"If you have any query about this document, you may consult issuer, issue mangers and underwriters"

DRAFT PROSPECTUS
OF
M.I. CEMENT FACTORY LIMITED

Public offering of 30,000,000 ordinary shares of Tk. 10/- at an indicative price of Tk. 93/- each totaling of Tk. 2,790,000,000/-

Opening date for subscription .... Closing date for subscription ....
For Non-Resident Bangladeshis subscription closes on ....

UNDERWRITERS	
Bangladesh Mutual Securities Limited	One Bank Limited
BRAC EPL Investment Limited	Southeast Bank Limited
Green Delta Insurance Company Limited	Swadesh Investment Management Limited
IIDFC Capital Limited	

REGISTRAR TO THE ISSUE
Banco Trans World (BD) Limited
Ispahani Building (3rd Floor)
14-15 Motijheel C/A, Dhaka-1000
Phone: +88-02-9569541, 9553579
Fax: +88-02-9569612

CREDIT RATING BY CREDIT RATING AGENCY OF BANGLADESH LIMITED	
	Long Term
Entity Rating	**AA3**
Date of Rating: 11 April 2010	

Issue date of the prospectus: ....

The issue shall be placed in "N" Category
Manager to the issue

Alliance Financial Services Limited
Rahman Chamber (3rd floor)
12-13 Motijheel C/A, Dhaka- 1000
Tel: 9515468,9515469
Fax: 88-02-9515467

M.I. CEMENT FACTORY LIMITED
Registered Office: West Mukterpur, Munshigonj
Head Office: Sena Kalyan Bhaban (19th Floor), Suite # 1901-1902, 195 Motijheel C/A, Dhaka- 1000
Phone: 880-2-9569437,9564885, 9553022, Fax:880-2-9570392, Web: www.crowncement.com

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGER, UNDERWRITER AND/OR AUDITOR"

Availability of Prospectus

Prospectus of **M.I. Cement Factory Limited** may be obtained from the Issuer Company, Issue Manager, Underwriters and the Stock Exchanges as follows:

Name & Address	Contact Person	Telephone Number
The Issuer		
Head Office: Sena Kalyan bhaban (19th Floor) Suite # 1901-3, 195 Motijheel C/A Dhaka- 1000 **Factory:** West Mukterpur, Munshigonj	Mr. Mukter H. Talukder, ACA Chief Financial Officer	880-2 9569437,9564885,9553022
Manager to the Issue		
Alliance Financial Services Limited Rahman Chamber (3rd floor) 12-13 Motijheel C/A, Dhaka- 1000	Mr. Muhammad Nazrul Islam ACMA Sr. Manager-Operation	880-2- 9515468,9515469
Underwriters		
Bangladesh Mutual Securities Limited Shareef Mansion (7th Floor), 56-57 Motijheel C/A, Dhaka-1000	Mr. Suman Chandra Modak Assistant Vice President	880-2-7169428,9570624
BRAC EPL Investment Limited WW Tower, Level 9, 68 Motijheel C/A Dhaka- 1000	Mr. Khaled Yusuf Farazi Chief Executive Officer	880-2-9514731-40
Green Delta Insurance Company Limited Hadi Mansion (6th Floor) 2 Dilkusha C/A, Dhaka- 1000	Mr. Syed Moinuddin Ahmed Deputy Managing Director & Company Secretary	880-2-9559205
IIDFC Capital Limited Eunoos Tower (7th floor) 52-53 Dilkusha C/A, Dhaka-1000	Mr. Md. Anwar Hossain Chief Executive Officer	880-2-9550053
One Bank Limited HRC Bhaban, 46 Kawran Bazar C.A. Dhaka-1215	Mr. John Sarkar Company Secretary	880-2-9118161
Southeast Bank Limited Eunoos Trade Centre, 52-53 Dilkusha C/A, (Level 2,3 & 16), Dhaka-1000	Mr. Mahbubul Alam Managing Director	880-2-9571115,7160866
Swadesh Investment Management Limited Suit-1, Level-11, Unique Trade Centre, 8, Panthapath, Kawran Bazar, Dhaka-1215	Mr. Mamun Ahmed Managing Director	880-2-8158166
Stock Exchanges		
Dhaka Stock Exchange Limited. 9/F, Motijheel C/A, Dhaka-1000	DSE Library	880-2-9564601-7
Chittagong Stock Exchange Limited. CSE Building, 1080 Sheikh Mujib Road, Agrabad, Chittagong-4100	CSE Library	880-2-714632-3 880-2-720871-3

