

Heidelberg Materials Bangladesh PLC.
**Independent Auditor's Report along with Audited
Financial Statements
as at and for the year ended 31 December 2025**

Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Auditor's Report to the Shareholders of Heidelberg Materials Bangladesh PLC.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Heidelberg Materials Bangladesh PLC. (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) as explained in note 3.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Bangladesh. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	Our response to key audit matters
Revenue recognition and valuation of receivables	
<p>Revenue recognition have significant and wide influence on financial statements. In 2025, the Company reported revenues of BDT 14,515 million (2024: BDT 14,740 million).</p> <p>To ensure that revenue recognition is appropriate and related costs are properly measured, management evaluate performance obligation at assigned check points.</p> <p>Since revenue also include credit sales, management also carefully evaluates the collectability from customers. The Company has implemented policy of requiring advance payment from dealer sales as well as collateral against credit sales to improve collectability and manage credit risk.</p> <p>Due to the inherent risk associated with determination of revenues and recovery of accounts receivable balance as well as difficulties in forecasting future loss in case of default by debtors this area require significant estimate and judgment.</p> <p>Therefore, we have considered this area as a key audit matter.</p>	<p>We assessed the reporting environment of the Company in relation to revenue recognition, and tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Controls related to execution of customer contract, goods delivery and invoicing process, and sanctioning of discount and commissions; • Assessment of the five step model for revenue recognition adopted by the Company in line with IFRS 15: Revenue, including cut-off point to satisfy performance obligation; • Credit approval process and assigning credit limit to a customer including collection of security related documents to mitigate/ minimize loss in customer default; • Periodic balance confirmation from debtors; • Monitoring process for overdue receivables; and • Company’s policy of creating provision against overdue receivables and periodic write off in line with IFRS 9. <p>Our substantive procedures in relation to the assessing valuation of receivables comprises the following:</p> <ul style="list-style-type: none"> • Selection of samples from VAT return/ submission document and checked against relevant supporting documents; • Reconciliation of debtors ageing to general ledger; • Conducting cut-off testing at the year-end; • Reviewing subsequent receipt of receivables balance; • Comparing current year rebate accruals to the prior year and issuance of credit notes post year-end; and • Recalculation of provision for trade receivables as required by IFRS 9 and compared against actual write off/loss in prior periods.
See note number 3.15, 8 and 24 for details	

Valuation of inventories

The Company's total inventory as at 31 December 2025 is BDT 1,995 million (2024: BDT 2,067 million). It is worth noting that the inventories are measured at the lower of cost and net realizable value, as per the relevant accounting standards.

Given the nature of these inventories, which are in bulk quantities and includes clinker, gypsum, slag, limestone, fly ash, and cement, the measurement process requires specialized expertise. Therefore, management has engaged external professionals to accurately measure the quantity of inventory balance at year-end.

Inventories are carried at the lower of cost and net realisable value (NRV). As a result, management has applied judgement in determining appropriate values of inventories which may be slow-moving or obsolete and hence require impairment provision.

While excess holding of inventories could impact efficient use of working capital, similarly lower level of inventories can result in stock outs or irregular supply to the market.

Therefore, this area we have considered as a key audit matter.

We evaluated the design and implementation of key inventory controls operating across the Company, and also conducted operating effectiveness testing of selected key controls. Apart from that, we conducted the following substantive audit procedures:

- reviewed management's process of identifying slow-moving and obsolete inventories and determining net realizable value of inventories;
- observed physical inventory counts and reviewed the reconciliation process of count results to inventory records maintained in the system;
- reviewed survey reports of inventories prepared by the external expert, considering competence of the expert, adequacy of their work and methods and judgment used by them;
- reviewed historical accuracy of inventory provisioning, and the level of inventory write-offs during the year;
- evaluated the Company's accounting treatment for changes in the prices of raw materials, including the appropriateness of related disclosures in the financial statements.
- compared the net realizable value on test basis through a review of subsequent period sales and the cost price of a sample of inventories, comparing to the associated provision to assess whether inventory provisions are complete.
- discussed with management about their sales forecasting procedures and ordering of stocks, and inquired about remedial action taken in case of excess or shortage of inventories due to difference in forecast and actual results.

See note number 3.07 and 7 for details

Valuation of property, plant and equipment (PP&E) including impairment assessment of other items of PP&E

PPE is a significant asset category for the Company, and its carrying amount as at 31 December 2025 is BDT 4,783 million (2024: BDT 4,878 million).

The Company's PPE comprises various types of assets, including land, buildings, machinery, and equipment. The Company's financial statements recognize PPE at cost, and subsequent to initial recognition, PPE is carried at cost less accumulated depreciation and impairment losses.

The valuation of PPE requires significant management judgment and estimation, including determining the useful lives of assets, assessing the residual values, and estimating the cost of dismantling/assets retirement obligation.

Additionally, there is an inherent risk that the impairment indicators may not have been properly identified.

Our audit procedures for recognition and valuation of property, plant and equipment (PPE) included:

- obtaining an understanding of the Company's policies and procedures for the recognition and measurement of PPE including estimation of useful lives and residual values of assets, and the assessment of impairment losses;
- reviewing and testing the Company's PPE balance to ensure its accuracy and completeness;
- testing the accuracy and completeness of PPE additions, disposals, and impairment charges during the year to check that transactions are properly recorded in the accounting system;
- reviewing the Company's maintenance records to ascertain that repairs and maintenance expenses are correctly classified as operating expenses and that only significant repairs are capitalized as part of the PPE;
- conducting physical verification of selected sample of fixed assets to verify its existence and trace these assets to fixed assets register and other relevant documents; and
- reviewing capital work in progress (CWIP) balance and its transfer to PPE.

See note number 3.03, 5 and 6 for details

Legal, regulatory and other compliance matters	
<p>The Company has several legal and tax proceedings, claims and inquiries pending that expose it to potential financial risks. Such matters are subject to uncertainties and the outcome may be difficult to predict.</p> <p>Income tax assessment of the Company for a number of years are pending at various appeal stages. Although being a listed entity the statutory income tax rate of the Company is 20% but due to the Minimum Tax regime the actual effective tax rate is significantly higher. Moreover, the Company pays substantial amount of advance tax at the time of importing raw materials and also suffers tax deduction at source at the time of receiving payments from the customer. Due to a recent change in Income Tax Act 2023, a portion of such minimum tax can be carry forward to offset against future tax liability.</p> <p>Accordingly, these pending legal and taxation uncertainties inherently affect the amount and timing of potential outflows impacting the amount of related provision and disclosure of contingent liabilities.</p> <p>Furthermore, as a listed entity, the Company has to maintain compliance with the requirements of Bangladesh Securities and Exchange Commission (BSEC) including approval of certain related party transactions by the shareholders.</p>	<p>We obtained an understanding of key controls over the legal and regulatory compliance process, including its obligation related to taxation matters. We also performed the following procedures:</p> <ul style="list-style-type: none"> • enquired from the Company's internal legal counsel about all pending litigation and regulatory matters; • Checked payments to external legal consultants to identify existence of any undisclosed legal matters; • Reviewed relevant files of all pending income tax assessment years and discussed with management about the nature of disputes with the tax authority and potential exposure for the Company; • Assessed the Company's provisions and contingent liabilities disclosure; • Read minutes of the last annual general meeting (AGM) of the Company where the shareholders approved purchase of raw materials from related party of the Company.
<p>See notes 22, 23, 30 and 43 for details.</p>	

Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) as explained in note 3, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report

because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- (iii) the statement of financial position and statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Sabbir Ahmed, FCA.



Sabbir Ahmed FCA, Partner

ICAB Enrolment No: 0770

Hoda Vasi Chowdhury & Co

Chartered Accountants

FRC Enlistment No: CAF-001-057


Dhaka, 23 April 2026

DVC No: 2604230770AS458248

Heidelberg Materials Bangladesh PLC.
Statement of Financial Position
As at 31 December 2025
(expressed in thousands of Bangladeshi taka)

	Notes	31-Dec-25	31-Dec-24
Assets			
Non-current assets			
Intangible assets	4.00	39,951	53,258
Property, plant and equipment	5.00	4,713,192	4,826,109
Lease assets-RoU	5.03	445,905	450,396
Capital works-in-progress	6.00	69,974	51,985
Total non-current assets		5,269,022	5,381,748
Current assets			
Inventories	7.00	1,995,398	2,067,701
Trade and other receivables	8.00	234,335	259,009
Advances, deposits and prepayments	9.00	516,498	312,935
Cash and cash equivalents	10.00	1,309,962	2,979,438
Total current assets		4,056,193	5,619,083
Total assets		9,325,215	11,000,831
Equity and Liabilities			
Equity			
Share capital	11.00	565,036	565,036
Capital reserve	12.00	141,607	141,607
General reserve		15,000	15,000
Dividend equalization fund		8,600	8,600
Retained earnings		3,446,502	3,387,143
Total equity		4,176,745	4,117,386
Non-current liabilities			
Suppliers' credit blocked	13.00	2,565	2,565
Quasi equity loan	14.00	122,636	122,636
ADP loan	14.01	12,699	12,699
Provision for jetty dismantling		140,304	128,000
Lease liability (non-current portion)	16.00	138,953	140,471
Deferred tax liability	18.00	109,280	125,262
Total non-current liabilities		526,437	531,633
Current liabilities			
Trade and other payables	19.00	4,536,225	4,962,564
Borrowings	15.00	-	1,189,703
Lease liability (current Portion)	16.00	35,331	29,769
Provision for workers profit participation fund	20.00	20,240	38,247
Current tax liabilities	22.00	30,237	131,529
Total current liabilities		4,622,033	6,351,812
Total liabilities		5,148,470	6,883,445
Total equity and liabilities		9,325,215	11,000,831

These financial statements should be read in conjunction with annexed notes.
For and on behalf of the Board of Directors of Heidelberg Materials Bangladesh PLC.



