board of Revenue (NBR). The fund is administered by a Board of Trustees and funded by contribution partly from the employees and partly from the company at predetermined rate. Separate accounts are maintained for this fund.

(b) Defined benefits plan

This represents an unfunded gratuity scheme for its permanent employees. Employees are entitled to gratuity benefit after completion of minimum six years of continuous service in the company. In case of fulfilling the requirement of 6(six) years of continuous service the gratuity is calculated on the latest applicable basic pay and is payable at the rate of fifteen days of pay for every completed year of service and in case of completing 12(twelve) years of continuous service the gratuity is calculated on the latest applicable basic pay and is payable at the rate of one month basic pay for every completed year of service.

Though no actuarial valuation was done to calculate gratuity liabilities as per the BAS 19: Employee Benefits, management firmly believe that such valuation is not likely to yield a result significantly different from the current provision.

(c) Group Insurance benefit

The permanent employees of factory and marketing department of the company are covered under a Group Insurance Scheme and premium therefore is charged to statement of comprehensive income.

(d) Workers Profit Participation Fund (WPPF)

The company recognizes provision and expenses for Workers Profit Participation @ 5% (after charging such expense) of net profit as per law.

3.10 Liabilities

Liabilities are classified into current and non-current.

(a) Trade and other payables

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company.

(b) Provisions

Provisions are liabilities of uncertain timings or amount. Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be repaid to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions for employee benefits and similar other liabilities are determined in accordance with BAS 19 and BAS 26. All remaining provisions are recognized by making the best estimate of the amounts in accordance with BAS 37 (Provisions, Contingent Liabilities and Contingent assets).

3.11 Contingent liabilities and assets

Contingent liabilities and Contingent assets are present or possible obligations or assets, arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the company. In accordance with BAS 37, they are disclosed in the notes to the financial statements.

3.12 Revenue recognition

- The company recognizes sales when products are invoiced and dispatched to the buyers; and
- Interest income on bank deposits as well as other income is recognized on accrual basis.

3.13 Advertising and promotional expenses

All costs associated with advertising and promotional activities are charged out in the year in which they are incurred.

3.14 Repair, upkeep and maintenance expenses

These are usually charged out as revenue expenses.

3.15 Allocation of depreciation

Depreciation is allocated on the basis of utilization of assets by the function of the company.

3.16 Income tax

(a) Current tax

Provision for current income tax has been made as per prescribed rate in the Finance Act, 2011 on 'Taxable Profit' as per income tax law in compliance with BAS-12 "Income Taxes".

(b) Deferred tax

Deferred tax is recognized using the balance sheet method. Deferred tax arises due to temporary difference deductible or taxable for the events or transaction is recognized in the income statement. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount/reported amount in the balance sheet. Deferred tax assets or liability is the amount of income tax recoverable or payable in future period(s) recognized in the current period. The impact on the account of changes in the deferred tax assets and liabilities has been recognized in the statement of comprehensive income as per BAS-12 "Income Taxes". The deferred tax liability/expense does not create a legal liability/recoverability to and from the income tax authority.

3.17 Statement of Cash Flows

Statement of Cash flows is prepared principally in accordance with BAS-7 (Statement of Cash flows) and the cash flow from operating activities have been presented under direct method.

3.18 General

- Figures have been rounded off to the nearest Taka.
- Previous year's figures have been rearranged wherever considered necessary to conform to the current year's presentation.

4. Property, plant and equipment

A. Cost

Opening balance
Add: Addition during the year

Less: Disposal during the year
Total (A)

B. Accumulated depreciation

Opening balance
Add: Charged during the year

Less: Adjustment for disposal during the year
Total (B)

C. Written down value (A-B)

A schedule of property, plant and equipment is given in Annexure-A.

30.06.2012 Taka	30.06.2011 Taka
1,620,696,064	1,491,511,235
1,835,938,561	135,882,724
3,456,634,625	1,627,393,959
9,222,166	6,697,895
3,447,412,459	1,620,696,064
502,240,072	422,412,595
176,245,301	83,967,240
678,485,374	506,379,835
1,528,856	4,139,762
676,956,518	502,240,073
2,770,455,941	1,118,455,992

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5. Capital work in progress

	30.06.2012 Taka	30.06.2011 Taka
Capital machinery	63,118,456	746,761,085
Sub station	8,232,400	7,362,800
Packing house	-	2,750,764
Building construction of 4 th unit	-	62,085,716
Plant & machinery	-	5,527,307
Clinker silo construction	-	161,117,873
Cement silo construction	-	63,957,137
Piling work	-	6,267,285
Ball mill construction	-	57,748,966
Mother vessel	1,293,720,743	-
	<u>1,365,071,599</u>	<u>1,113,578,932</u>

Capital work In Progress has been Increased due to purchase of a Mother Vessel named MV Crown Voyager which was registered on 02 July 2012.

6. Investment in associate companies

This represents Investment in shares of the following companies:

Crown Power Generation Limited (CPGL)	2,000,000	2,000,000
Crown Mariners Limited (CML)	17,205,000	17,205,000
Crown Cement Concrete and Building Products Limited (CCC&BPL)	500,000	500,000
Crown Transportation & Logistics Limited (CT&LL)	500,000	500,000
	<u>20,205,000</u>	<u>20,205,000</u>

Crown Power Generation Limited, Crown Mariners Limited, Crown Cement Concrete and Building Products Limited and Crown Transportations & Logistics Limited are associate companies of M.I. Cement Factory Limited. The company holds 50% shares of Crown Power Generation Limited, 20% of Crown Mariners Limited, 20% of Crown Cement Concrete and Building Products Limited and 20% of Crown Transportation & Logistics Limited. The investments made by M.I. Cement Factory Limited to these associate companies have been accounted for under cost method in accordance with BAS 27. Commercial operation of these companies except Crown Power Generation Limited, Crown Mariners Limited and Crown Transportation & Logistics Limited has not yet been started.

7. Investment in Shares

Opening balance	-	-
Add: Addition during the year	93,494,348	-
	<u>93,494,348</u>	<u>-</u>

Break-up of investment in Shares:

Name of Shares	Quantity	Rate	Cost Price as on 30-06-2012
Bank Asia Ltd.	21,500	25.92	557,196
Beximco Pharma Ltd.	10,000	96.39	963,886
Delta Life Insurance Ltd.	350	3,944.49	1,380,570
Grameenphone Ltd.	10,000	216.66	2,166,557
Jamuna Oil Co. Ltd.	110,000	273.82	30,119,716
Meghna Petroleum Ltd.	10,000	225.69	2,256,872
National Bank Ltd.	299,700	37.25	11,164,497
One Bank Ltd.	199,500	28.43	5,671,785
Prime Bank Ltd.	22,000	33.07	727,510
Rupali Bank Ltd.	26,900	99.52	2,677,148
Social Investment Bank Ltd.	50,000	20.99	1,049,705
South East Bank Ltd.	150,000	22.25	3,337,455
Square Pharma Ltd.	79,730	245.86	19,602,205
Titas Gas Ltd.	153,500	77.00	11,819,245
Total	1,143,180		93,494,348

8. Inventories

	Quantity	30.06.2012 Taka	30.06.2011 Taka
Closing stock			
Clinker	MT 34,507.24	184,944,405	104,654,829
Gypsum	MT 7,520.05	22,929,656	18,947,419
Slag	MT 6,740.69	16,937,987	52,036,688
Fly ash	MT 3,065.89	7,691,456	10,991,536
Lime stone	MT 914.23	1,444,205	4,296,881
Cement bags	PCS 588,882.00	8,512,441	10,880,193
Spare parts		23,965,043	23,128,821
Finished cement	MT 0.20	1,417	1,669
Inventory in transit		266,426,611	224,938,036
Clinker		152,403,405	344,496,817
Gypsum		262,940	212,941
Slag		66,039	9,478,945
Fly ash		22,692,272	8,518,956
Spare parts		275,710	-
		175,700,366	362,707,659
		442,126,977	587,645,695

9. Trade receivables

Corporate	197,693,218	151,712,779
Dealers	309,096,092	108,264,143
Distributors	115,145,732	8,276,495
Other customers	120,692,762	66,568,023
Transport bill	11,223,750	8,176,040
Sundry debtors against others	-	50,000
	753,851,554	343,047,480

Trade receivables have been stated at their nominal value. Trade receivables are accrued in the ordinary course of business. All receivables has been considered as good and realisable.