Prospectus is also available on the websites www.secbd.org, www.crowncement.com, www.allfin.org., www.saclbd.com www.dsebd.org, www.csebd.com and Public Reference room of the Securities and Exchange Commission (SEC) for reading and studying.

Name & Address of the Auditor
ACNABIN
BSRS Bhaban (13th Floor), 12 Kawran Bazar Commercial Area, Dhaka-1215
Tel: 880-2-8144347-52, Fax: 880-2-8144353, E-mail: acnabin@bangla.net

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DEFINITION AND ELABORATION OF THE ABBREVIATED WORDS AND TECHNICAL TERMS USED IN THE INFORMATION DOCUMENT

General terms

Term	Description
“MICFL” “We”, “us”, “our”, “the Company”, “issuer” and “our Company”	Unless the context otherwise indicates or implies, refers to M.I. Cement Factory Limited

Company related terms

Term	Description
Articles/ Articles of Association	The Articles of Association of the Company
Auditors	The Statutory Auditors of the Company namely ACNABIN, Chartered Accountants.
Board / Board of Directors / Director(s)	Board of Directors of the Company
Memorandum/ Memorandum of Association	The Memorandum of Association of the Company
Head Office of the Company	Sena Kalyan bhaban (19^{th} Floor), Suite # 1901-1902, 195 Motijheel C/A, Dhaka- 1000

Issue related terms

Term	Description
Associate	means a partner, employee or officer of a company or a body corporate over which the directors or subscribers to the Memorandum of Association and Articles of Association can exercise significant influence or control
AGM	Annual General Meeting
Banker to the Issue	means banks so named in the prospectus to collect money as subscription against security
Bidder	means the eligible institutional investors;
Book Building Method	means the process by which an issuer attempts to determine the price to offer its security based on demand from institutional investors;
Manager to the Issue	Manager to the Issue being Alliance Financial Services Limited
CDBL	Central Depository Bangladesh Limited
CIB	Credit Information Bureau of Bangladesh Bank
Commission/fees	means any money paid to any person in connection with public offering of security under these Rules;
CSE	Chittagong Stock Exchange Limited
Cut-off Price	means the lowest price offered by the bidders at which the total issue could be exhausted;
DSE	Dhaka Stock Exchange Limited
EGM	Extra Ordinary General Meeting
EIIs	Eligible Institutional Investors
EPS	Earnings Per Share
Floor price	means the lowest price of the price band within which the eligible institutional investors shall bid for security under Book-Building Method
Indicative price	means the price which the issuer indicates in the draft prospectus taking input from the

	eligible institutional investors on which the bidders bid for final determination of price;
Initial Public Offering	means first offering of security by an issuer to the general public
ISSUE	Book Building of Shares of MICFL
KW	Kilo Watt
MICFL	M.I Cement Factory Limited
NAV	Net Asset Value
Non-Resident Bangladeshi (NBR)	means an expatriate Bangladeshi or who has dual citizenship or possesses a foreign passport bearing an endorsement from the concerned Bangladesh Embassy to the effect that no visa is required for him to travel Bangladesh
Price Discovery	means a method of determining the price for a specific security through demand and supply factors related to the market
Prospectus	means any document prepared for the purpose of communicating to the general public an issuer's plan to offer for sale of its security under the prescribed Regulations;
Public Issue	means public issue of security through initial public offering or repeat public offering
R & D	Research & Development
Registrar to the Issue	means the merchant banker or any person employed by the issuer registered with or approved by the Commission for carrying on the activities in relation to an issue including collecting applications from investors, keeping record of applications and money received from investors, keeping record of applications and money received from investors or paid to the seller of security, assisting in determining the basis of allotment of security, finalizing the list of persons entitled to allotment of security and processing and dispatching allotment letters, refund orders or certificates and other related documents
RJSC	Registrar of Joint Stock Companies & Firms
Road Show	means presentation by an issuer of security to potential investors about its issuance of security
SEC	The Securities and Exchange Commission
Securities	Shares of MICFL
Securities Market	The Stock Market of Bangladesh
VAT	Value Added Tax