Md. Saikat Khan
Company Secretary


Md. Emdadul Haque, FCA
Director & Chief Financial Officer


Ong Klan Hock Terence
Managing Director

See our annexed report of same date


Dhaka, Bangladesh
Dated: 23 April 2026
DVC No.: 2604230770AS458248


Hoda Vasi Chowdhury & Co
Chartered Accountants
Sabbir Ahmed FCA
Partner
Enrollment No.: 0770

Heidelberg Materials Bangladesh PLC.
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2025
(expressed in thousands of Bangladeshi taka)

		2025	2024
Sales	24.00	14,515,127	14,740,223
Cost of goods sold	25.00	(12,983,759)	(12,992,527)
Gross profit		1,531,368	1,747,696
Other operating income/ (expenses)	26.00	(1,514)	4,716
Warehousing, distribution and selling expenses	27.00	(561,088)	(429,703)
Administrative expenses	28.00	(632,698)	(618,957)
Operating profit/ (loss)		336,068	703,752
Net finance income/ (expenses)	29.00	68,726	61,187
Profit before contribution to WPPF		404,794	764,939
Contribution to workers' profit participation fund	20.00	(20,240)	(38,247)
Profit/ (loss) before tax		384,554	726,692
Tax expenses		(183,936)	(264,903)
Income tax expense	22.01	(199,918)	(246,725)
Deferred tax income/ (expense)	18.02	15,982	(18,178)
Net profit for the year		200,618	461,789
Other comprehensive income		-	-
Total comprehensive income		200,618	461,789
Basic and diluted earnings per share (EPS)	31.00	3.55	8.17

These financial statements should be read in conjunction with annexed notes.
For and on behalf of the Board of Directors of Heidelberg Materials Bangladesh PLC.



Md. Saikat Khan
Company Secretary



Md. Emdadul Haque, FCA
Director & Chief Financial Officer




Ong Klan Hock Terence
Managing Director

See our annexed report of same date

Dhaka, Bangladesh
Dated: 23 April 2026
DVC No.: 2604230770AS458248

Hoda Vasi Chowdhury & Co
Chartered Accountants



Sabbir Ahmed FCA
Partner
Enrollment No.: 0770

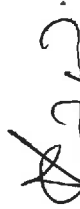
Heidelberg Materials Bangladesh PLC.
Statement of Changes in Equity
For the year ended 31 December 2025
(expressed in thousands of Bangladeshi taka)

Particulars	Share capital	Capital Reserve	General reserve	Dividend equalization fund	Retained earnings	Total
Year 2024						
Balance as at 01 January 2024	565,036	141,607	15,000	8,600	3,066,613	3,796,856
Dividend for the year 2023	-	-	-	-	(141,259)	(141,259)
Net profit for the year	-	-	-	-	461,789	461,789
Balance as at 31 December 2024	565,036	141,607	15,000	8,600	3,387,143	4,117,386
Year 2025						
Balance as at 01 January 2025	565,036	141,607	15,000	8,600	3,387,143	4,117,386
Dividend for the year 2024	-	-	-	-	(141,259)	(141,259)
Net profit for the year	-	-	-	-	200,618	200,618
Balance as at 31 December 2025	565,036	141,607	15,000	8,600	3,446,502	4,176,745

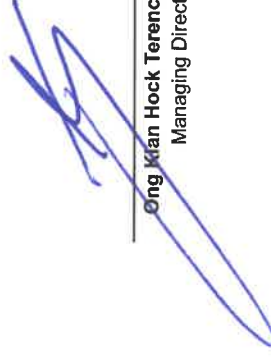
These financial statements should be read in conjunction with annexed notes.
For and on behalf of the Board of Directors of Heidelberg Materials Bangladesh PLC.



Md. Salkat Khan
Company Secretary



Md. Emdadul Haque, FCA
Director & Chief Financial Officer



Ong Kian Hock Terence
Managing Director

Heidelberg Materials Bangladesh PLC.
Statement of Cash Flows
For the year ended 31 December 2025
(expressed in thousands of Bangladeshi taka)

	Notes	2025	2024
Cash flows from operating activities			
Collections from customers	32.01	14,517,692	14,931,843
Cash paid to suppliers	32.02	(10,838,423)	(9,940,091)
Cash paid for operating expenses	32.03	(3,480,560)	(2,693,956)
Other income/ (expense)	-	31,541	5,981
Net Interest income/(expense)		68,726	61,187
Income tax paid	33.00	(301,210)	(316,139)
Net cash generated from operating activities (a)		(2,234)	2,048,825
Cash flows from investing activities			
Acquisition of non-current assets	34.00	(301,083)	(267,709)
Proceeds from sale of non-current assets	35.00	5,166	578
Net cash used in investing activities (b)		(295,917)	(267,131)
Cash flows from financing activities			
Payment of UPAS loan and financial Expenses		(1,189,703)	(2,802,382)
Payment of dividend	36.00	(141,259)	(141,259)
Net lease payment		(40,363)	(53,268)
Net cash flow used in financing activities (c)		(1,371,325)	(2,996,909)
Net increase/ (decrease) in cash and cash equivalents (a+b+c)		(1,669,476)	(1,215,215)
Opening cash and cash equivalents*		2,979,438	4,194,654
Closing cash and cash equivalents*		1,309,962	2,979,438

* Cash and cash equivalents includes bank overdraft that are repayable on demand and form an integral part of cash management.

These financial statements should be read in conjunction with annexed notes.
For and on behalf of the Board of Directors of Heidelberg Materials Bangladesh PLC.



Md. Saikat Khan
Company Secretary



Md. Emdadul Haque, FCA
Director & CFO



Ong Kian Hock Terence
Managing Director

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2025

1.00 Company and its activities

1.01 Company profile

A project named Chattogram Cement Factory was established under Central Ordinance No. XXXVIII of 1962. The factory started production of Portland cement on 30 June 1974. The installed production capacity was 300,000 MT per annum. The Project was thereafter incorporated as a private limited company named Chattogram Cement Clinker Grinding Co Ltd (CCCGCL) on 30 June 1979 which was placed under Bangladesh Chemical Industries Corporation (BCIC) with effect from 1 July 1982. This Company (CCCGCL) was converted into a public limited company in February 1989 after revaluation of assets as well as finalization of its net worth.

The Company commenced commercial production of its another unit in Kanchpur with effect from 1 November 1999. The production capacity of this unit is 600,000 MT. On 10 April 2008, Kanchpur plant installed second mill with capacity of 450,000 MT per annum, and on August 2019 Kanchpur Plant installed third mill with capacity of 472,000 MT per annum. Acquired Mukterpur plant production capacity is 660,000 MT. The total production capacity of Heidelberg Materials Bangladesh PLC. (HMBPLC) stands at 3,510,000 MT per annum.

The Company in its 5th Extraordinary General Meeting of shareholders held on 3 October 2002 approved the scheme of Amalgamation of ScanCement International Limited and ScanCement Bangladesh Limited with Chattogram Cement Clinker Grinding Co. Limited, presently known as Heidelberg Materials Bangladesh PLC. The Hon'ble High Court Division of the Supreme Court of Bangladesh sanctioned the approval of the above Scheme of Amalgamation by an order dated 11 January 2003.

The Company in its 8th Extraordinary General Meeting of shareholders held on 25 February 2020 approved the scheme of Amalgamation of Meghna Energy Limited (MEL) with Heidelberg Materials Bangladesh PLC (HMBPLC/the Company). The Hon'ble High Court Division of the Supreme Court of Bangladesh sanctioned the approval of the above Scheme of Amalgamation by an order dated 22 July 2020.

The Company in its 9th Extraordinary General Meeting of shareholders held on 02 May 2021 approved the scheme of Amalgamation of Emirates Cement Bangladesh Limited (ECBL) and Emirates Power Company Limited (EPCL) with Heidelberg Materials Bangladesh PLC. The Hon'ble High Court Division of the Supreme Court of Bangladesh sanctioned the approval of the above Scheme of Amalgamation by an order dated 24 October 2021. ECBL cement plant is situated at East Mukterpur, Munshiganj, Bangladesh with annual production capacity of 660,000 MT cement. EPCL Power plant is situated at East Mukterpur, Munshiganj, Bangladesh. The Company went into production from June 2005 with production capacity of 10 MW.

The registered office of the Company is situated in Tatki, P.O.: Jatramora, Union: Tarabaw, P.S.: Rugganj, Narayanganj. The address of the operational headquarter is at Symphony, Plot: SE (F) 9, Road 142, South Avenue Gulshan 1 Dhaka. Its shares are listed with Dhaka Stock Exchange PLC. and Chattogram Stock Exchange PLC.

The number of employees at the year end was 324 (2024: 332).