Ageing of the above receivables is given below:

Particulars	up to 1 month	1-3 months	3-6 months	above 6 months	Total
Corporate	143,327,583	21,746,254	19,769,322	12,850,059	197,693,218
Dealers	224,094,667	34,000,570	30,909,609	20,091,246	309,096,092
Distributors	83,480,656	12,666,031	11,514,573	7,484,473	115,145,732
Other customers	87,502,252	13,276,204	12,069,276	7,845,030	120,692,762
Transport bill	8,137,219	1,234,613	1,122,375	729,544	11,223,750
Total	546,542,377	82,923,671	75,385,155	49,000,351	753,851,554

10. Current account with sister concern

Crown Power Generation Limited	217,583,193	194,258,667
Crown Polymer Bagging Limited	51,607,843	49,053,881
Crown Cement Concrete and Building Products Limited	1,892,627	(225,000)
Crown Transportation & Logistics Limited	126,118,291	3,542,350
Crown Cement Trading Company	24,803,833	24,795,403
Crown Mariners Limited	91,006,625	84,737,640
	513,012,411	356,162,941

Particulars	Purposes
Crown Power Generation Limited	Full Power generated is supplied to MJ Cement Factory Limited at less than the competitive market price.
Crown Polymer Bagging Limited	All bags as produced will be supplied to MJ Cement Factory Limited at less than competitive market price.
Crown Mariners Limited	Crown Mariners Limited is providing logistics service for carrying raw materials from Chittagong port to factory ghat at less than competitive market price.
Crown Transportation & Logistics Ltd.	Crown Transportation & Logistics Limited is providing logistics service for carrying finished product to customer at a lower price than the market rate.

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11. Other receivables

	30.06.2012 Taka	30.06.2011 Taka
Crown Corporation	31,605	31,605
AK Trade International	10,000	10,000
GPH Ispat Ltd.	106,971	127,256
N.K Enterprise	2,000	2,000
Molla Salt Triple Refinery Ltd.	132,790	132,790
Interest receivable on FDR	60,950,733	-
	61,234,099	203,651

12. Advances, deposits and prepayments

Advance to parties/contractors	129,381,176	164,491,458
Advance to employee against works	34,908,867	16,405,891
Advance to employee against salary	145,596	252,917
Advance against rent	10,421,516	536,500
VAT current account	52,174,718	30,030,941
Security deposit and other deposit	18,224,707	17,547,507
Advance to others	1,488,481	558,725
Margin for bank guarantee	2,913,681	2,809,079
L/C margin deposit	20,083,202	35,655,295
Advance against land purchase	5,585,000	5,585,000
	275,326,903	273,873,313

13. Advance income tax

Opening balance	323,817,217	160,755,959
Add: Paid during the year	419,473,486	163,061,258
	743,290,703	323,817,217
Less: Adjustment for the income year 2006-2007 (Assessment year 2007-2008)	25,838,661	-
	717,452,042	323,817,217

Advance Tax paid during the year represents tax deducted at source by appropriate authority on purchase of raw materials, tax deducted by customers on bill for cement supply, tax deducted at source from export sales, tax deducted at source from interest income.

14. Cash and bank balances

Cash in Hand

Cash in hand- Head Office	10,021,418	6,037,124
Cash in hand- Factory	970,087	2,927,775
	10,991,505	8,964,899

Cash At Bank

One Bank Limited	47,092	33,709
South East Bank Limited	8,762	9,913
Mercantile Bank Limited	8,375	147,242
Jamuna Bank Limited	11,127	12,507
State Bank of India	166,463	113,652
AB Bank Limited	1,114,170	8,718
The City Bank Limited	347,356	261,981
National Bank Limited	4,289,590	410,827
Dutch Bangla bank Limited	5,627,858	1,541,258
Prime Bank Limited	49,924	16,972,103
United Commercial Bank Limited	1,194,676	118,505
Mutual Trust Bank Limited	1,082,616	131,032
Pubali Bank limited	738,544	811,107
Janata Bank Limited	802,787	605,293
Dhaka Bank Limited	5,124,228	113,889
Shahjalal Islami Bank Limited	2,574,624	577,366
Uttara Bank Limited	18,925	364
The Hong Kong Shanghai Banking Corporation Limited	3,538,025	30,859
Brac Bank Limited	16,563,610	132,668,241
Islami Bank Bangladesh Limited	964,788	-
Eastern Bank limited	498,851	-
One Bank Limited-dividend account	4,882,955	-
	49,655,346	154,568,565

Fixed deposit receipts (FDR)	2,842,306,059	2,703,834,816
	2,902,952,909	2,867,368,280

RDR includes an amount of Taka 11,079,591 that is held under lien with Ona Bank Ltd. as margin against bank guarantee in favour of Custom Authority and taka-1,314,290,965 as lien with The Hong Kong Shanghai Banking Corporation Limited for purchasing of Mother Vessel.

15. Share capital

Authorised capital

500,000,000 Ordinary Shares of Tk. 10/- each

Issued, subscribed & paid-up capital

135,000,000 ordinary shares of Tk. 10/- each fully paid-up and share holding position is as under:

Sl. #	Name	No. shares	Holding %	30.06.2012 Taka	30.06.2011 Taka
1	Mohammed Jahangir Alam	20,931,750	15.51%	209,317,500	155,050,000
2	Alhaj Md. Khabiruddin Molla	18,900,000	14.00%	189,000,000	140,000,000
3	Mohammed Alamgir Kabir	13,088,250	9.70%	130,882,500	96,950,000
4	Al-Haj Rokeya Begum	9,450,000	7.00%	94,500,000	70,000,000
5	Molla Mohammad Maznu	9,450,000	7.00%	94,500,000	70,000,000
6	Md. Mizanur Rahman	9,450,000	7.00%	94,500,000	70,000,000
7	Md. Almas Shitul	6,615,000	4.90%	66,150,000	49,000,000
8	Alhaj Md. Abdur Rouf	2,362,500	1.75%	23,625,000	17,500,000
9	Md. Ashrafuzzaman	2,362,500	1.75%	23,625,000	17,500,000
10	Md. Abdul Ahad	1,890,000	1.40%	18,900,000	14,000,000
11	General Public	40,500,000	30.00%	405,000,000	300,000,000
		135,000,000	100%	1,350,000,000	1,000,000,000

The company increased its Paid-up share capital from Tk. 1,000 million to Tk. 1,350 million by issuing 350 million bonus shares to the shareholders as approved in 17th Annual General Meeting held on 18 December 2011.

Classification of Shareholders by holdings:

Shareholding Range	No. of Shareholders 30.06.2012	Holdings 30.06.2012	No. of Shareholders 30.06.11	Holdings 30.06.2011
Less than 499 shares	82,884	11,089,126	140,778	14,414,443
500 to 5,000 shares	6,531	8,915,959	2,446	3,352,625
5,001 to 10,000 shares	372	2,667,088	190	1,441,673
10,001 to 20,000 shares	193	2,706,756	114	1,738,332
20,001 to 30,000 shares	68	1,661,704	74	1,868,263
30,001 to 40,000 shares	34	1,177,905	76	2,505,388
40,001 to 50,000 shares	27	1,194,110	12	539,738
50,001 to 100,000 shares	40	2,871,335	28	1,882,100
100,001 to 1,000,000 shares	25	6,691,517	14	2,257,438
Over 1,000,000 shares	11	96,024,500	10	70,000,000
	90,185	135,000,000	143,742	100,000,000

16. Share premium

Share premium realised during the year 2010-2011

Less: Income tax on share premium

30.06.2012 Taka	30.06.2011 Taka
3,048,000,000	3,048,000,000
91,440,000	91,440,000
2,956,560,000	2,956,560,000

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17. Long term borrowing net off current maturity

	30.06.2012 Taka	30.06.2011 Taka
Project loan for unit IV and Mother vessel	835,707,961	485,840,265
Syndication loan*	1,227,502,500	-
Term loan**	2,063,210,461	485,840,265
Hire purchase loans:	34,004,653	53,669,957
Prime Bank Ltd.	2,097,215,113	539,510,222
(Note: 22)	286,076,000	26,076,000
Less: Current portion of long term borrowing	<u>1,811,139,113</u>	<u>513,434,222</u>

* Registered Mortgage of factory land measuring 621.05 decimal with present and future structure has been provided as collateral against this syndication loan.