Disclosure in respect of issuance of security in DEMAT form

As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Limited (CDBL) system and any further issuance of shares (right/bonus) will be issued in dematerialized form only.

Consent to commence bidding by the eligible institutional investors for price discovery of issuance of 30,000,000 ordinary shares of MI Cement Factory Limited

The Commission hereby accords its consent under section 2A, sub-sections (2)(a) and (2)(b), read with section 2B of the Securities and Exchange Ordinance, 1969 and the Securities and Exchange Commission (Public Issue) Rules, 2006, based on all the above documents and information provided to SEC, to commence bidding by the eligible institutional investors for price discovery of issue of 3,00,00,000 ordinary shares of MI Cement Factory Limited. (hereinafter referred to as 'issuer' or 'company') through public offer, subject to the following conditions imposed under section-2CC of the said Ordinance:

1. The indicative price Tk.93.00 (taka ninety three) only shall be the basis for formal price building with an upward and downward band of 20% (twenty percent) of indicative price within which eligible institutional investors shall bid for the allocated amount of security;

2. If institutional quota is not cleared at 20% (twenty percent) below indicative price, the issue will be considered cancelled unless the floor price is further lowered within the face value of security, provided that, the issuer's chance to lower the price shall not be more than once;

3. Prospectus will have to be posted on the Websites of the Commission, stock exchanges, issue manager and issuer at least two weeks prior to the start of the bidding to facilitate investors to know about the company and all aspect of offering;

4. No institutional investor shall be allowed to quote for more than 10% (ten percent) of the total security offered for sale, subject to maximum of 5 (five) bids;

5. Institutional bidding period will be 3 to 5 (three to five) working days;

6. The bidding will be handled through a uniform and integrated automated system of the stock exchanges, especially developed for book building method;

7. The volume and value of bid at different prices will be displayed on the monitor of the said system without identifying the bidder;

8. The institutional bidders will be allotted security on pro-rata basis at the weighted average price of the bids that would clear the total number of securities being issued to them;

9. Institutional bidders shall deposit their bid with 20% (twenty percent) of the amount of bid in advance to the designated bank account and the rest amount to settle the dues against security to be issued to them shall be deposited within 5 (five) working days prior to the date of opening subscription for general investors. In case of failure to deposit remaining amount that is required to be paid by institutional bidders for full settlement of the security to be issued in their favor, 50% (fifty percent) of bid money deposited by them shall be forfeited by the Commission. The securities earmarked for the bidder who defaulted in making payment shall be added to the general investor quota;

10. General investors, which include mutual funds and NRBs, shall buy at the cut-off price;

11. There shall be a time gap of 25 (twenty five) working days between closure of bidding by eligible institutional investors and subscription opening for general investors;

12. Subscription for general investors shall remain open for 5 (five) consecutive banking days;

13. General investors shall place their application through banker to the issue;

14. All application money shall be kept in a separate escrow account opened with a designated bank with prior intimation to the Commission. Issuer will not be allowed to utilize such money until all the process of issue is completed and Commission's consent to this effect is obtained;

15. There shall be lock-in of 15 (fifteen) trading days from the first trading day on the security issued to the eligible institutional investors;