1.02 Nature of business

The principal activities of the Company throughout the year continued to be manufacturing and marketing of gray cement under two brands namely, RubyCement and ScanCement.

2.00 Basis of preparation

2.01 Statement of compliance

These financial statements of the Company have been prepared in accordance with IFRS accounting standards as issued by International Accounting Standard Board (IASB), applicable sections of the Companies Act 1994, the Financial Reporting Act 2015 and the Securities and Exchange Rules 2020.

2.02 Components of financial statements

The financial statements comprise of the following:

- i. Statement of financial position
- ii. Statement of profit and loss and other comprehensive income
- iii. Statement of changes in equity
- iv. Statement of cash flows
- v. Notes to the financial statement

2.03 Date of authorization

The board of directors of the Company has authorized these financial statements for issue on 23 April 2026.

2.04 Basis of measurement

These financial statements have been prepared under the historical cost convention, except the followings :

1. Inventories at lower of cost and net realizable value
2. Lease obligations at present value of minimum lease payments
3. Accounts receivable at net of provision for doubtful debts

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2025

2.05 Functional and presentational currency

These financial statements are presented in Bangladesh Taka (BDT), which is both functional and presentational currency of the Company.

2.06 Going concern

The Company has adequate resources to continue its operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management's assessment there are no materials uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, despite as at 31 December 2025 the Company has net current deficit of BDT 565,840k due to reduction in cash at bank balance, management has considered the going concern assumption as appropriate.

2.07 Fair value

As fair value is a market based measurement, when measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible though entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant while measuring fair value. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input).

2.08 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are reviewed on an ongoing basis.

The estimates and underlying assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation and judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

Note 4 & 5	useful life of property, plant & equipment and intangible assets
Note 5.03	rights -of- use assets
Note 7	provision for inventory obsolescence
Note 8	Provision for bad debt on trade receivables
Note 17	measurement of defined benefit obligations: key actuarial assumptions
Note 18	recognition of deferred tax liabilities: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized
Note 19	trade and other payables
Note 22	current income tax liabilities

2.09 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.10 Reporting period

The financial reporting period of the Company covers one year from 01 January to 31 December and consistently applied.

2.11 Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services within a particular economic environment. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company regards its Board of Directors as its chief operating decision maker, as the Board is responsible for allocating resources, assesses performances, and makes strategic decision. The Company is primarily engaged in the manufacturing and selling of similar type of products and the Board monitors performance of the Company as a whole. However, for top line monitoring, revenue/sales quantity by plant is monitored. Hence, the Company is only reporting location/plant wise revenue segments in Note # 24.

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2025

2.12 Application of standards

The following International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) accounting standard issued by IASB as adopted by ICAB are applicable for the financial statements for the year under review:

IAS 1 Presentation of financial statements
IAS 2 Inventories
IAS 7 Statement of cash flows
IAS 8 Accounting policies, changes in accounting estimates and errors
IAS 10 Events after the reporting period
IAS 12 Income taxes
IAS 16 Property, plant and equipment
IAS 19 Employee benefits
IAS 21 The effects of changes in foreign exchange rates
IAS 23 Borrowing costs
IAS 24 Related party disclosures
IAS 32 Financial instruments: Presentation
IAS 33 Earnings per share
IAS 36 Impairment of assets
IAS 37 Provisions, contingent liabilities and contingent assets
IAS 38 Intangible assets
IFRS 7 Financial instruments: Disclosures
IFRS 8 Segment reporting
IFRS 9 Financial instruments
IFRS 13 Fair value measurement
IFRS 15 Revenue from contracts with customers
IFRS 16 Leases

3.00 Material accounting policies

The accounting policies adopted are consistent with those of the previous financial year. Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the value of assets and liabilities as reported.

3.01 Foreign currency translation

Foreign currency transactions are recorded in BDT at applicable rates of exchange ruling at the dates of transactions in accordance with IAS-21 "The Effects of Changes in Foreign Exchange Rates." Exchange rate difference at the statement of financial position date are charged/credited to statement of profit or loss account.

The rate of relevant foreign exchange at year-end:

Currency	2025	2024
1 US Dollar = BDT	122.17	109.54
1 EURO = BDT	143.51	120.92
1 AUD = BDT	81.527	74.00

3.02 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.02.1 Financial assets

The Company initially recognizes receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the date at which the Company becomes a party to the contractual provisions of the transaction.

The Company derecognizes a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets include cash and cash equivalents, accounts receivable, and long term receivables and deposits.

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2025

3.02 Financial Instruments (continued)

3.02.2 Financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial liabilities include loans and borrowings, accounts payable and other payables.

3.02.3 Impairment of Financial assets

i) Financial assets

IFRS 9 requires an assessment of expected credit losses ("ECL") for evaluating whether assets carried at amortized cost are impaired.

The first stage of the evaluation requires an assessment of expected credit losses ("ECL"), which represent the possibility of default over the next 12 months. When a significant increase in credit risk has occurred, the financial asset is transferred to stage 2 and the ECL will be calculated using the possibility of default over the expected life of the financial instrument. When there is objective evidence that a financial asset is impaired, the financial asset will be transferred to stage 3 and lifetime ECL will be calculated.

The Company measures ECL for the following category of financial assets that are not measured at fair value through profit and loss.

Trade and other receivables

Expected credit losses for trade receivables are estimated using the simplified approach of lifetime ECL based on a combination of write-off history, aging analysis and ability to make immediate repayment. These simplifications eliminate the need to calculate the 12-month ECL and to assess when a significant increase in credit risk has occurred, as required under a three-stage approach.

For other receivables, the Company measures ECL using the three-stage approach.

While cash and cash equivalents carried at amortized cost, are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

ii) Non-financial assets

The carrying value of the 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, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the statement of profit or loss and other comprehensive income.

3.03 Property, plant and equipment

3.03.1 Recognition and measurement

Tangible fixed assets are accounted for according to IAS-16 "Property, Plant and Equipment" at historical cost or revaluation less accumulated depreciation and the capital work-in-progress is stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Maintenance, renewals and betterments that enhance the economic useful life of the property, plant and equipment or that improve the capacity, quality or reduce substantially the operating cost or administration expenses are capitalized by adding it to the related property, plant and equipment.

3.03.2 Subsequent costs

Subsequent cost 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 income statement during the financial period in which they are incurred. In compliance with the provisions of the Companies Act 1994, adjustment is made to the original cost of fixed assets acquired through foreign currency loan at the end of each financial year by any change in liability arising out of expressing the outstanding foreign loan at the rate of exchange prevailing at the date of balance sheet.

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2025

3.03 Property, plant and equipment (continued)

3.03.3. Depreciation

Depreciation is charged on straight-line method consistent with the Company's depreciation policy. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives. In respect of acquisition of fixed assets, depreciation is charged when assets is available for use and no depreciation is charged at the date of de-recognition or the assets is fully depreciated.

The rates of depreciation for the current and comparative years are as follows:

Category of assets	2025	2024
Buildings	3% - 5%	3% - 5%
Plant and machinery	5% - 10%	5% - 10%
Furniture and equipment	10% - 20%	10% - 20%
Transport and vehicles	10% - 20%	10% - 20%

3.04 Intangible assets

Intangible fixed assets are accounted for according to IAS-38 "Intangible Assets." Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Intangible assets include acquired computer software capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

3.05 Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each date of statement of financial position. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

3.06 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2025

3.06 Leases (continued)

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

ii. Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.07 Inventories

Inventories are measured at lower of cost and net realizable value in accordance with IAS-2 "Inventories." The cost of inventories includes expenditure incurred for acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

Inventories consist of raw materials, finished goods, packing materials and stores and spares.

<u>Category of inventory</u>	<u>Basis of valuation</u>
Raw and packing materials	: At weighted average cost
Finished goods	: At cost
Stores, accessories and spares	: At weighted average cost
Goods-in-transit	: statement of financial position date

3.08 Trade and other receivables

Trade and other receivables consists of unpaid bills receivable from customers carried at their original invoice amount, stated net of provision for doubtful debts. The Company initially recognizes trade and other receivables at nominal value which is the fair value of the consideration given in return. After initial recognition these are carried at nominal value less impairment losses due to uncollectible of any amount so recognized. To calculate provision for impairment on receivables, the Company is following 'Simplified Approach' as allowed under IFRS 9: Financial Instruments.

3.09 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and other short term highly liquid investments with original maturities of three months or less and bank overdrafts which were held and available for use by the company without any restriction, and there was insignificant risk of changes in value of these current assets.

3.10 Borrowings

Borrowings are classified into both current and non-current liabilities. In compliance with the requirements of IAS-23 "Borrowing Cost," borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.11 Liabilities

Liabilities are broadly classified into current and non-current.

3.11.1. Trade and other payables

The Company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits. Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the Company.

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2025

3.11 Liabilities (continued)

3.11.2. Provision, contingent liabilities and contingent assets

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If a transfer of economic benefit is no longer probable the provision should be reversed. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure required to settle the obligation.

Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amount due to employees.

Contingent liabilities

A contingent liability arises when a past event may lead to an entity having a liability in the future but the financial impact of the event will only be confirmed by the outcome of some future event not wholly within the entity's control. A contingent liability should be disclosed in the financial statements unless the possible outflow of resources is thought to be remote.