** FDR amounting to Taka 1,314,290,965 with HSB/C is liened as collateral against this loan.

18. Liabilities for Gratuity and WPPF

Gratuity:

Opening balance	3,894,840	2,451,020
Add: Provision for the year	6,012,278	1,455,421
	9,907,118	3,906,440
Less: Paid during the year	-	11,600
	<u>9,907,118</u>	<u>3,894,840</u>

WPPF (Worker's Profit Participation Fund):

Opening balance	34,039,271	-
Add: Provision for the year	37,173,812	34,039,271
	71,213,083	34,039,271
Less: Paid during the year	34,039,271	-
	<u>37,173,812</u>	<u>34,039,271</u>
	<u>47,080,930</u>	<u>37,934,111</u>

19. Deferred Tax Liabilities

	Carrying Amount	Tax Base	Taxable/ (Deductible) Temporary Difference
Property Plant and Equipment	2,295,197,332	1,914,294,703	380,902,629
Applicable rate			27.5%
Deferred Tax Liability as on 30 June 2012			104,748,223
Deferred Tax Liability as on 30 June 2012			104,748,223
Deferred Tax Liability as on 30 June 2011			55,419,189
Deferred Tax Expenses for the year ended 30 June 2012			49,329,034
Taxable Temporary difference			154,088,775
Deferred Tax Liability @37.5% from 01.07.2010 to 05.05.2011			48,917,909
Deferred Tax Liability @27.5% from 06.05.2011 to 30.06.2011			6,501,280
Deferred Tax Liability as on 30 June 2011			55,419,189
A separate schedule of deferred tax is given in Annexure-B.			

20. Trade payables

Suppliers
Customers
Others

30.06.2012 Taka	30.06.2011 Taka
147,311,622	109,105,820
1,197,024	1,413,974
17,653	17,653
148,526,299	110,537,447

Ageing of the above trade payables is as below:

Particulars	up to 1 month	1-3 months	3- 6 months	above 6 months	Total
Suppliers	109,378,879	24,674,697	7,365,581	5,892,465	147,311,622
Customers	888,790	200,502	59,851	47,881	1,197,024
Others	-	-	-	17,653	17,653
Total	110,267,669	24,875,198	7,425,432	5,957,999	148,526,299

21. Other payables

Creditor for other finance (Note: 21.1)
Creditor for revenue expenses (Note: 21.2)

12,105,996	13,907,290
35,365,220	24,610,853
47,471,216	38,518,143

21.1 Creditor for other finance

Security deposit
Advance against sales
VAT deduction at source
Tax deduction at source
Payable to employees provident fund
Advance against motor cycle
VAT payable on board meeting attendance fees
Employee tax payable

2,867,627	6,352,188
60,400	60,400
6,316,332	4,816,585
2,247,633	1,871,376
5,130	161,382
425,428	555,219
36,750	-
146,696	90,140
12,105,996	13,907,290

21.2 Creditor for revenue expenses

Salaries, wages & overtime payable
Audit and professional fees
Electricity Bill
Others

10,924,213	8,658,107
313,500	313,500
22,794,884	10,713,616
1,332,623	4,925,630
35,365,220	24,610,853

22. Current portion of long term borrowings

Project Loan for Unit -IV

Syndication loan

Hire Purchase loan

Prime Bank Limited

260,000,000	-
26,076,000	26,076,000
286,076,000	26,076,000

23. Short term loan

Cash Credit (Hypothecation)

One Bank Limited
Prime Bank Limited
The Hong Kong Shanghai Banking Corporation Limited

Loan against Trust Receipts

One Bank Limited
Prime Bank Limited
Eastern Bank Limited
The Hong Kong Shanghai Banking Corporation Limited

Time loan

One Bank Limited

30.06.2012 Taka	30.06.2011 Taka
14,065,601	19,741,458
11,505,818	5,716,693
18,365,033	-
<u>43,936,451</u>	<u>25,458,151</u>
247,197,929	29,375,505
471,882,947	542,770,799
216,453,362	-
288,046,556	-
<u>1,223,580,794</u>	<u>572,146,304</u>
83,509,820	10,271,738
<u>1,351,027,065</u>	<u>607,876,193</u>

23.1 The company has been enjoying the following facilities from various banks under the terms and conditions given below:

Sl #	Name of the Bank	Type of loan	Limit of Loan	Purpose of Loan	Tenor
1	One Bank Limited	Cash Credit Hypothecation	50,000,000	Working Capital	One Year
2	One Bank Limited	Loan against Trust Receipts	350,000,000	Working Capital	120 days
3	One Bank Limited	Revolving Time loan	100,000,000	Working Capital	120 days
4	One Bank Limited	Letter of credit (non funded)	600,000,000	Working Capital To issue guarantee for	120 days
5	One Bank Limited	Bank guarantee	10,000,000	tender and utilities facilities	One Year
6	Prime Bank Limited	Cash Credit Hypothecation	50,000,000	Working Capital	One Year
7	Prime Bank Limited	Loan against Trust Receipts	650,000,000	Working Capital	90 days
8	Prime Bank Limited	Letter of credit (non funded)	250,000,000	Working Capital To issue guarantee for	90 days
9	Prime Bank Limited	Bank guarantee	20,000,000	tender and utilities facilities	One Year
10	The Hong Kong Shanghai Banking Corporation Limited	Cash Credit Hypothecation	30,000,000	Working Capital	One Year
11	The Hong Kong Shanghai Banking Corporation Limited	Offshore Banking	400,000,000	Working Capital	180 days
12	Eastern Bank Limited	Loan against Trust Receipts	500,000,000	Working Capital	180 days
13	Eastern Bank Limited	Cash Credit Hypothecation	30,000,000	Working Capital	One Year

24. Provision for tax

Opening balance
Add: Provision during the year

Less: Adjustment for the income year 2006-2007/Assessment year 2007-2008)

30.06.2012 Taka	30.06.2011 Taka
554,641,164	316,356,492
134,681,334	238,284,672
689,322,498	554,641,164
25,838,661	-
663,483,837	554,641,164

Final assessment under process for the income year 2007-2008 (Assessment year 2008-2009). Return for the income year 2008-2009, 2009-2010 and 2010-2011 (Assessment year 2009-2010, 2010-2011 and 2011-2012) were filed and assessment orders received on 17 June 2012, 17 June 2012 and 29 July 2012 respectively.

Provision for writ petition against VAT

We have filed several writ petitions against the orders of Customs, Excise and VAT Appellate Tribunal before honorable High Court on the ground that our then declared Wastage Percentage (4% on Clinker and 3% on other raw material; currently declared as 3% on all raw materials) was more justified than the then imposed Wastage Percentage (0.5% on clinker and 1% on other raw materials; currently imposed as 2% on clinker and 1% on other raw materials) by Customs, Excise and VAT authority. The management of the company thinks that as the above matter regarding declaration of "Wastage percentage" is sub-judice, provision for such would not be required as per opinion of the Tax/VAT advisor of the company."

25. Net sales

Domestic sales net of VAT (Note: 25.1)
Export sales
Net sales

2011-2012 Taka	2010-2011 Taka
4,956,551,600	3,295,335,653
701,049,885	726,935,410
5,657,601,485	4,022,271,063

In the year 2011-2012 net sales of the company has increased by 40.66% as compared to the year 2010-2011. Domestic sales increased by 50.41%, however, the export sales decreased by 3.56% (mainly due to devaluation of Indian rupee against USD) during the year comparing previous year.

25.1 Domestic sales Net of VAT

Cement
Clinker

4,956,551,600	3,203,382,762
-	91,952,891
4,956,551,600	3,295,335,653

During the year, we have contributed to national exchequer amounting to taka-743,482,740 as VAT.