16. Within 5 (five) days of completion of the bidding process, the issuer and issue manager shall submit to the Commission, the following papers/documents for final approval of the prospectus:

    i 10 (ten) copies of draft prospectus duly signed by the issuer and issue manager containing among others, the cut-off price and weighted average price as discovered through the bidding process, date of opening and closing of subscription for the general investors, number of shares to be allotted to each category of investors and a statement of shares to be allotted to each of the eligible institutional investors;

    ii Statement of the designated bank account evidencing deposit of money paid in advance by the eligible institutional investors;

    iii Hard copy and soft copy of the bidding results;

17. The company along with the issue Manager and Registrar to the Issue shall ensure due compliance of the above and the Securities and Exchange Commission (Public issue) Rules, 2006.

General information

i. Alliance Financial Services Limited (AFSL) have prepared the prospectus based on information provided by M.I. Cement Factory Limited (MICFL) (the Issuer Company) and also upon several discussions with the Chairman, Managing Director, Directors and concerned executives of the issuer company. The Directors of M.I. Cement Factory Limited and Alliance Financial Services Limited collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material aspects and that there are no other material facts, the omission of which would make any statement herein misleading.

ii. No person is authorized to give any information or to make any representation not contained in this Prospectus and if given or made, any such information and representation must not be relied upon as having been authorized by the issuer company or issue manager.

iii. The Issue as contemplated in this prospectus is made in Bangladesh and is subject to the exclusive jurisdiction of the Courts of Bangladesh. Forwarding this prospectus to any person resident outside Bangladesh in no way implies that the issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

iv. A copy of this prospectus may be obtained from the Corporate Head Office of M.I. Cement Factory Limited, Alliance Financial Services Limited, the Underwriters and the Stock Exchanges where the securities will be listed.

Declarations and Due Diligence Certificates

Declaration about the Responsibility of the Directors, including the CEO of the Company "M.I. Cement Factory Limited" in respect of the Prospectus

This prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity and accuracy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative action against any or all of us as it may deem fit.

We also confirm that full and fair disclosure has been made in this prospectus to enable the investors to make a well-informed decision for investment.

Sd/
Md. Jahangir Alam
Chairman

Sd/-
Md. Alamgir Kabir
Director

Sd/-
Al-Haj Khabiruddin Molla
Director & Managing Director

Sd/-
Md. Molla Mohammed Maznu
Director

Sd/-
Md. Mizanur Rahman Molla
Director

Sd/-
Md. Almas Shimul
Director

Consent of the Director(s) to Serve as Director(s)

We hereby agree that we have been serving as Director(s) of "M.I. Cement Factory Limited" and shall continue to act as a Directors of the Company.

Sd/-
Md.Jahangir Alam
Chairman

Sd/-
Md. Alamgir Kabir
Director

Sd/-
Al-Haj Khabiruddin Molla
Director & Managing Director

Sd/-
Md. Molla Mohammed Maznu
Director

Sd/-
Md. Mizanur Rahman Molla
Director

Sd/-
Md. Almas Shimul
Director

Declaration about filing of Prospectus with the Registrar of Joint Stock Companies & Firms

A dated and signed copy of the Prospectus has been filed for registration with the Registrar of Joint Stock Companies & Firms, Government of the People's Republic of Bangladesh, as required under Section 138(1) of the Companies Act, 1994, vide RJSC's Receipt No .... Dated 2010

Due Diligence Certificate of Manager to the Issue

Subject: Public offer of 30,000,000 Ordinary Shares of Tk.10/= each at an indicative price of Tk.93/= each, including premium of Tk. 83/= per share totaling to Tk.2,790,000,000/= of M.I. Cement Factory Limited.

We, the under-noted Manager to the Issue to the above mentioned forthcoming issue, state as follows:

1. We, while finalizing the draft prospectus pertaining to the said issue, have examined various documents and other materials as relevant for adequate disclosures to the investors; and
2. On the basis of such examination and the discussions with the issuer company, it's directors and officers, and other agencies; independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

WE CONFIRM THAT:

(a) the draft prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the issue;

(b) all the legal requirements connected with the said issue have been duly complied with; and

(c) the disclosures made in the draft prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue.