Contingent assets

A contingent asset is a potential asset that arises from past events but whose existence can only be confirmed by the outcome of future events not wholly within an entity's control. A contingent asset should be disclosed in the financial statements only when the expected inflow of economic benefits is probable.

3.12 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss and other comprehensive income (profit and loss statement) in accordance with IAS-12 "Income taxes."

3.12.1 Current tax

The Company qualifies as a "Publicly Traded Company" as defined in income tax laws. The applicable tax rate for the Company is 20% and hence provision for taxation has been made on this basis which is in compliant with the Finance Ordinance 2025.

3.12.2 Deferred tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. The deferred tax asset/income or liability/expense does not create a legal obligation to, or recoverability from, the income tax authority.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.13 Share capital

Only ordinary shares are classified as equity. Incremental cost directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Paid up share capital represents total amount contributed by the shareholders and bonus shares issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings.

3.14 Employee benefit

3.14.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2025

3.14 Employee benefit (continued)

3.14.2 Defined contribution plan (provident fund)

Defined contribution plan is a post employment benefit plan under which the Company provides benefits for all of its permanent employees. The recognized Employees' Provident Fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the provident fund and the Company also makes equal contribution. This fund is recognized by the National Board of Revenue (NBR).

The Company recognizes contribution to defined contribution plan as an expense when an employee has rendered required services. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund. Obligations are created when they are due.

3.14.3 Defined benefit plan (Gratuity)

The Company maintains a recognized gratuity scheme for all its eligible permanent employees. As per terms of contract the gratuity obligation, for employees who joined before amalgamation in their former Chattogram Cement Clinker Grinding Company Ltd, is last two months' basic salary or wages drawn and for employees who joined after amalgamation, one and half month's basic salary applicable at the time of their respective cessation of employment for each completed year of service.

3.14.4 Workers' Profit Participation Fund

The Company has provided for WPPF in terms of section 234(1)(b) of Bangladesh Labor (Amendment) Act 2013, 5% of the net profit of each year, not later than nine (9) months from the close of that period, is required to be transferred to the Fund, the proportion of the payment to the Participation Fund and the Welfare Fund being 80:10. The remaining 10% of the amount of net profit shall be paid by the Company to the Workers' Welfare Foundation Fund, as formed under Bangladesh Workers' Welfare Foundation Act, 2006.

3.14.5 Group insurance benefit

The permanent employees of the company are covered under a group term insurance scheme, premium for which is being charged to profit or loss statement.

3.15 Revenue recognition (IFRS 15 Revenue from Contracts with Customers)

The Company recognizes as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, the Company follows the five-step model as below:

- a. Identify the contract with a customer
- b. Identify the performance obligations in the contract
- c. Determine the transaction price
- d. Allocate the transaction price to the performance obligations in the contract and
- e. Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized for the contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. As a consequence, for those contracts for which the company is unable to make a reasonable estimate of return, revenue is expected to be recognized sooner than when the return period lapses or a reasonable estimate can be made.

Based on the Company's assessment, the timing of revenue recognition from sale of goods are broadly similar. Therefore, the Company does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for these sales.

3.16 Finance expenses

Finance expenses comprise bank interest and other charges. All finance expenses are recognized in the profit and loss statement along with interest income from fixed deposit and from saving or current account.

3.17 Related party disclosure

As per International Accounting Standard (IAS) 24: "Related Party Disclosures", parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related disclosures have been provided in note 43.

3.18 Advertising and promotional expenses

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

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2025

3.19 Research, development and experiment costs

These are usually absorbed as revenue charges as and when incurred, in line with IAS 38: Intangible Assets.

3.20 Stocks write off/down

It includes the cost of writing off or writing down the value of redundant or damaged or obsolete stocks, which are dumped and/or old stock.

3.21 Repair, upkeep and maintenance charges

These are usually charged as revenue charges.

3.22 Earnings per share

The Company presented diluted (when dilution is applicable) earnings per share (EPS) data for its ordinary shares according to IAS-33 "Earning Per Share."

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares during the period, adjusted for the effect of change in number of shares for bonus issue, share split and reverse split.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods.

3.23 Statement of cash flows

Statement of Cash Flows (Cash Flow Statement) is prepared under direct method in accordance with IAS-7 "Statement of Cash Flows" as required by the Bangladesh Securities and Exchange Rules 2020.

3.24 Events after the reporting period

Events after the reporting period that provide additional information about the company's position at the balance sheet date are reflected in the financial statements. Material events after the balance sheet date that are not adjusting events are disclosed in the note 48.

3.25 Standard issued but not yet effective

A number of new standards and amendments to standards are effective for annual period beginning on 1 January 2025 which have been duly adopted. However, none of these new and/or amended standards have any significant impact on the Company's financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 31 December 2025 and earlier application is permitted. However, the Company has not yet assessed possible impact of these new and/or amended standards on the Company's financial statements.

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2025

(expressed in thousands of Bangladeshi taka, except per share amounts)

4.00 Intangible assets

Particular(s)	Software	Total
Cost		
At 01 January 2024		
Addition	104,612	104,612
Balance as at 31 December 2024	104,612	104,612
Amortization		
At 01 January 2024		
Charge during the year	38,047	38,047
Balance as at 31 December 2024	13,307	13,307
Net book value (WDV) at 31 December 2024	51,354	51,354
Cost		
At 01 January 2025		
Addition	104,612	104,612
Disposal	-	-
Balance as at 31 December 2025	(4,333)	(4,333)
Balance as at 31 December 2025	100,279	100,279
Amortization		
At 01 January 2025		
Charge during the year	51,354	51,354
Disposal	13,307	13,307
Balance as at 31 December 2025	(4,333)	(4,333)
Net book value at 31 December 2025	60,328	60,328
Net book value at 31 December 2025	39,951	39,951

5.00 Property, plant and equipment

Particular(s)	Land and building	Plant and machinery	Furniture and equipment	Transport and vehicle	Total
Cost					
At 01 January 2024	3,994,812	7,187,755	219,212	116,633	11,518,412
Additions	85,958	294,743	36,638	-	417,339
Disposal	-	(254)	(7,399)	(8,651)	(16,304)
Balance as at 31 December 2024	4,080,771	7,482,243	248,451	107,982	11,919,447
Depreciation					
At 01 January 2024	1,481,691	4,987,446	169,829	69,517	6,708,483
Charge during the year	103,309	265,284	29,318	-	397,911
Disposal	-	(254)	(6,784)	(6,018)	(13,056)
Balance as at 31 December 2024	1,585,000	5,252,476	192,363	63,499	7,093,338
Net book value at 31 December 2024	2,495,771	2,229,768	56,087	44,483	4,826,109
Cost					
At 01 January 2025	4,080,771	7,482,243	248,451	107,982	11,919,447
Additions	19,658	246,250	17,186	-	283,094
Disposal	-	(3,152)	(13,811)	(14,733)	(31,696)
Balance as at 31 December 2025	4,100,429	7,725,341	251,826	93,249	12,170,846
Depreciation					
At 01 January 2025	1,585,000	5,252,476	192,363	63,499	7,093,338
Charge during the year	101,262	256,601	18,418	8,918	385,199
Disposal	-	(2,966)	(10,441)	(7,476)	(20,883)
Balance as at 31 December 2025	1,686,261	5,506,110	200,341	64,941	7,457,654
Net book value at 31 December 2025	2,414,168	2,219,231	51,485	28,308	4,713,192

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Notes to the financial statements

For the year ended 31 December 2025

(expressed in thousands of Bangladeshi taka, except per share amounts)

Particular(s)	2025	2024
5.01 Break-up of addition to property, plant and equipment		
Land and building		
Non-factory building	19,658	85,958
	19,658	85,958
Plant and machinery		
Equipment apparatus and accessories	150,124	196,421
Electrical installation	90,515	79,293
Tools and equipment	5,612	19,030
	246,251	294,743
Furniture and equipment		
Furniture and fixture	784	1,309
Sundry assets	576	1,842
Computer	9,986	24,503
Office equipment	5,839	8,983
	17,185	36,638
	283,094	417,339

5.02 Details of disposal of property, plant and equipment

Particular(s)	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Mode of disposal
Software	4,333	4,333	-	-	Company policy/ Retirement
Plant and machinery	3,152	2,966	186	733	Company policy/ Retirement/ tender
Furniture and equipment	13,811	10,441	3,370	253	Company policy/ Retirement/ tender
Transport and vehicles	14,733	7,476	7,257	4,180	Company policy/ tender
Total 2025	36,029	25,216	10,813	5,166	
Total 2024	16,304	13,056	3,248	578	

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Notes to the financial statements

For the year ended 31 December 2025

(expressed in thousands of Bangladeshi taka, except per share amounts)

5.03 Lease assets- ROU

A. Leases as lessee

Particular(s)	RoU land and buildings	RoU transport and vehicles	Total
Cost			
At 01 January 2024	726,918	188,736	915,654
Additions	-	-	-
Disposal	-	-	-
Balance as at 31 December 2024	726,918	188,736	915,654
Depreciation			
At 01 January 2024	223,276	175,128	398,404
Charge during the year	53,246	13,608	66,854
Disposal	-	-	-
Balance as at 31 December 2024	276,522	188,736	465,258
Net book value at 31 December 2024	450,396	-	450,396
Cost			
At 01 January 2025	726,918	188,736	915,654
Additions	44,407	-	44,407
Disposal	-	-	-
Balance as at 31 December 2025	771,325	188,736	960,061
Depreciation			
At 01 January 2025	276,522	188,736	465,258
Charge during the year	48,898	-	48,898
Disposal	-	-	-
Balance as at 31 December 2025	325,420	188,736	514,156
Net book value at 31 December 2025	445,905	-	445,905

B. Leases as lessor

The Company does not provide any lease facility to other entity.