25.2 Quantity wise sales

Particulars	01-07-2011 to 30-06-2012		01-07-2010 to 30-06-2011	
	Quantity Metric Ton	Amount in Taka	Quantity Metric Ton	Amount in Taka
Domestic Sales	830,097	4,956,551,600	598,795	3,295,335,653
Export Sales	103,035	701,049,885	120,970	726,935,410
Total	933,132	5,657,601,485	719,765	4,022,271,063

26. Cost of goods sold

Opening stock of raw materials
Add: Purchased of raw materials during the year
Less: Closing stock of raw materials

Raw material consumed (Note-26.1)
Add: Factory overhead (Note-26.5)

Cost of production

Add: Opening finished goods

Cost of goods available for sale

Less: Closing finished goods

Cost of goods sold

Less: Duty draw back for export

Cost of goods sold

201,807,546	252,153,063
4,420,106,631	2,901,967,171
242,460,151	201,807,546
4,379,454,025	2,952,312,688
562,817,751	343,046,441
4,942,271,776	3,295,359,129
1,669	86,049
4,942,273,445	3,295,445,178
1,417	1,669
4,942,272,029	3,295,443,509
35,286,912	41,429,201
4,906,985,117	3,254,014,308

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26.1 Raw materials consumed

		2011-2012 Taka	2010-2011 Taka
Opening stock of raw materials	Quantity		
Clinker	MT 22,649.64	104,654,829	133,252,916
Gypsum	MT 7,495.48	18,947,419	22,443,099
Slag	MT 23,835.35	52,036,688	32,368,996
Fly ash	MT 4,850.55	10,991,536	42,442,053
Lime stone	MT 2,670.29	4,296,881	15,029,042
Bags	PCS 980,672.00	10,880,193	6,616,958
		201,807,546	252,153,063
Add: Purchased during the year	Quantity		
Clinker	MT 677,565.00	3,516,330,916	2,349,948,097
Gypsum	MT 39,930.00	120,160,073	79,091,667
Slag	MT 145,952.00	350,114,033	159,659,244
Fly ash	MT 83,145.00	206,830,544	149,704,714
Lime stone	MT 6,628.09	10,395,652	10,550,827
Bags	PCS 17,330,875.00	216,275,413	153,012,622
		4,420,106,631	2,901,967,171
Less: Closing stock of raw materials	Quantity		
Clinker	MT 34,507.24	184,944,405	104,654,829
Gypsum	MT 7,520.05	22,929,656	18,947,419
Slag	MT 6,740.69	16,937,987	52,036,688
Fly ash	MT 3,065.89	7,691,456	10,991,536
Lime stone	MT 914.23	1,444,265	4,296,881
Bags	PCS 588,882.00	8,512,441	10,880,193
		242,460,151	201,807,546
Raw materials consumed		4,379,454,025	2,952,312,688

26.2 As per nature of the company's manufacturing process and packing system there is no scope of having packed finished cement in the stock. Cement is only packed at the time of delivery by trucks i.e. the cement is packed in the bag when trucks arrive at the factory for tacking delivery.

Particulars in respect of opening stock, sales and closing stock of finished goods

Year	Opening		Closing		Sales for the year	
	Quantity	Value	Quantity	Value	Quantity	Value
2011-2012	0.3	1,669	0.20	1,417	933,132	5,657,601,485
2010-2011	20.20	86,049	0.30	1,669	719,756	4,022,271,063

26.2.a Finished goods movement in Taka and quantities

Particulars	01.07.2011 -30.06.2012		01.07.2010 -30.06.2011	
	Quantity (Metric Ton)	Amount in Taka	Quantity (Metric Ton)	Amount in Taka
Opening stock	0.30	1,669	20.20	86,049
Add: Production during the period	933,131.84	4,942,271,776	719736.10	3,295,359,129
Goods available for sale	933,132.14	4,942,273,445	719756.30	3,295,445,178
Less: Cost of goods sold	933,131.94	4,942,272,029	719756.00	3,295,443,509
Closing stock	0.20	1,417	0.30	1,669

As per company's policy any bags of cement remained undelivered in the stock is considered as finished product. Thus the above amount represents the cost of 4(four) bags of cement remained undelivered to the trucks on 30 June 2012

26.3 Analysis of raw materials consumption

2011-2012

Particulars	Opening		Closing		Consumed for the year	
	MT/Pcs	Amount	MT/Pcs	Amount	MT/Pcs	Amount
Clinker (MT)	22,650	104,654,829	34,507	184,944,405	665,707	3,436,041,340
Gypsum (MT)	7,495	18,947,419	7,520	22,929,656	39,905	116,177,836
Slag (MT)	23,835	52,036,688	6,741	16,937,987	163,047	385,212,733
Fly ash (MT)	4,851	10,991,536	3,066	7,691,456	84,930	210,130,623
Lime stone (MT)	2,670	4,296,881	914	1,444,205	8,384	13,248,328
Bags (Pcs)	980,672	10,880,193	588,882	8,512,441	17,722,665	218,643,165

2010-2011

Particulars	Opening		Closing		Consumed for the year	
	MT/Pcs	Amount	MT/Pcs	Amount	MT/Pcs	Amount
Clinker (MT)	31,014	133,252,916	22,650	104,654,829	536,475	2,378,546,184
Gypsum (MT)	10,045	22,443,099	7,495	18,947,419	30,377	82,587,347
Slag (MT)	14,224	32,368,996	23,835	52,036,688	64,489	139,991,552
Fly ash (MT)	25,766	42,442,053	4,851	10,991,536	88,472	181,155,231
Lime stone (MT)	16,704	15,029,042	2,670	4,296,881	21,019	21,282,988
Bags (Pcs)	599,353	6,616,958	980,672	10,880,193	13,563,489	148,749,387

26.4 Break up of Raw Materials Purchased as per requirement of Para 8, Schedule XI, Part II, of the Companies Act 1994

2011-2012

Items	Purchase in taka			Consumption in Taka	% of Consumption of total purchase
	Import	Local	Total		
Clinker	3,516,330,916	-	3,516,330,916	3,436,041,340	98%
Gypsum	120,160,073	-	120,160,073	116,177,836	97%
Slag	350,114,033	-	350,114,033	385,212,733	110%
Fly ash	206,830,544	-	206,830,544	210,130,623	102%
Lime stone	-	10,395,652	10,395,652	13,248,328	127%
Bags	-	216,275,413	216,275,413	218,643,165	101%
Total	4,193,435,566	226,671,065	4,420,106,631	4,379,454,025	99%

2010-2011

Items	Purchase in taka			Consumption in Taka	% of Consumption of total purchase
	Import	Local	Total		
Clinker	2,349,948,097	-	2,349,948,097	2,378,546,184	101%
Gypsum	79,091,667	-	79,091,667	82,587,347	104%
Slag	159,659,244	-	159,659,244	139,991,552	88%
Fly ash	149,704,714	-	149,704,714	181,155,231	121%
Lime stone	-	10,550,827	10,550,827	21,282,987	202%
Bags	-	153,012,622	153,012,622	148,749,387	97%
Total	2,738,403,722	53,563,449	2,901,967,171	2,952,312,688	102%

The Value of imported raw material is calculated on CIF basis.

26.5 Factory overhead

	2011-2012 Taka	2010-2011 Taka
Advertisement & publicity	257,188	-
Annual milad	659,923	-
Annual picnic	1,097,878	-
Bedding and uniform	626,677	189,303
BIWTA expense	19,514,250	-
C & F expense for Import	49,154	17,937
Carrying charges	569,865	529,278
Computer accessories	392,905	561,216
Contribution To PF	196,520	119,609
Conveyance	230,880	204,793
Cookeries & cutleries	12,815	31,688
Depreciation	149,545,037	55,495,670
Donation & subscription	235,000	595,650
Drinking water	44,995	130,695
Electricity bill	240,747,742	147,012,833
Entertainment	3,893,467	2,607,545
Festival Bonus	4,913,759	2,598,550
Fuel for motor vehicle and motor cycle	1,324,181	699,936
Garage rent	36,000	84,700
Gratuity	2,213,940	587,312
Group Insurance premium	123,906	-
Insurance premium-others	419,206	148,381
Land rent/Khazana	31,845	20,729
Labour charge	6,698,967	17,003,731
Leave Encashment	546,734	185,816
Legal fees & consultancy fees	197,650	28,000
Lubricants,diesel oil,gear oil &fuel etc.	19,983,815	20,253,356
Medical expenses	136,054	142,527
Mobile phone bill	602,460	242,527
News paper, books & periodicals	9,074	6,928
Office maintenance	1,699,790	1,564,589
Office/House/store-rent	1,398,680	405,230
Outstation allowance/house rent/TA-DA	81,518	186,921
Overtime	7,160,627	6,147,573
Postage,stamp & photocopy	1,494	17,178
Printing,stationeries,schedule & forms	1,549,729	1,242,903
Promotional expense	468,750	772,855
Quality testing expenses	1,314,926	727,564
Registration, licence & renewals	1,489,768	43,990
Rent of Hire Vehicle	557,770	103,690
Repair & maintenance- vehicle	1,732,576	1,478,291
Spare parts & stores expenses	36,551,112	44,373,033
Telephone/fax expenses	72,994	60,555
Travelling expense-Foreign & Local	300,442	556,995
Wages,salary and allowance	53,125,688	35,866,364
	562,817,751	343,046,441

Factory overheads increased sharply due to increase in electricity bill and depreciation of plant and machineries. Electricity bill increased due to increase in production quantity and production continued in peak hours. Govt. also increased the tariff rate for commercial use. Depreciation increased due to addition of 4th unit's plant & machineries.