For Manager to the Issue

Sd/-
Tapan K Podder
Managing Director
Alliance Financial Services Limited
Date: 27 April 2010

Due Diligence Certificate of the Underwriter(s)

Subject: Public offer of 30,000,000 Ordinary Shares of Tk.10/= each at an indicative price of Tk.93/= each, including premium of Tk.83/= per share totaling to Tk.2,790,000,000/= of M.I. Cement Factory Limited.

We, the under-noted Underwriter(s) to the above mentioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant for our underwriting decision: and

2. On the basis of such examination and the discussions with the issuer company, it's Directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

WE CONFIRM THAT:

(a) all information as are relevant to our underwriting decision have been received by us and the draft prospectus forwarded to the Commission has been approved by us.

(b) we shall subscribe and take up the un-subscribed securities against the above-mentioned public issue within 15 (fifteen) days of calling up thereof by the issuer; and

(c) this underwriting commitment is unequivocal and irrevocable.

For Underwriter(s)

Sd/-
Chief Executive Officer
Green Delta Insurance Company Limited

Sd/-
Chief Executive Officer
IIDFC Capital Limited

Sd/ -
Managing Director
Southeast Bank Limited

Sd/-
Chief Executive Officer
BRAC EPL Investments Limited

Sd/-
Director- in- Charge
Bangladesh Mutual Securities Limited

Sd/-
Managing Director
Swadesh Investment Management Limited

Sd/-
Managing Director
ONE Bank Limited

Risk factors & management's perception about the risks

Investors should be aware that there are risks associated with a particular investment in the company. These risks may result in loss of income or capital investment. Investors should carefully consider all the risks and uncertainties associated to the company along with all the information provided in this prospectus before taking decision to invest in shares of M I Cement Factory Limited.

Sourcing of raw materials
Main raw material of cement is the clinker which is imported from different sources. The company's business is dependent upon its ability to source sufficient clinker at competitive price for its operations.

Management perception
The company has bilateral arrangement with a group of independent suppliers of raw materials. Therefore, it is expected that the company will have smooth flow of raw materials. Besides, clinker can also be procured from local sources .

Distribution network
Many strong producers of cement including multinationals are competing in the domestic market but the Company depends on distributors owned by the sponsors for the sale of its products.

Management Perception
The company's products are currently marketed through a distribution network which sell its products to end users such as contractors, retailers, and other similar groups. The company also markets its products directly to institutions and corporate bodies. Since the distributors/dealers/commission agents have day-to-day contact with customers, the company is exposed to the risk of its distributors/dealers/commission agents failing to adhere to the standards set for them in respect of sales and after-sales service, which in turn could affect customer perception of the company's brands and products. If the competitors of the company provide better commercial terms to the dealers, they may be persuaded to promote the products of the competitors instead of the company.

Rise in Input Costs may affect profitability
The input costs of the products of the company may increase due to various reasons, such as increased cost of raw materials and other variable costs that adversely affect the input costs. In such case, if the company is not able to pass on such increase to the consumers because of competition or otherwise, it may affect the profitability of the Company.

Management Perception
The company constantly endeavors to procure raw materials and packing materials at the lowest prices using its long-term association with the suppliers and constant development of new sources of the same. The Company also follows prudent pricing policy to keep the costs under check. The risk on account of price fluctuation in raw material is reduced to a significant extent by passing incremental raw material cost to the prices of finished products thereby insulating the Company from fluctuations in raw material prices. Profitability will depend upon the extent up to which the company is able to pass on the burden of rise in the price of raw material to the consumers.

Future results of the Company may be adversely affected:
The company has undertaken very optimistic expansion plan and expected to complete within one year. In case of failure to implement as per schedule the company will suffer significantly in terms of profitability, cost overrun as well as market share.

Management Perception
The sponsors have in-depth knowledge & skills in setting up & implementation of similar projects. Besides, the company has a group of skilled and experienced personnel to ensure timely implementation of the project.