Particular(s)	2025	2024
5.04 Allocation of depreciation & amortization expense		
Manufacturing, labor and overheads (note 25.04)	397,249	404,378
Warehousing, distribution and selling expenses (note 27)	12,092	29,347
Administrative expenses (note 28)	38,063	44,347
	447,404	478,072

6.00 Capital works-in-progress

Particulars	Intangible Assets	Land and Buildings	Plant and Machinery	Furniture and Equipment	Total
At 01 January 2024	-	66,048	135,567	-	201,615
Addition	-	22,030	202,955	42,723	267,709
Capitalized during the year	-	(85,958)	(294,743)	(36,638)	(417,339)
At 31 December 2024	-	2,120	43,779	6,086	51,985
At 01 January 2025	-	2,120	43,779	6,086	51,985
Addition	2,563	38,457	247,360	12,703	301,083
Capitalized during the year	-	(19,658)	(246,250)	(17,186)	(283,094)
At 31 December 2025	2,563	20,919	44,890	1,602	69,974

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Notes to the financial statements

For the year ended 31 December 2025

(expressed in thousands of Bangladeshi taka, except per share amounts)

Particular(s)	2025	2024
7.00 Inventories		
Raw materials	1,155,402	1,137,157
Finished goods	82,227	73,553
Packing materials	111,178	122,297
Stores and spares	829,975	780,043
	<u>2,178,782</u>	<u>2,113,050</u>
Provision for slow moving stores and spares	(183,384)	(45,349)
	<u>1,995,398</u>	<u>2,067,701</u>
8.00 Trade and other receivables		
Trade Receivables	286,327	289,555
Provision for bad debt	(79,893)	(80,556)
	<u>206,434</u>	<u>208,999</u>
Other Receivables	27,901	50,010
	<u>234,335</u>	<u>259,009</u>
8.01 Trade receivables		
Considered good	206,434	208,999
Considered doubtful	79,893	80,556
	<u>286,327</u>	<u>289,555</u>
8.02 Other Receivables		
Third party	17,915	35,010
Inter-company	9,986	15,000
	<u>27,901</u>	<u>50,010</u>
Receivable covered under security	203,235	271,375
Outstanding for a period exceeding six months.	111,203	89,409
	<u>286,327</u>	<u>289,555</u>
Trade and other receivables were stated at their nominal value. Adequate provision has been made for all identifiable doubtful receivables.		
Trade and other receivables were accrued in the ordinary course of business and no amount was due by the directors (including managing director), managers and other officers of the company and any of them severally or jointly with any other person.		
Particular(s)	2025	2024
9.00 Advances, deposits and prepayments		
Advance paid to suppliers and employees	11,279	26,256
Letter of Credit (LC) margin	2,188	20,895
Security and other deposits	472,347	252,010
Prepayments	30,684	13,774
	<u>516,498</u>	<u>312,935</u>
10.00 Cash and cash equivalents		
Cash in hand	63	35
Cash at bank in current accounts	115,532	60,167
Short term bank deposits (STD)	162,409	359,072
Fixed deposits receipts (FDR)	1,031,958	1,636,958
Government treasury bills	-	923,206
	<u>1,309,962</u>	<u>2,979,438</u>

FDR includes an amount of BDT 16,958 thousand (2024: 16,958 thousand) held under lien in favor of Customs Authority.

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2025

(expressed in thousands of Bangladeshi taka, except per share amounts)

11.00 Share capital

11.01 Authorized share capital

The total authorized number of ordinary shares is 100 million with a face value of BDT 10 per share. The face value of shares were changed to BDT 10 from BDT 100 as per the decision taken in 7th Extra-Ordinary General Meeting (EGM), held on 27 November 2011, to comply with the Bangladesh Securities and Exchange Commission order no. SEC/CMRRCD/2009-193/109 dated 15 September 2011.

	2025	2024
100,000,000 ordinary shares of BDT 10 each	1,000,000	1,000,000

11.02 Issued, subscribed and paid-up capital

36,358,870 ordinary shares of BDT 10 each fully paid up	363,588	363,588
20,144,710 ordinary shares of BDT 10 each issued as fully paid-up bonus shares	201,448	201,448
	565,036	565,036

11.03 Percentage and value of shareholdings

	Percentage (%)			
	2025	2024		
Foreign shareholders				
Heidelberg Materials Netherlands Holding B.V.	39.81%	39.81%	224,930	224,930
Heidelberg Materials Asia Holding GmbH	20.86%	20.86%	117,844	117,844
	60.67%	60.67%	342,774	342,774
Bangladeshi shareholders				
General public	10.49%	10.79%	59,306	60,988
Company's employees	0.18%	0.18%	1,031	1,031
Investment Corporation of Bangladesh (ICB)	16.11%	16.11%	91,030	91,030
Other financial institutions	12.55%	12.25%	70,895	69,213
	39.33%	39.33%	222,262	222,262
	100.00%	100.00%	565,036	565,036

11.04 Classification of shareholders by holding

Shareholding range	Number of shareholders	
	2025	2024
Less than 5000 shares	8,471	9,459
5001 to 50,000 shares	179	229
50,001 to 200,000 shares	30	34
200,001 to 500,000 shares	7	9
500,001 to 10,000,000 shares	6	6
Over 10,000,000 shares	2	2
	8,695	9,739

11.05 Option on un-issued shares

There is no option on un-issued share capital

12.00 Particular(s)

	2025	2024
Capital reserve		
Balance as at 1 January	141,607	141,607
Balance as at 31 December	141,607	141,607

The amalgamation reserve is resulted from amalgamation transactions. It is not available for dividend distribution.

13.00 Suppliers' credit blocked

Balance as at 1 January	2,565	2,565
Balance as at 31 December	2,565	2,565

Suppliers' credit-blocked BDT 2,565 thousand represents the value of mechanical spares etc. supplied by the contractor M/s Five's Coil Bebbcock, France against French grant as replacement of damages caused to the conveyor belt being constructed by it. The value of supplies at FF 499,578 was converted at ruling exchange rate as on 30 June 1988. BCIC had claimed the amount and debentures were issued towards repayment of the amount (note 14.1).

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Particular(s)	2025	2024
14.00 Quasi equity loan		
Fixed assets revaluation surplus	104,122	104,122
Government equity contribution	20,000	20,000
	124,122	124,122
Foreign currency devaluation	(1,486)	(1,486)
	122,636	122,636

14.01 At the time of transfer of 51% shares, held by BCIC, to T.K. Oil Refinery Limited during June 1993, the Company issued 13.5% Debenture for BDT. 137,900 thousand to BCIC in repayment of the following dues:

Suppliers' credit (note 13.00)	2,565	2,565
Quasi equity loan (note 14.00)	122,636	122,636
ADP loan	12,699	12,699
	137,900	137,900

The trust deed was registered on 24 June 1993 but the concerned properties have not been mortgaged and charged have not been created as per requirement of sections 115 of Companies Act 1913. The minority shareholders (40%) filed a case with sub-judge court, Dhaka against issue of debentures. The judgment was in favor of minority shareholders, which means that the entire liability will not be payable to BCIC. The Government appealed to high court and the judgment was again in favor of minority shareholders. The judgment and order of the High Court Division was challenged by the Government before Appellate Division of the Supreme Court and the Appellate Division vide its judgment and order dated 10.05.2007 allowed the appeal and set aside the judgment and order of the High Court Division dated 07.12.1999. Subsequently, the Government has filed pending Money Suit No. 32 of 2009 in the Court of Joint District Judge, 4th Court, Dhaka against the Company claiming BDT. 437,600,148 only including debenture interest.

Particular(s)	2025	2024
15.00 Borrowings		
Short term UPAS loan	-	1,189,703
	-	1,189,703
16.00 Lease liability-RoU		
Lease liability (non-current portion)	138,953	140,471
Lease liability (current Portion)	35,331	29,769
	174,284	170,240

Maturity analysis of lease liabilities

No later than one month	25,023	20,212
Later than one month and not later than three months	1,761	4,423
Later than three months and not later than one year	8,546	5,134
Later than one year and not later than five years	109,952	84,561
More than five years	29,002	55,910
	174,284	170,240

17.00 Retirement benefit obligations (gratuity)

The Company's policy related to employees gratuity is stated in note - 3.14.3. In 2017, the Company has established a separate trust for management of gratuity obligation. As per the actuary report of 2024 the Company has contributed 11.3% (2021: 13.30%) of basic salary as its contribution to gratuity fund. The Company made latest actuarial valuation of fund as at 31st December 2024.