27. Other operating income

Rent from covered van	42,870,860	41,150,032
Rent from bulk carrier	12,006,519	10,603,410
Rent from cargo vessels	365,777	45,200
Rent from truck	8,950,196	6,360,620
	64,193,352	58,159,262

28. Administrative expenses

Advertisement & publicity	3,041,336	1,685,012
Annual general meeting expense	10,276,605	-
Annual milad	24,704	408,930
Annual picnic	360,253	1,327,695
Audit & professional/legal fees	1,320,831	2,309,345
Bedding & uniform	106,515	64,860
Board Meeting Attendance Fees	281,750	165,000
Carrying charges	88,860	-
Computer accessories	214,040	31,540
Consultancy & legal fees	304,000	120,000
Contribution to PF	417,557	234,160
Conveyance	314,713	163,566
Corporate social responsibility(CSR)	1,256,000	-
Cookeries & cutleries	22,430	100,199
Depreciation	8,181,022	6,831,935
Directors Remuneration	11,192,900	11,036,600
Donation & subscription	421,065	724,862
Drinking water	37,332	91,525
DSE/CSE/CDBL expense	1,791,961	-
Electric goods	121,036	6,045
Entertainment	1,974,251	1,663,304
ERP maintenance fees	30,000	30,000
Festival Bonus	1,744,018	1,025,482
Fuel for motor vehicle and motor cycle	1,154,549	613,863
Garage rent	82,500	87,300
Gratuity	1,763,716	435,355
Insurance premium on motor vehicle	590,766	926,850
Internet	239,670	292,200
ISO certification	-	29,260
Labour charge	171,800	101,587
Leave Encashment	296,989	161,570
Loss on sale of assets	4,882,706	647,133
Marketing Survey	-	18,010
Medical expenses	106,790	9,020
Mobile phone bill	845,634	439,380
News paper, books & periodicals	26,182	13,350
Office maintenance	938,291	868,676
Office/house/store- rent	8,810,019	5,272,831
Outstation allowance/house rent/TA-DA	7,900	17,550
Overtime	124,379	55,670
Postage,stamp & photocopy	321,557	99,163
Printing,Stationeries,schedule & forms	1,163,141	715,381
Promotional expenses	5,107,842	10,964,713
Publication,Printing & Supplies	301,350	484,816
Registration, licence & renewals	1,072,247	1,823,928
Repair & maintenance- vehicle	707,402	736,305
Salary & allowances	20,676,179	12,883,400
Security expenses	379,583	69,600
Telephone/fax expenses	112,290	124,166
Training & education	48,526	114,000
Travelling expense-foreign and local	4,126,836	2,156,521
Utility expense of head office	180,207	-
Lubricants/diesel oil for generator	172,940	-
	97,935,170	68,181,658

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29. Selling and distribution expenses

	2011-2012 Taka	2010-2011 Taka
Advertisement & publicity	27,760,692	31,161,294
Annual Picnic	539,747	184,656
Professional fees	-	1,063,700
Bad Debts	17,300	-
BIS Expense	48,263	-
BSTI fees	1,691,900	-
C&F expenses for export	5,916,860	5,786,800
Consultancy & legal fees	-	40,080
Contribution to PF	519,964	358,850
Conveyance-local	2,409,397	1,919,185
Depreciation	18,519,242	21,639,635
Donation & Subscription	164,500	560,264
Entertainment	4,655,302	4,745,197
Fair & exhibition	163,000	294,000
Festival Bonus	2,599,417	1,606,786
Fuel for motor vehicle and motor cycle	9,201,070	19,353,242
Gratuity	2,034,623	432,754
Garage rent	24,000	21,900
Group Insurance premium	149,481	-
Inauguration expense of unit-IV	10,117,296	-
Incentive-Others	166,700	8,622,551
Insurance premium-others	2,244,464	1,427,315
Labour Charges	294,158	413,650
Leave Encashment	310,755	260,995
Medical Expense	2,037	22,875
Mobile phone bill	1,881,217	652,969
News paper, books & periodicals	716	-
Office Maintenance	179,494	50,300
Other Expense on motor vehicle	107,009	3,594,704
Outstation allowance/house rent/Ta-DA	643,633	662,272
Overtime	907,444	802,584
Postage, stamps & photocopy	155,004	117,691
Printing stationeries, schedule & forms	591,249	382,569
Promotional Expenses	4,796,121	7,627,710
Publication, Printing & Supplies	884,224	964,159
Quality testing expenses	434,064	360,335
Registration, Licence & Renewals	520,135	1,388,429
Rent of Hire Vehicle	854,120	242,711
Repair & maintenance- vehicle	7,710,248	12,887,870
Salary & allowances	31,690,228	22,013,926
Telephone/fax expenses	6,016	2,843
Training & education	54,474	195,000
Travelling expense -foreign and local	1,008,564	358,772
Loss on sale of assets	8,184	-
	141,982,312	152,220,573

30. Other non-operating income/ (loss)

<u>Head Office</u>		
Sales of scrap	6,466,681	8,392,659
Other income	7,444,925	5,334,846
Realised profit on investment in share	13,917,983	-
	27,829,589	13,727,505

31. Financial income/ (expenses)

	2011-2012 Taka	2010-2011 Taka
Interest Income from FDR	376,482,228	169,250,832
Net Exchange Gain/(Loss)	4,058,540	18,263,389
Bank charge & commission	(3,086,559)	(3,491,707)
Bank Interest	(199,525,989)	(88,939,106)
	<u>177,928,220</u>	<u>95,083,407</u>

32. Tax Expenses

32.1 Major components of tax expenses

In compliance with the requirements of para-79 of BAS-12: Income Tax, the major components of tax expenses are given below:

Current tax expenses	134,681,334	238,284,672
Deferred tax expenses	49,329,034	6,564,936
	<u>184,010,368</u>	<u>244,849,608</u>

32.2 Reconciliation of tax expenses and product of accounting profit

In compliance with the requirements of para-81 (b) of BAS-12: Income Tax, the reconciliation of tax expenses and product of accounting profits are given below:

Accounting profit for the year ended 30 June 2012 and 2011	743,476,235	680,785,428
Tax on Accounting profits @ 37.50% from 01.07.2010 to 05.05.2011	-	216,126,059
Tax on Accounting profits @ 27.50% from 06.05.2011 to 30.06.2011	-	28,723,550
Tax on Accounting profits @ 27.50% from 01.07.2011 to 30.06.2012	204,455,965	-
Add/(Deduct): 10% rebate for dividend paid	(20,445,596)	-
Add/Deduct: Effects of tax rate change	-	-
Add/Deduct: Effects of permanent difference	-	-
Add/Deduct: Effects of prior year's adjustments	-	-
Tax expenses for the year	<u>184,010,368</u>	<u>244,849,608</u>

33. Earnings Per Share (EPS)

Basic Earnings per share:

Earning attributable to ordinary shareholders (Taka)	559,465,867	435,935,820
Weighted average number of ordinary shares (calculation as below)	<u>135,000,000</u>	<u>81,342,466</u>
Earnings Per Share (Taka)	<u>4.14</u>	<u>5.36</u>

Restated:

Earnings attributable to ordinary shareholders (Taka)		435,935,820
Number of ordinary shares outstanding (Denominator)		<u>135,000,000</u>
Earnings per share (EPS)		<u>3.23</u>

Calculation of weighted average number of ordinary shares outstanding during the period from 01 July 2011 to 30 June 2012 is given below:

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Nature of Share	Number of shares	Period	Days of share holding	No. of shares outstanding 2011-2012	Weighted average no. of shares outstanding 2010-2011
Ordinary shares	100,000,000	01.07.2011 to 30.06.2012	365	100,000,000	-
Bonus share	35,000,000	01.07.2011 to 30.06.2012	365	35,000,000	-
Ordinary shares	-	01.07.2010 to 30.06.2011	365	-	20,000,000
Bonus share	-	01.07.2010 to 30.06.2011	365	-	42,656,000
Ordinary shares issued to general public	-	01.07.2010 to 30.06.2011	138	-	11,342,466
Other than in cash	-	01.07.2010 to 30.06.2011	365	-	7,344,000
Total	135,000,000			135,000,000	81,342,466

34. Net Asset Value (NAV) per share

Net Assets (Total Assets - Intangible Assets - Total Liabilities)
 Number of ordinary shares outstanding (Denominator)
 Net asset value (NAV) per share

2011-2012 Taka	2010-2011 Taka
5,437,959,570	5,028,493,703
135,000,000	81,342,466
40	62

Restated:

Net Assets
 Number of ordinary shares
 Net asset value (NAV) per share

5,028,493,703
135,000,000
37

35. Notes to the statement of Cash Flows

- 35.1 The Statement of Cash Flows shows how the company's cash and bank balances changed during the year through inflows and outflows. This statement has been prepared as per BAS-7 using the Direct Method. Net cash inflows from operating activities arrived after adjusting operating expenses paid, interest and taxes paid during the year. Net cash used in investing activities includes cash outflow for purchase of property, plant and other equipments after adjusting sales proceeds. Net cash inflow from financing activities mainly resulted from received of long term loan as well as short term loan.
- 35.2 Cash received from customers
 Gross cash received from customers arrived at after adjusting accounts receivables with revenue for the year.
- 35.3 Cash paid to suppliers Cash paid to various suppliers arrived after adjusting of raw materials and consumption cost of spare parts consumed with creditors for trade supplies.
- 35.4 Cash paid for operating expenses
 Cash paid for operating expenses arrived at after adjusting non-cash items and creditors for revenue expenses.
- 35.5 Income tax paid
 During the year the company paid Tk. 419,473,486 as advance income tax.
- 35.6 Purchase of Property, Plant & Equipment
 Investment relates to outflows of cash and bank balance for PPE.
- 35.7 Sale of Property, Plant & Equipment
 During the year the company disposed of PPE Tk.2,802,420.
- 35.8 Dividend paid
 In the year 2011-2012, the company paid dividend of Tk.145,639,269.
- 35.9 Short term loan received
 The item represents net increase of short term loan from various banks amounting to Tk.743,150,871.

36. Contingent liabilities/ Off balance sheet items

Commitments (Note: 36.1)
 Contingent liabilities (Note: 36.2)

2011-2012 Taka	2010-2011 Taka
638,265,887	628,805,697
22,101,200	16,395,474
660,367,088	645,201,171

36.1 Commitments

Letter of credit
 Prime Bank Limited
 One Bank Limited
 Eastern Bank Limited
 The Hongkong And Shanghai Banking Corporation Limited

187,525,398	162,887,697
141,774,341	465,918,000
173,547,500	-
135,418,649	-
638,265,887	628,805,697

36.2 Contingent liabilities

Bank guarantee
 One Bank Limited
 Prime Bank Limited

2,533,106	1,533,106
19,568,094	14,862,368
22,101,200	16,395,474

37. Related Parties transactions

During the year, the company carried out a number of transactions with related parties in the normal course of business. The name of the related parties and nature of these transactions have been set out in accordance with the provisions of BAS 24: Related Party Disclosure.

Name of Parties	Relationship	Nature transactions	Transactions value (Taka)	
			2011-2012	2010-2011
Md. Jahangir Alam	Chairman	Bonus issue, cash dividend & remuneration	78,830,700	1,298,350
Alhaj Md. Khabiruddin Molla	Managing Director	Bonus issue, cash dividend & remuneration	71,301,700	1,298,350
Md. Alamgir Kabir	Director	Bonus issue, cash dividend & remuneration	52,767,750	4,224,950

Name of Parties	Relationship	Nature transactions	Transactions value (Taka)	
			2011-2012	2010-2011
Molla Mohammad Maznu	Director	Bonus issue, cash dividend & remuneration	39,292,750	4,224,950
Md. Mizanur Rahman Molla	Director	Bonus issue, cash dividend	35,000,000	-
Mrs. Alhaj Rokeya Begum	Shareholder of the entity	Bonus issue, cash dividend	35,000,000	-
Md. Almas (Shimul)	Director	Bonus issue, cash dividend	24,500,000	-
Alhaj Md. Abdur Rouf	Shareholder of the entity	Bonus issue, cash dividend	8,750,000	-
Md. Asrafuzzaman	Shareholder of the entity	Bonus issue, cash dividend	8,750,000	-
Md. Abdul Ahad	Shareholder of the entity	Bonus issue, cash dividend	7,000,000	-
GPH Ispat Limited	Shareholder of the entity	Purchasing of MS rod	14,668,200	-

M.I. CEMENT FACTORY LTD.

Transactions with Related Companies:

Name of the company	Relationship	Nature transactions	Transactions value	
			2010-2011	2009-2010
Crown Power Generation Ltd.	Associate Company	Purchasing of power	23,324,526	22,590,373
Crown Polymer Bagging Ltd.	Associate Company	Pre operating expenses	2,553,963	39,358,881
Crown Mariners Ltd.	Associate Company	Pre operating expenses	6,268,985	76,472,043
Crown Cement Trading Company	Sister Concern	Pre operating expenses	8,430	24,795,403
Crown Cement Concrete and Building Products Ltd.	Sister Concern	Pre operating expenses	2,117,627	(225,000)
Crown Transaction & Logistics Ltd.	Associate Company	Payments against logistics service	122,575,941	4,042,350

38. Number of employees

The company had 729 permanent employees as at 30 June 2012 (2011:718) and a varying number of seasonal and temporary workers as required. All permanent employees receive remuneration in excess of Tk.36,000 per annum per employee.

Directors emolument

Salary & benefits

2011-2012 Taka	2010-2011 Taka
11,192,900	11,036,600
1,290,000	840,000
933,132	719,756
72%	86%

39. Capacity and production

Installed capacity in metric tons

Actual production in metric tons

% of capacity utilization

Excess capacity is due to the 4th unit expansion of which commercial production started since November 2011.

40. Number of board meetings held during the year 2011-2012

Quarter during 2011-2012	Date of meeting	No. of directors attended	Quarter during 2010-2011	Date of meeting	No. of directors attended
1st Quarter	09 August 2011	6	1st Quarter	24 August 2010	6
2nd Quarter	22 October 2011	6	2nd Quarter	09 October 2010	6
				11 December 2011	6
				13 February 2011	6
3rd Quarter	19 January 2012	5	3rd Quarter	16 March 2011	6
	11 March 2012	5			
	26 April 2012	5			
4th Quarter	17 May 2012	6	4th Quarter	09 April 2011	6
	16 June 2012	7		18 June 2011	6

41. Events After The Reporting Period

The following major events occurred since the financial statements date:

41.1 Mother Vessel purchased by MICFL which was registered in 02 July 2012

41.2 Foreign loan US \$ 15 Million has been approved by Bangladesh Bank.


Md. Jahangir Alam
Chairman


Alhaj Md. Khabiruddin Molla
Managing Director


Molla Mohammad Majnu
Director


Md. Mozharul Islam, FCS
Company Secretary

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2012

(Figures are in Taka)