Cement market is highly competitive
Some of the competitors of the Company are larger than the Company and have vast financial resources that may enable them to deliver products on more attractive terms or to invest large amounts of capital into their business, including greater expenditure for better and more efficient production capabilities. These competitors may limit the opportunity of the Company to expand its' market share and may compete with it on pricing of products. The business, financial condition and prospects of the Company could be adversely affected if it is unable to compete with its competitors and sell cement at competitive prices.

Management Perception
With increased thrust and emphasis given by the Government and private sector to construction activities and infrastructure development, the demand for cement is going to be fast increasing. The Company therefore foresees growing demand for its

products. With the proposed expansion and strengthening financial condition due to the public issue the company will be in a very strong position to be competitive in the market.

Non-availability of power could disrupt the operations for the proposed project.
Power is essential for operating the plant which comes either from PDB or from captive source operated by Gas. Interruption of supply of power/gas will reduce the production which will ultimately increase the cost of production and make the company uncompetitive.

Management Perception
The existing unit is connected to High Tension (11 KV & 33 KV) power line with connected load of 7.00 MW. The proposed unit will require another 8.00 MW load connection from 132/33 KV and 33 KV H. T. line. The sponsors of the project have already applied to the authority for permission of additional load connection which is expected to be accorded very soon. Besides, the company has 3.61 M.W. power from a gas based captive power plant for one unit (1400 MT) to meet its requirement during any power supply interruption and also for constant use.

Delay/failure of the public issue may adversely affect the implementation
Proposed expansion would be funded from this Public Issue and any delay/failure of the public issue may adversely affect the implementation.

Management Perception
The Company requires significant fund to finance its proposed expansion. It has already secured necessary fund from banks under a syndication and accordingly agreement has been signed with supplier (CHMC) and L/C for major machineries to be opened very soon. In case the issue is delayed//not raised, the bank loan/debt will continue.

Ability to attract & retain skilled Personnel
Company's sustained growth depends on its ability to attract & retain skilled Personnel and failure would adversely affect the growth prospects.

Management Perception
The Company has devised a sound human resource policy to develop and retain its key management personnel & talents and has been able to retain significant part of its manpower talent. Operational efficiency of the company would be ensured through sponsors' direct involvement & their experience in cement sector, ready succession and experienced management team.

Foreign Exchange rate risk
The project may face some degree of foreign exchange rate fluctuation risk as the Company imports raw materials against payment of foreign currency.

Management Perception
Exchange rate of used currency is almost stable for the last couple of years. Main raw materials for the project are clinker, gypsum, slag fly ash and lime stone. All the raw materials will be imported. Market price is usually adjusted based on the cost of raw materials.

Market and technology-related risks
In the global market of 21st century, developed technology, products and services render obsolete the old service and product strategy. So, the existing organization may not be able to cope up with the future needs and demands.

Management Perception
The management of MICIL is very much aware of this issue and they are already well-equipped with a pool of technical personnel to maintain the installed production facilities. Realizing the benefit of having latest technology the company

Implementation of New project
The company proposed to invest its IPO proceeds for implementation of its new 4th unit and other facilities to increase production capacity. Any new project carries some inherent risks and may not be successful or may take long time to secure sustained profitability.

Management's Perception
MICFL started its commercial operation on 13 October 2000 and subsequently increased its production capacity by smooth implementation of Unit II and Unit III. It is expected that the proposed expansion can be done smoothly based on the experience of the sponsors in establishing similar project..