Principal actuarial assumption	2025	2024
Discount rate	7%	7%
Expected return of fund assets	7%	7%
Rate of expected increase in salaries	6%	6%

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For the year ended 31 December 2025

(expressed in thousands of Bangladeshi taka, except per share amounts)

Particular(s)	2025	2024
18.00 Deferred tax liability		
Opening balance	125,262	107,084
Provision/ (reversal) made during the year	(15,982)	18,178
	109,280	125,262

18.01 Deferred tax by type of temporary differences that resulted in deferred tax (assets) or liabilities		
Property, plant and equipment	203,520	221,526
Provision for lease liability and right of use assets	(4,849)	(68,721)
Provision for inventories and other	(73,412)	(11,432)
Provision for doubtful debts	(15,979)	(16,111)
	109,280	125,262

18.02 Movement in deferred tax liabilities

	Net balance at 01 Jan 2025	Recognized in Profit or loss	Net balance at 31 Dec 2025
Property, plant and equipment	221,526	(18,006)	203,520
Provision for lease liability and right of use assets	(68,721)	63,872	(4,849)
Provision for Inventories and others	(11,432)	(61,980)	(73,412)
Provision for doubtful debts	(16,111)	132	(15,979)
	125,262	(15,982)	109,280

Particular(s)	2025	2024
19.00 Trade and other payables		
Trade payables	2,403,998	2,530,377
Creditors for other finance (note 19.01)	135,898	174,285
Creditors for revenue expenses (note 19.02)	1,696,629	1,958,202
Interest accrued	299,700	299,700
	4,536,225	4,962,564

19.01 Creditors for other finance		
Security deposits	29,000	26,700
VAT deduction at source	39,375	26,258
Tax deduction at source	42,428	46,671
Receivable to employees provident fund	3,318	(7,427)
Payable for capital expenditure	21,494	32,525
Others	283	49,558
	135,898	174,285

19.02 Creditors for revenue expenses		
Revenue charges	764,549	766,252
Employees remuneration	90,532	86,391
Group license fee	273,084	200,938
Brand license fee	41,868	14,289
Technical know-how fee (note 19.03)	526,596	890,332
	1,696,629	1,958,202

19.03 The Technical Know-How and Technological Transfer Agreements are replaced with effect from January 1, 2022 by two new agreements, namely the "General Services Agreement" with Heidelberg Material Asia Pte Ltd. and the "Master License Agreement" with Heidelberg Material AG. According to the replaced agreements, @ 0.99% (year 2024 @ 0.92%) of HMBPLC's net sales less the costs of clinker would be used as licensing fees, @ 1.8% of HMBPLC's net sales will be used as service fees and @0.19% of net sales will be used as brand license fees.

20.00 Provision for workers profit participation fund

Provision for liabilities and charges includes provision for Worker's Profit Participation Fund (WPPF) of BDT 20,240 thousand. Year 2024 was BDT 38,247 thousand. This represents 5% of net profit before charging WPPF (note 3.14.4).

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(expressed in thousands of Bangladeshi taka, except per share amounts)

Particular(s)	2025	2024
21.00 Unclaimed dividend		
Opening balance	-	-
Addition during the year	141,259	141,259
Paid to shareholders	(141,259)	(141,259)
Fund transfer to CMSF	-	-
	-	-

In compliance with Bangladesh Securities and Exchange Commission (BSEC) Directives No. BSEC/CMRRCD/2021-386/03, there is a separate bank account for the payment of dividend for each year. Detailed information of shareholders relating to unclaimed dividend is properly maintained. Up to 2025 the Company transferred total BDT 225,285 thousand, out of this during year 2025 have transferred BDT 2,348 thousand to CMSF.

Particular(s)	Note	2025	2024
22.00 Current tax liabilities			
A. Income tax liability			
Opening balance		825,157	578,432
Current year tax liability	22.01	199,918	246,725
		1,025,075	825,157
B. Income tax assets			
Opening balance		693,628	377,489
Tax refund*		-	-
Paid during the year		301,210	316,139
		994,838	693,628
Income tax liability (A-B)		30,237	131,529
22.01 Income tax expense			
Current year income tax expense		199,918	315,552
Addition/ (adjustment) from AY 2021-22		-	(68,827)
		199,918	246,725

See the reconciliation of tax expense with accounting profit and applicable tax rate in note number 30.

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23.00 Contingent assets, liabilities and commitments

Contingent assets

In accordance with the resolution passed by the BCIC Board of Directors in its meeting held on 08 September 1986, land property owned by the Company measuring 48.09 decimal was transferred to BCIC at a lump sum price of BDT 10,000 thousand. BCIC did not make any payment. The Company raised claim for BDT 35,500 thousand from BCIC including BDT 25,500 thousand as interest.

Contingent liabilities and commitments

i)	Law suits are filed both against the Company and by the Company, lying at different stages of appeal at different courts, decisions of which are still pending. The Company has assessed the possible outcomes of the cases against it and is of the opinion that these might not go against the company. Partial provisions against the eligible law suits have already been taken under note 19.02 'Revenue charges'.		
ii)	According to the purchase deeds, HMBPLC holds 14.6050 acres and 0.33 acres of land at the Kanchpur Plant. It was properly mutated into a single document with the name of the Company's predecessor, Scan Cement International, in 2000. Currently, 0.785 acres of land fall under the proceedings of the record division of land but the management of the Company believes a quick resolution of these proceedings is in the Company's favor.		
iii)	Guarantees:		
	Guarantees issued by the Company's banker with 100% margin form of FDR for import duty and supplementary duty	16,958	16,958
	Guarantees issued by the Company's banker for security deposits and	186,802	186,802
iv)	Financial commitments:		
	Confirmed irrevocable letters of credit _Note 38	12,017,085	14,233,506
v)	Capital expenditure authorized but not contracted for	33,722	24,531
vi)	Capital expenditure authorized and committed for	4,578	88,683
		12,259,145	14,550,480

The Company's income tax assessments for certain years are currently under review at various appellate stages. Based on a thorough evaluation of the relevant facts, applicable laws, and professional advice, management is confident that the Company's positions are robust and likely to be sustained upon final resolution. Accordingly, the existing tax positions and provisions are considered appropriate and sufficient to address any potential obligations arising from the completion of the appellate process.

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Notes to the financial statements

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(expressed in thousands of Bangladeshi taka, except per share amounts)

Particular(s)	2025	2024				
24.00 Sales						
Income generated from sales	14,515,127	14,740,223				
	14,515,127	14,740,223				
24.01 Domestic/ export sales						
Domestic	14,514,444	14,735,306				
Export	683	4,917				
	14,515,127	14,740,223				
24.02 Plant- wise sales						
Chattogram	5,359,462	4,577,258				
Kanchpur	7,078,732	7,368,179				
Mukterpur	2,076,933	2,794,786				
	14,515,127	14,740,223				
25.00 Cost of goods sold						
Opening stock of raw and packing materials (note 25.01)	1,259,454	723,959				
Raw and packing materials purchased (note 25.01)	10,773,710	11,322,894				
Closing stock of raw and packing materials (note 25.01)	(1,266,580)	(1,259,454)				
Raw and packing materials consumed	10,766,584	10,787,399				
Manufacturing, labor and overheads (note 25.04)	2,225,849	2,131,989				
Cost of production	12,992,433	12,919,388				
Opening stock of finished goods	73,553	146,692				
Closing stock of finished goods	(82,227)	(73,553)				
	12,983,759	12,992,527				
25.01 Raw and packing materials consumed						
Opening inventory:						
Clinker	806,414	223,169				
Gypsum	81,973	92,388				
Iron slag	91,765	42,773				
Limestone & others	62,678	118,603				
Fly ash	94,327	84,774				
Packing materials	122,297	162,252				
	1,259,454	723,959				
Purchase:						
Clinker	7,177,970	7,809,057				
Gypsum	309,101	357,111				
Iron slag	1,196,018	1,035,882				
Limestone and others	565,340	505,064				
Fly ash	737,719	875,007				
Packing materials	787,562	740,773				
	10,773,710	11,322,894				
Raw & packing materials available for consumption	12,033,164	12,046,853				
Closing inventory:						
Clinker	(756,800)	(806,414)				
Gypsum	(67,075)	(81,973)				
Iron slag	(182,814)	(91,765)				
Limestone and others	(91,278)	(62,678)				
Fly ash	(57,436)	(94,327)				
Packing materials	(111,178)	(122,297)				
	(1,266,581)	(1,259,454)				
Raw and packing materials consumed	10,766,584	10,787,399				
25.02 Particulars in respect of opening stock, sales and closing stocks of finished goods						
	Opening stock		Closing stock		Sales-net	Sales-net
	Qty-M.T	BDT	Qty-M.T	BDT	Qty-M.T	BDT
Year 2025	11	73,553	13	82,227	1,842	14,515,127
Year 2024	23	146,692	11	73,553	1,816	14,740,223

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25.03 Analysis of raw materials consumption (figures in thousand)

	2025		2024	
	Qty-M.T	BDT	Qty-M.T	BDT
Raw materials				
Clinker	1,059	7,227,584	1,077	7,225,811
Gypsum	92	323,999	84	367,526
Iron slag	323	1,104,969	268	986,890
Limestone and others	138	536,740	139	560,989
Fly ash	230	774,610	236	865,454
Packing materials ('000 Pcs)	34,418	798,681	33,365	780,729
		10,766,583		10,787,399