Sl. #	Particulars	C O S T			D E P R E C I A T I O N					Written Down Value as on 30.06.2012	
		Cost as on 01.07.2011	During the year		Total Cost as on 30.06.2012	Rate %	Accumulated as on 01.07.2011	During the Year			Accumulated as on 30.06.2012
			Addition	Disposal/ Adjust.				Charged	Adjust		
		1	2	3	4=1+2-3	5	6	7	8	9=6+7-8	
a. Historical Cost											
UNIT - I	Factory										
1	Land & Land Development	1902,97,843	21,390,626	-	211,688,579	-	-	-	-	211,688,579	
2	Factory Building Unit-I & II	1,440,25,710	129,039	-	1,441,54,749	5	76,649,701	3,568,338	-	8,001,903.9	
3	Factory Building Unit-III	35,730,870	-	-	35,730,870	5	7,947,488	-	-	1,033,663.7	
4	Factory Building Unit-IV	248,086,243	-	-	248,086,243	5	2,48,086,243	6,215,636	-	6,215,636	
5	Plant & Machinery Unit-I & II	238,398,529	-	-	238,398,529	10	1,60,93,85,82	6,945,975	-	1,67,884,557	
6	Plant & Machinery Unit-III	284,039,125	-	-	284,039,125	10	76,980,022	20,70,791.0	-	97,687,933	
7	Plant & Machinery Unit-IV	888,824,979	-	-	888,824,979	10	5,925,499.6	5,925,499.6	-	5,925,499.6	
8	Wash Unloading system	30,295,447	-	-	30,295,447	10	14,900,881	2,435,261	-	17,394,566	
9	Electric tool	19,729	20,290	-	40,019	15	15,510	886	-	16,397	
10	Generator	4,15,000	-	-	4,15,000	20	9,12,788	647,446	-	1,500,214	
11	Electric Equipment	14,949,117	871,488	-	15,770,605	15	5,971,470	14,53,987	-	74,054,57	
12	Water Pump	741,500	313,540	-	1,055,040	20	486,561	82,490	-	568,761	
13	Jelly Construction	38,437,736	7,810,140	-	46,247,876	10	22,51,295	1,892,808	-	24,403,162	
14	Electric Fan	75,860	53,00	-	1,28,860	10	25,305	5,309	-	3,051.2	
15	Grab Crane	3,05,412.4	-	-	3,05,412.4	15	2,462,846	9,019.2	-	2,543,038	
16	Scrubber	1,402,172	-	-	1,402,172	15	9,309,11	7,06,899	-	1,001,000	
17	Electronic Weighbridge	1,79,107.1	-	-	1,79,107.1	15	8,561,21	140,242	-	794,707	
18	Quality Control Equipment	1,491,408	85,278.30	-	1,576,686.30	15	6,017,59	463,246	-	1,055,005	
19	Pack-loader	18,172,002	-	-	18,172,002	15	5,764,679	1,861,098	-	7,625,778	
20	Wheel Loader	12,214,855	-	-	12,214,855	15	4,689,146	1,12,883	-	5,817,999	
21	Wing Feeder	17,920,256	-	-	17,920,256	15	4,705,233	1,982,253	-	11,232,669	
22	Cement Silo	25,035,530	8,929,900	-	33,965,430	15	14,948,041	11,361,490.0	-	26,301,531	
23	Pump House	679,795	-	-	679,795	5	84,124	2,975.4	-	35,521.9	
24	Laboratory Instruments	1,62,036.5	-	-	1,62,036.5	10	7,950,14	8,253.5	-	74,281.6	
25	Boundary Wall	937,263.0	-	-	937,263.0	5	3,894,254	308,419	-	4,112,672	
26	Dump Truck	2,448,724	-	-	2,448,724	15	6,793,21	265,380	-	594,501	
27	Tools & Instruments	880,000	-	-	880,000	15	2,220,00	86,700	-	308,700	
28	Sub Station	3,65,051.5	10,351,098	-	14,001,613	15	5,643,60	1,248,160	-	1,812,720	
29	Water Cooling tower	20,000	-	-	20,000	15	79,425	7,586	-	2,701.1	
30	Crane	-	155,595,817	-	155,595,817	15	-	5,854,368	-	14,935,009.9	
31	Bugle Loader	-	52,044,316	-	52,044,316	15	-	630,554	-	51,393,762	
32	Center pillar	-	12,117,38.6	-	12,117,38.6	15	-	1,211,739	-	10,905,647	
33	Cinder silo	-	291,170,218	-	291,170,218	5	-	14,55,851.1	-	276,611,707	
Sub-Total		1,7,02,702,321	1,79,6,307,121	-	2,89,009,442		498,465,974	1,40,737,230	-	5,55,213,235	
										2,33,736,317	

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2012

(Figures are in Taka)

Sl. #	Particulars	COST			DEPRECIATION				Written Down Value as on 30.06.2012
		Cost as on 01.07.2011	During the year Addition	Disposal/Adjust.	Total Cost as on 30.06.2012	Rate %	Accumulated as on 01.07.2011	During the Year Charged	Adjusted
		1	2	3	4 = (1+2-3)	5	6	7	8
								9 = (6+7-8)	10 = (4-9)
UNIT - I									
34	Administrative								
34	Air Conditioners	2,003,338	6,737,670	164,338	8,565,670	15	633,085	367,305	45,600
35	Decorations	6,014,938	2,022,810	8,037,768	-	10	1,100,837	-	1,100,837
36	Generator	-	13,624,661	-	13,624,661	20	-	624,166	-
37	Office Equipment	4,167,439	7,908,97	167,000	4,791,336	15	2,463,633	289,172	45,343
38	Motor Vehicles	43,930,116	17,214,002	-	60,607,018	15	13,809,447	607,207	4
39	Computer	3,624,328	2,271,665	-	5,895,994	20	1,982,955	580,344	-
40	Furniture & Fixtures	4,081,273	2,635,465	370,340	6,255,398	20	1,661,955	254,858	70,365
41	Construction of Mosque	38,033,2	-	-	38,033,2	5	136,401	12,302	-
	Sub-Total	63,614,004	45,237,161	8,730,466	100,112,599		21,778,254	8,181,022	1,263,144
									71,416,468
UNIT - III									
42	Selling & Distribution								
42	Crane Used	9,526,378	-	-	9,526,378	20	5,130,131	430,625	-
43	Covered Van	10,230,590	-	-	10,230,590	15	38,703,099	927,689	-
44	Motor Cycle	1,937,070	1,248,284	482,700	2,962,654	15	845,473	164,735	265,712
45	Bulk Cartor	43,463,096	-	-	43,463,096	15	14,781,160	430,235	-
46	Ramp Construction	405,04	-	-	405,04	10	18,829	3,067	-
47	Service Sibs	2,988,382	2,665,935	-	5,644,317	20	931,284	294,261	-
48	Truck Open	30,738,128	-	-	30,738,128	15	5,482,611	3,788,328	-
	Sub-Total	1,09,080,748	4,194,279	482,700	1,04,720,327		65,082,587	18,510,242	265,712
	Total (a) [UNIT I+II+III]	1,35,712,974	1,435,035,661	9,222,166	3,163,442,360		405,216,815	173,467,614	1,538,856
									664,145,573
									2,515,696,786
b. Revaluation									
1	Land & L and Development	201,793,090	-	-	201,793,090	-	-	-	-
2	Factory Buildings Unit-I & II	43,218,530	-	-	43,218,530	5	4,213,807	1,06,023	-
3	Factory Buildings Unit-II	182,584,70	-	-	182,584,70	5	1,800,451	887,451	-
	Total (b)	2,63,570,090	-	-	2,63,570,090		6,023,258	2,787,887	-
	Total (a+b)	1,62,066,064	1,835,938,561	9,222,166	3,447,412,450		502,240,072	176,245,301	1,528,856
									676,066,518
									2,770,455,041
2010-2011:									
UNIT-I	Factory	1,260,035,892	47,219,969	3,860,400	1,304,295,411		361,889,725	55,405,670	2,906,163
UNIT-II	Administrative	82,896,608	27,281,321	2,837,405	1,05,833,434		16,179,978	683,139	1,233,500
UNIT-III	Selling & Distribution	148,181,784	61,381,434	-	209,563,218		44,342,932	21,639,635	-
	Total 2009-2010	1,491,511,234	135,882,724	6,697,805	1,620,696,063		4,22,412,595	83,967,240	4,138,762
									592,240,073
									1,118,455,001

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

(For tax purpose 2011-2012)

(Annexure-B)

(Figures are in Lakhs)