CAPITAL STRUCTURE & PURPOSE OF PUBLIC OFFERING

Particulars	No of shares	Amount
Authorized Capital	**500,000,000**	**5,000,000,000**
Paid up share Capital prior to IPO	**Shares**	**Amount**
Issued & fully paid up capital as on 30 June 2009	20,000,000	200,000,000
Shares issued other than cash against land 21.12.2009	7,344,000	73,440,000
Bonus Share Issue 21.12.2009	42,656,000	426,560,000
Total	**70,000,000**	**700,000,000**
Ordinary share capital after IPO		
Issued & fully paid up capital as on date	**70,000,000**	**700,000,000**
IPO (Initial Public Offering)	30,000,000	300,000,000
Total Capital after IPO will be	**100,000,000**	**1,000,000,000**

Summary of Annual General Meeting of M.I. Cement Factory Limited

AGM	Date of AGM
1st AGM	18th December 1995
2nd AGM	16th December 1996
3rd AGM	19th December 1997
4th AGM	20th December 1998
5th AGM	21st December 1999
6th AGM	18th September 2000
7th AGM	18th December 2001
8th AGM	18th December 2002
9th AGM	18th December 2003
10th AGM	18th December 2004
11th AGM	18th December 2005
12th AGM	27th December 2006
13th AGM	23rd December 2007
14th AGM	18th December 2008
15th AGM	18th December 2009

USE OF IPO PROCEEDS AND STAGES OF UTILIZATION

Estimated fund required for implementation of the expansion plan stands at Tk.3,350,510,126 and the entire proceeds of the IPO shall be utilized for the proposed expansion. The balance amount required, if any, shall be arranged through borrowings from banks and/or other financial institutions. Detailed Time plan is attached in Schedule I.

Proposed expenditure plan is as follows:

Sl. No.	Utilization of Funds	Amount (Tk.)	Implementation Target
1	Land & Land Development	138,716,250	December 2010
2	Building	443,900,000	May 2012
3	Foreign Machinery	1,880,767,626	May 2012
4	Local Machinery	70,100,000	December 2011
5	Vehicles	726,026,250	May 2012
6	Survey, Plan & Drawing	4,400,000	September 2010
7	Installation, Erection & Commission	81,500,000	January 2012
8	Furniture & Fixture	1,000,000	December 2011
9	Other Expenses	4,100,000	May 2012
Total		**3,350,510,126**	

Sd/-
Alhaj Md. Khabiruddin Molla
Managing Director

Sd/-
Mukter Hossain Talukder, ACA
Chief Finance Officer

As per rules 4 (b), there are no contract covering any of the activities of the issuer company for which the proceeds of sale of securities are to be used.

DESCRIPTION OF BUSINESS

Background of the project

MI Cement Factory Limited (MICFL) was founded by 2 business groups of the country, namely Molla Group and Jahangir & Others Group. The group sponsors started their business in 1965 through trading of construction materials such as Cement, MS Rod, Steel Structure and gradually expanded its business into manufacturing and trading of construction materials such as Cement, Mild Steel. MS Rod, MS Bar, MS Angel, Billet' CI Sheet. They have also diversified their business in Iodized Salt and Power Generation.

M.I. Cement Factory Limited laid down its foundation stone on December 11, 1998 and the plant, equipped with the world famous O'Sepa Separator, went into operation with its production capacity of 600 metric tons. It marketed the product with the brand name of Crown Cement. Following such investment, due to its relative remarkable preference by the consumers in the market, M.I. Cement Factory Limited set up the consequent 2nd and 3rd units that finally led to rise of production capacity to 840,000 metric tons per annum. Currently, MICFL decided to undertake 4th unit of the plant in order to enhance the capacity to 5,800 metric tons per day. After this expansion the company will be able to place itself within top five companies of the country in terms of production capacity.

Cement is the latest addition in the list of export commodities in Bangladesh. Our country started exporting cement from January 2003. Crown Cement of M.I. Cement Factory Ltd. takes the pride of part of it. Earlier, apart from some production of state-owned Chhatak Cement Factory, the country was dependant on its import. In this context, local investors took the initiative for setting up cement factories and started producing cement in 1992.

The cement industry is a core sector and one of the kingpins for the growth of the country. Cement is one of the most basic construction materials, and hence, an essential item for the infrastructure development of the country. M.I Cement Limited was incorporated as a public limited company in 31 December 1994 under Companies Act 1994.