Particular(s)	2025	2024
25.04 Manufacturing, labor and overheads		
Cost of consumable	93,515	116,298
Power cost	941,180	906,391
Staff cost	245,762	247,233
Provision for slow- moving stores and spares	138,036	31,562
Depreciation	397,249	404,378
Store and spare consumed	294,019	318,447
Entertainment	12,024	11,152
Insurance	18,923	15,631
Freight and transportation cost	15,326	14,100
Fees and charges	8,379	6,933
Rent and rates	20,426	20,865
Office supplies and stationary	4,083	4,114
Employee engagement and company events	19,081	16,440
Repair and maintenance	16,048	14,381
Telephone, mobile and postage cost	1,273	1,436
Other factory overhead	525	2,628
	2,225,849	2,131,989
26.00 Other operating income/ (expenses)		
Berth hire charge	2,188	828
Scrap sales and sundry recoveries	1,945	6,558
Profit/ (loss) on sale of tangible assets	(5,647)	(2,070)
	(1,514)	4,716
27.00 Warehousing, distribution and selling expenses		
Staff cost	140,314	120,288
Distribution expense	112,395	84,622
Bad debt written- off	663	685
Bad debt provision released	(663)	(685)
Rent and rates	34,692	30,328
Entertainment	246	445
Advertisement expense	153,042	69,209
Promotional expense	64,582	61,619
Depreciation	12,092	29,347
Travel & conveyance expense	37,483	28,229
Repair and maintenance	975	1,349
Office supplies and stationary	1,165	1,007
Telephone, mobile and postage cost	2,319	2,334
Other expenses	1,783	926
	561,088	429,703

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Particular(s)	2025	2024
28.00 Administrative expenses		
Staff cost	158,920	148,412
Rent and rates	7,098	13,744
Entertainment	4,858	8,703
Legal and professional fees	21,770	11,470
Group License fees	72,147	69,133
Brand license fees	27,579	14,289
Technical know-how fees	261,272	265,324
Depreciation	24,874	31,158
Amortization	13,189	13,189
Travel & conveyance expense	14,892	14,553
Telephone, mobile and postage cost	1,259	1,226
Energy cost	1,313	1,813
Office supplies, printing and stationary	2,562	3,169
Electronic data processing expense	2,032	2,001
AGM and other meetings	1,801	1,869
Employee engagement and company events	4,584	3,546
Subscription fees	1,281	1,435
Repair and maintenance	7,826	8,240
Bank charge	2,279	3,121
Other administrative expenses	1,162	2,562
	632,698	618,957
29.00 Net finance income/ (expenses)		
Bank interest income on fixed deposits	180,832	332,633
Finance Lease interest expenses	(13,589)	(13,527)
Other interest & bank charge expenses	(97,690)	(256,198)
	69,553	62,908
Net Exchange gain/ (loss)	(827)	(1,721)
	68,726	61,187

30.00 Tax expenses

The corporate tax rate applicable for the Company is 20% for the year 2025 (2024: 20%) as a "Publicly Traded Company". Current year tax provision has been accounted for at BDT 199,918 (2024: BDT 315,552) thousand.

Reconciliation of tax expense with accounting profit and applicable tax rate:

	2025%	2024%	2025	2024
Profit/(loss) before tax			384,554	726,692
Income tax @ statutory rate	20.0%	20.0%	76,911	145,338
Inadmissible expenses	32.0%	23.4%	123,007	170,214
Current tax charges	52.0%	43.4%	199,918	315,552

As per the new Finance Ordinance 2025-26, Heidelberg Materials Bangladesh PLC. (HMBPLC)- (cement manufacturer) has to pay the minimum tax u/s 163 subject to the higher of (a) at the rate of 1% of total gross receipts u/s 163[5 Ka SI-5], (b) tax deducted at source for corporate sales u/s 89, tax paid at import stage u/s 120; and tax deducted at source of bank interest income u/s 102. (c) at the corporate tax rate is 20% on taxable income. However, clause no. (a) and (b) are under minimum tax which can be carried forward for the subsequent period.

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Particular(s)	2025	2024
31.00 Basic and diluted earnings per share (EPS)		
Total profit attributable to the ordinary shareholders	200,618	461,789
Weighted average number of shares (56,503,580) outstanding	56,504	56,504
Basic and diluted earnings per share (EPS)	3.55	8.17

The calculation of the basic earnings per share is made in accordance with IAS-33, dividing the profit for the year by weighted average number of the shares issued.

Basic earnings

This represents earnings for the year attributable to the ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Weighted average number of shares outstanding at the end of the year

This represents the number of ordinary shares outstanding at the year beginning of the year plus the number of ordinary shares issued during the year.

Earning per share (diluted)

No diluted earnings per share is required to be calculated for these years as there was no scope for dilution.

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32.00 Notes to the Statement of Cash Flows

The statement of cash flow shows the Company's cash and cash equivalents changed during the year through inflows and outflows. Cash flows statement has been prepared as per IAS-7 using the Direct Method.

Net cash inflow from operating activities arrived after adjusting operating expenses paid, interest and taxes paid during the year.

Net cash used in investing activities include cash outflow for purchase of property, plant and equipment after adjusting sale proceeds.

Net cash inflow/(outflow) financing activities mainly for proceeds of term and short term bank loan, payment of dividend and lease liability.

Particular(s)	2025	2024
32.01 Collection from customers		
Revenue	14,515,127	14,740,223
Opening balance of accounts receivable	208,999	400,619
Closing balance of accounts receivables	(206,434)	(208,999)
	14,517,692	14,931,843
32.02 Cash paid to suppliers		
Cost of material and spare parts consumption	10,712,044	11,376,316
Opening balance of trade payables	2,530,377	1,094,152
Closing balance of trade payables	(2,403,998)	(2,530,377)
	10,838,423	9,940,091
32.03 Cash paid for operating expenses		
Paid on labor and overhead less stores and spares consumed	2,311,989	1,677,589
Paid Warehousing distribution and selling	548,996	400,356
Paid on Administrative expense	581,328	574,610
Paid on Contribution to WPPF	38,247	41,401
	3,480,560	2,693,956
33.00 Income tax paid		
During the year the company has paid BDT 301,210 thousand (2024: BDT 316,139 thousand) as income tax.		
34.00 Acquisition of non-current assets		
This relates to outflow of cash and cash equivalents for acquisition of non-current assets. The company has paid BDT 306,383 thousand (2024: 267,709) during the year.		
35.00 Proceed from sale of non-current assets		
Plant and machinery	733	300
Furniture and equipment	253	278
Transport and vehicles	4,180	-
	5,166	578
36.00 Payment of dividend		
In 2025, the Company paid dividend BDT 141,259 thousand (2024: BDT 141,259 thousand).		
37.00 Reconciliation of operating cash flow to net profit for the year		

Particular(s)	2025	2024
Operating activities		
Profit/(loss) before tax	384,554	726,692
Depreciation of property, plant and equipment	434,096	464,765
Amortization of intangible assets	13,307	13,307
Loss/ (profit) on sale of fixed Assets	5,647	2,668
(Increase)/ Decrease in inventories	72,303	(476,817)
(Increase)/ Decrease in trade and other receivable	24,674	190,248
(Increase)/ Decrease in advance, deposits and prepayments	(203,563)	357,973
Increase/ (Decrease) in trade & other payables	(426,339)	1,076,976
Increase/ (Decrease) in provision for WPPF	(18,007)	(3,154)
Increase/ (Decrease) in jetty dismantling provision	12,304	12,306
Income tax paid	(301,210)	(316,139)
Net cash flow generated from operating activities	(2,234)	2,048,825

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Particular(s)	2025	2024
38.00 Bank facilities		
The Company has got the following credit facilities from banks		
Letter of credit		
Standard Chartered Bank	4,528,875	4,528,875
Citibank N.A.	1,588,210	1,554,631
Bank Asia PLC	500,000	500,000
BRAC Bank PLC	1,950,000	1,950,000
Prime Bank PLC	950,000	950,000
National Credit and Commerce Bank PLC	-	600,000
Southeast Bank PLC	1,500,000	1,500,000
Eastern Bank PLC.	-	950,000
United Commercial Bank PLC	-	1,700,000
Dutch-Bangla Bank PLC	1,000,000	-
	12,017,085	14,233,506
Short term loan facilities		
Standard Chartered Bank	300,000	300,000
Prime Bank PLC	50,000	50,000
BRAC Bank PLC	50,000	50,000
Eastern Bank PLC	-	50,000
	400,000	450,000
Bank Guarantee opened ended		
Standard Chartered Bank	63,000	63,000
	63,000	63,000
	12,480,085	14,746,506

Securities:

The above mentioned limits are secured by Letter of Hypothecation, Demand Promissory Note and Letter of Continuation.

39.00 Expenditure incurred on employees

	Number of Employees	
	2025	2024
Employment through out the year in receipt of remuneration aggregating BDT 36,000 or more per year	324	332
	324	332

Salaries, wages and benefits (Note 25.04, 27 and 28)

Employee remuneration includes all types of benefits paid and provided both in cash and kind other than the reimbursement of expenses incurred for the Company's business.