SL#	PARTICULARS	C O S T		DEPRECIATION		Rate	Total Cost as on 30.06.2012	Balance as on 01.07.11	During this Year		Accumulated Depreciation as on 30.06.2012	WRITTEN DOWN VALUE as on 30.06.2012
		Balance as on 01.07.2011	During the year Addition	Disposal/ Adjust.	Charged				Disposal/ Adjust.			
1	Land & Land Development	19,02,97,813	21,390,676	-	21,16,88,519	-	44,51,35,110	142,27,62,82	60,57,17,10	-	2,02,84,62,91	21,16,88,519
2	factory Buildings	797,04,887	348,08,243	-	44,51,35,110	20	1,13,13,06	4,13,45,9	91,78,5	-	5,03,243	24,22,85,889
3	Office Building	1,30,2,68	12,90,09	-	1,14,08,60,961	10	28,92,20,351	1,95,75,244	1,09,02,545	-	3,08,758,787	85,60,651
4	Plant & Machines	25,20,56,022	188,024,959.17	-	17,774,651	20	2,913,259	1,19,88,14,91	25,86,27,72	-	145,319,263	75,61,02,174
5	Plant & Machines (Food)	26,92,20,351	13,624,651	-	2,913,259	20	5,460,280	7,76,26,6	3,29,9,677	-	4,17,53,48	10,54,71,088
6	Generator	4,150,000	20,290	-	14,680,432	20	1,584,995	2,65,653	2,65,653	-	1,85,06,48	1,3,98,708
7	Electric Installments	2,892,969	821,484	-	5,591,336	10	3,703,340	2,250,532	334,030	-	7,382,521	7,382,521
8	Office Equipment	4,987,439	2,683,468	-	6,296,398	10	1,651,885	468,463	7,03,05	-	2,09,59,53	3,03,066
9	Furniture & Fixtures	4,081,273	2,02,28,10	-	11,685	10	1,100,827	767	1,100,827	-	4,292,446	4,292,446
10	Office Decoration	6,014,958	-	-	11,685	10	4,018	767	-	-	4,292,446	6,900
11	Crockeries	11,685	-	-	40,10,50	20	352,20,9	15,76,8	-	-	3,67,977	63,073
12	Deep Tanks	481,050	31,35,48	-	82,04,96	15	1,78,67,6	96,27,3	-	-	2,74,989	54,55,46
13	Water Tanks	50,63,52	7,881,042	-	46,318,767	15	25,580,886	3,110,682	-	-	28,691,568	17,627,199
14	Jetty Making	64,254,389	17,214,002	-	81,468,391	20	26,243,620	11,094,954	-	-	37,28,574	44,179,817
15	Motor Vehicle	1,987,070	1,53,82,884	-	2,980,654	20	1,000,386	3,94,46,4	265,712	-	1,14,9,127	1,843,527
16	Electric fan	75,980	5,300	-	81,280	20	35,25,7	9,30,1	-	-	44,487	36,828
17	Television	5,524	-	-	5,524	20	2,83,52	618	-	-	3,45,0	2,474
18	Air Conditioners	2,005,258	6,72,76,70	-	8,566,670	20	635,09,6	1,58,6,725	4,56,09	-	2,174,162	6,392,508
19	Gantry Crane	3,054,124	-	-	3,054,124	15	2,452,896	90,19,2	-	-	2,54,30,38	51,086
20	Cutting wireline	7,280,961	-	-	7,280,961	15	3,480,294	570,10,6	4,05,03,60	-	3,230,601	3,230,601
21	Computer	3,624,328	2,221,666	-	5,845,994	30	2,230,764	1,087,569	3,30,83,33	-	2,537,661	2,537,661
22	Camp Vessel	9,526,376	-	-	9,526,376	20	6,184,076	668,460	6,85,25,36	-	2,673,842	2,673,842
23	Covered Van	11,17,81,369	-	-	11,32,81,369	20	47,212,136	13,21,38,11	60,52,59,26	-	53,25,243	53,25,243
24	Sundry Assets	1,307,655	-	-	1,307,655	15	885,79,1	65,28,9	949,030	-	35,62,35	35,62,35
25	Pry and Wheel Ladder	71,624,658	52,044,316	-	123,66,954	15	51,59,5,065	15,38,1,085	45,25,61,48	-	78,452,806	78,452,806
26	E-Crane	-	15,55,95,817	-	15,55,95,817	15	-	23,33,90,73	23,33,90,73	-	13,22,54,745	13,22,54,745
27	Calor Piler	-	12,117,286	-	12,117,286	15	-	1,81,7,608	1,81,7,608	-	10,299,778	10,299,778
28	Sub Station	8,192,849	10,351,098	-	18,543,947	15	2,735,768	2,371,227	5,10,6,994	-	13,436,953	13,436,953
29	Cyloo	8,024,133	38,30,56,113	-	46,10,80,246	10	13,99,2,409	39,70,0,784	53,70,1,193	-	30,73,79,053	30,73,79,053
30	Boundary Wall	9,972,630	-	-	9,972,630	10	3,340,021	668,25,7	4,00,33,17	-	5,968,313	5,968,313
31	Internal Road	1,502,428	-	-	1,502,428	10	3,09,67,9	1,82,27,5	4,25,964	-	1,073,474	1,073,474
32	Air Compressor	1,342,527	-	-	1,342,527	10	4,61,69,5	88,08,3	549,270	-	79,2,749	79,2,749
33	Bulk Griner	4,560,596	-	-	4,560,596	10	10,55,2,764	3,29,3,665	15,82,50,28	-	24,637,568	24,637,568
34	Laboratory Instruments	3,111,803	-	-	3,111,803	10	1,172,528	1,93,92,8	1,36,6,455	-	1,746,348	1,746,348
35	Quality Control Equipment	-	8,52,78,30	-	8,52,78,30	20	-	1,20,5,566	1,20,5,566	-	6,822,264	6,822,264
36	Packing Machine	1,908,792	-	-	1,908,792	15	912,391	1,49,46,0	1,06,1,831	-	846,941	846,941
37	Pump House	67,9,156	-	-	67,9,156	20	152,23,6	101,392	257,680	-	42,15,66	42,15,66
38	Weight Header	15,335,899	-	-	15,335,899	15	3,707,594	1,744,185	5,45,2,180	-	9,883,719	9,883,719
39	Total	1,357,125,974	1,035,050,561	9,232,166	3,180,942,570	15	656,230,840	403,059,135	1,528,856	1,07,836,147	2,125,083,232	2,125,083,232

M.I. CEMENT FACTORY LTD.

Notes

M.I. CEMENT FACTORY LIMITED

Registered Office: West Mukterpur, Munshigonj
Head Office: House # 1 & 7, Road # 95, Block # CEN (A), North Avenue, Gulshan-2, Dhaka-1212

PROXY FORM

Shareholders BO A/C No.	No. of Shares held

I/We
of (Address)
being shareholder(s) of M.I. Cement Factory Ltd. hereby appoint
Mr./Mrs
of as my / our proxy to attend and vote
for me/us and on my /our behalf at the 18th Annual General Meeting to be held on Sunday the 23rd December 2012
at 11:00 am at the Factory Premises, West Mukterpur, Munshigonj and at any adjournment thereof and the poll may
be taken in consequence thereof .
As witness my/our hand this day of 2012.

(Signature of the Proxy)

Revenue
Stamp
Tk.10.00

(Signature of the Shareholder)
BO Account No.

Note: The proxy form duly completed must be deposited at the Company's Head Office not later than 48 hours before the time fixed for the meeting, otherwise the proxy form will not be accepted.

Authorized Signature
M.I. Cement Factory Ltd.

Signature Verified

M.I. CEMENT FACTORY LIMITED

SHAREHOLDERS' ATTENDANCE SLIP

I/We hereby record my / our presence at the 18th Annual General Meeting of the Company on 23 December 2012
at the Factory Premises, West Mukterpur, Munshigonj.

Name of Shareholder / Proxy.....

BO Account No..... holding of.....

Ordinary shares of M.I. Cement Factory Limited.

Signature of Shareholder(s)

N.B.

1. Please note that AGM can only be attended by the honorable shareholder or properly constituted proxy.
2. Please present this slip at the Reception Desk.



M.I. CEMENT FACTORY LTD.

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