Particular(s)	2025	2024
40.00 Expenditure in equivalent foreign currency		
Foreign travel for Company's business purpose	4,289	3,487
	4,289	3,487

40.01 Remittances of foreign currency

Particulars	2025		2024	
	No. of shares	BDT '000	No. of shares	BDT '000
Dividend				
Heidelberg Materials Netherlands Holding B.V.	22,493,020	50,609	22,493,020	50,609
Heidelberg Materials Asia Holding GmbH	11,784,390	25,042	11,784,390	25,042
Total dividend	34,277,410	75,651	34,277,410	75,651
Heidelberg Materials Asia Pte. Ltd.		500,006		-
Total remittance		575,657		75,651

41.00 Value of Imports-at CIF basis

Raw materials	7,961,679	7,570,804
Capital Goods	40,227	105,609
Store & Spares	127,629	131,881
	8,129,535	7,808,293

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Particular(s)		2025	2024
42.00	Remuneration of Directors, Managers and Officers		
42.01	Managerial Remuneration - Managers and Officers		
	Salary and bonus	285,843	265,618
	Retirement benefits	23,855	14,248
	Provident fund	11,370	10,460
	Medical	9,240	10,417
	Other	1,848	3,221
		332,156	303,965
42.02	Paid to Directors		
	Board meeting fee	16	17
	T/DA	412	402
		428	418

43.00 Related party transactions

During the year the Company carried out a number of transactions with related parties in the normal courses of business and "on an arms length basis." The name of the related parties, the nature of the transactions and their balance at year end have been set out below:

Sl. No.	Name of the related party	Nature of relationship	Nature of the transaction	Transaction during the year		Receivable/ (payable) at closing date	
				2025	2024	2025	2024
1	Heidelberg Materials Asia Pte. Ltd	Group Entity	Technical Service	261,272	265,324	(526,596)	(890,332)
2	Heidelberg Materials AG	Group Entity	Group license fee	72,147	69,133	(273,084)	(200,938)
			Brand license fee	27,579	14,289	(41,868)	(14,289)
			Payment of expenses	-	2,602	(4,238)	(4,644)
3	PT Indocement Tunggul Prakarsa Tbk.	Group Entity	Payment of expenses	-	590	(7,170)	(7,018)
4	Heidelberg Materials Australia	Group Entity	Payment of expenses	-	-	(7,809)	(7,088)
5	Heidelberg Materials Asia Pte. Ltd	Group Entity	Recovery of expenses	(288)	(1,287)	1,575	1,287
6	Heidelberg Materials Butra Sdn Bhd.	Group Entity	Recovery of expenses	(827)	(7,585)	8,412	7,585
7	HM Trading Global (APAC) Pte. Ltd.	Group Entity	Clinker	6,282,373	3,809,300	(1,139,786)	(1,628,214)
			Limestone	247,066	189,999	(65,746)	(56,599)
			Slag	890,433	241,766	(298,251)	(141,770)
			Gypsum	247,024	162,733	(54,773)	(133,389)

During 2025, It envisaged that the transaction(s) entered into with the related parties, whether individually and/or in the aggregate would exceed the stipulated threshold of 10% (ten percent) of the annual turnover of the Company as per the audited financial statements for the period ended 31 December 2025 during the ensuing financial year of the Company i.e. the year ended 31 December 2025. In this connection, the approval of the shareholders was sought for the said related party transaction(s) in the Company's Annual General Meeting (AGM) held on 16 June 2025 and the shareholders approved the same.

The closing balances of receivables/payables are shown as gross values (including tax).

The Ultimate parent entity of the Company is Heidelberg Materials AG incorporated in Germany.

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2025

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44.00 Financial instruments – Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount		Fair value	
		Financial assets at amortized cost	Other financial liabilities	Total	Total
31 December 2025					
Financial assets not measured at fair value					
Trade and other receivables	8	234,335	-	234,335	234,335
Cash and cash equivalents	10	1,309,962	-	1,309,962	1,309,962
		1,544,297	-	1,544,297	1,544,297
Financial liabilities not measured at fair value					
Trade and other payables	19	-	4,536,225	4,536,225	4,536,225
		-	4,536,225	4,536,225	4,536,225
31 December 2024					
Financial assets not measured at fair value					
Trade and other receivables	8	259,009	-	259,009	259,009
Cash and cash equivalents	10	2,979,438	-	2,979,438	2,979,438
		3,238,447	-	3,238,447	3,238,447
Financial liabilities not measured at fair value					
Borrowings	15	-	1,189,703	1,189,703	1,189,703
Trade and other payables	19	-	4,962,564	4,962,564	4,962,564
		-	6,152,267	6,152,267	6,152,267

B. Financial risk management

i. Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Trade and other debtors are mainly related to the company's customers. The company's exposure to credit risk on accounts receivables is mainly influenced by the customers.

The company establishes provision for bad debt that represents its estimate of incurred losses in respect of trade and other receivables.

At 31 December, the maximum exposure to credit risk for trade and other receivables are as follows:

	2025	2024
Trade and other receivables	314,228	339,565
Provision for bad debt	(79,893)	(80,556)
Total Trade and other receivables	234,335	259,009

Heidelberg Materials Bangladesh PLC.

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For the year ended 31 December 2025

(expressed in thousands of Bangladeshi taka, except per share amounts)

44.00 Financial instruments – fair values and risk management-(continued)

B. Financial risk management (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of the financial obligation and accordingly arranging for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the company may get support from the parent company in the form of shareholder's loan/capital contribution.

The followings are the contractual maturities of non derivative financial liabilities:

	Carrying amount	Contractual cash flows				
		6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
31 December 2025						
Trade payables -(Note 19)	2,403,998	2,403,998	-	-	-	-
Creditors for other finance (note 19.01)	135,898	135,898	-	-	-	-
Creditors for revenue expenses (note 19.02)	1,696,629	1,423,503	131,805	141,321	-	
Interest accrued (note19)	299,700	-	-	-	299,700	
	4,536,225	3,963,399	131,805	141,321	-	299,700
31 December 2024						
Trade payables -(Note 19)	2,530,377	2,530,377	-	-	-	-
Creditors for other finance (note 19.01)	174,285	174,285	-	-	-	-
Creditors for revenue expenses (note 19.02)	1,958,202	1,958,202	-	-	-	-
Interest accrued (note19)	299,700	-	-	-	-	299,700
Borrowings (note 15)	1,189,703	1,189,703	-	-	-	-
	6,152,267	5,852,567	-	-	-	299,700

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For the year ended 31 December 2025

(expressed in thousands of Bangladeshi taka, except per share amounts)

44.00 Financial instruments – Fair values and risk management- (continued)

B. Financial risk management (continued)

iii. Market risk

Market risk is the risk that changes in market prices, such as changes in foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings incurred in foreign currencies. The Company's foreign currency transactions are denominated in USD.

Interest rate risk

The risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rate. At 31 December, the interest rate profile of the Company's interest bearing financial instruments was:

	Note	Carrying amount	
		2025	2024
Borrowings (variable rate)	15	-	1,189,703
		-	1,189,703

45.00 Capital management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

Heidelberg Materials Bangladesh PLC.

Notes to the financial statements

For the year ended 31 December 2025

(expressed in thousands of Bangladeshi taka, except per share amounts)

46.00 Segment and capacity

The Company provides cement to customers across the country. Business activities in which it engages and the economic environments in which it operates are of similar nature. Its business is not segmented by products or geographical areas and its operating result is viewed as a whole by its management. Hence, segment information is not relevant for the Company.

47.00 Capacity and production

Line of business	Installed capacity	Actual production	
	Single shift Qty-M.T.	Multiple shifts as applicable 2025	2024
Gray cement - Kanchpur	1,547,000	889,079	895,557
Gray cement - Chattogram	1,303,000	692,518	568,106
Gray cement - Mukterpur	660,000	261,469	340,881
	3,510,000	1,843,066	1,804,544

48.00 Events after the reporting period

48.01 Proposed dividend

During the year the Board of Directors in its meeting held of 23 April 2026 proposed cash dividend of 11% (2025: 25%). The proposed dividend is not recognized as a liability at the statement of financial position date in accordance with IAS-10 "Events after the reporting period."

IAS 1 "Presentation of Financial Statements" also requires that dividend proposed after the reporting period but before the financial statements are authorized for issue, be disclosed either on the face of balance sheet as a separate component of equity or in the notes to the financial statements. Accordingly the company is disclosing its proposed dividend in notes to the financial statements.

The provision of the Companies Act 1994 require that dividend stated to be in respect of period covered by the financial statements and that are proposed or declared after the balance sheet date but before approval of the financial statements should be either adjusted or disclosed. Considering the requirements of IAS and Companies Act 1994 dividend proposed have been disclosed in the financial statements and not shown as a liability.

Particular(s)	2025	2024
49.00 Net operating cash flows per share (NOCFPS)		
Net operating cash flows	(2,234)	2,048,825
Weighted average number of ordinary shares outstanding	56,504	56,504
	(0.04)	36.26

Cash flows from operating activities were marginally negative in 2025, mainly due to timing differences in LC-related payments to foreign suppliers, including settlement of certain prior year liabilities. Duty payments also increased because of the changes in regulations. Despite lower revenue compared to 2024, the Company maintained strong collection efficiency, with collections exceeding sales. Operating cash flows have normalized and turned positive subsequent to year-end, indicating stable underlying cash generation.

Particular(s)	2025	2024
49.01 Net assets value (NAV) per share		
Net assets as at 31 December (represented by shareholders' equity)	4,176,745	4,117,386
Weighted average number of ordinary shares outstanding	56,504	56,504
	73.92	72.87

50.00 General

50.01 Previous year's phrases and figures have been re-arranged, wherever necessary to conform to the presentation of financial statements.

50.02 Figures appearing in these financial statements have been rounded-off to the nearest Thousand BDT.