The project

MICFL is one of the Portland cement manufacturers in Bangladesh. The company is located at West Mukterpur, Munshigonj, on a land measuring 841.65 Decimals which has a good communication facility both in riverine as well as land. MICFL is situated on the bank of river Daleswari. It has good access to water and road transportation which are used extensively both for inward movement of raw materials and outward movement of cement.

New Project under implementation

The Company has decided in its Board of Directors meeting dated, 01.07.09 that to expand the existing plant further by setting another cement grinding unit of 3000 Metric Tons per day production capacity in the name and style of M. I. Cement Factory Ltd. This fourth unit is to be located in the existing plant site at West Mukhterpur, Munshigonj. The new unit will include (i) Pre Grinding Machinery (ii) Cement Grinding Section (iii) Cement Packing Section (iv) A 33/ll KV Power Sub-station (v) 132/33 KV power substation (vi) Clinker storage silo (vii) Bulk material unloading Device with a mini silo (viii) cement extraction system and (ix) weigh Feeder for feeding raw materials proportionately (x) Barge loading system. (xi) Truck loading system (xii) Cement silo (xiii) hydraulic crane with jetty. But it will utilize all other existing facilities such as (i) Clinker unloading jetty and conveying system (ii) Clinker & Gypsum Go downs (iii) pre-grinding section (iv) Cement silo. The new unit will require to construct additional cement silo, one clinker silo and two new Jetties, etc.

Total project cost of the proposed unit has been estimated at Tk. **3,350** million which will be financed from the proceeds of the IPO and balance amount will be adjusted through loans from banks/financial institutions. The proposed unit is expected to go in full commercial operation within 12 (twelve) months from the date of opening L/C for import of machinery, which is opened on 19.05.2010

Important Dates

Incorporation of Business as Public Limited Company	31 December 1994
Date of Commencement of Business	31 December 1994
Started production – 1^{st} Unit	13 October 2000
Started production – 2^{nd} Unit	15 September 2002
Started production – 3^{rd} Unit	28 March 2008
First Export of Cement	13 February 2003

Nature of business

The principal activities of the company's manufacturing and marketing of Ordinary Portland Cement and Portland Composite Cement under "CROWN CEMENT" brand **.**

Strengths of M I Cement Factory Limited

Machinery & Equipment

The machinery of the existing unit under operation were imported from China which are mainly consisted of (i) Grinding & related machinery (ii) Packing & related machinery (iii) Jetty crane (iv) Material transportation equipment from vessels to silo (v) Clinker conveying and discharging equipment (vi) Electrical equipment for power sub-station (vi) Electrical equipments for control rooms in all sections (vii) Auto control instruments (viii) Computer controlled proportioning equipment (ix) Pay-loaders, (x) Fly ash unloading device .

The plant required a lot of equipment which were installed in the production line for material conveying, maintenance work and main machinery support. For this purpose ducts, hoppers, chutes, pipes, platform etc. were fabricated and also procured locally including two generator sets were also procured locally (250 KVA & 350 KVA) for packing, loading, unloading and lighting purposes . The existing units have 50 transport vehicles of different categorize for transport and distribution of cement.

Communication

The site enjoys well communication facilities through both road and river. Well navigable river Dhaleswari is adjacent to the site and also the Dhaka - Munshigonj metalled road is well connected, so the existing unit has been utilizing these routes for raw materials and product transportation smoothly.

Environmental pollution control

Cement grinding plant uses no fuel for combustion. Here only hazard is fine clinker dust. The present unit is equipped with sufficient dust collectors to keep dust quantity in the air within acceptable limit. The proposed unit will also have the same facilities. However, before start of operation the project clearance from the Environmental pollution control Board will be obtained.

Human Capital

The manpower of MICFL is of diverse backgrounds and they are assessed on a periodic basis in terms of their Skills, Analytical Capability, Experience, Decision Making Ability. Appropriate Combination of manpower of different backgrounds are seen and achievement of Learning Curve & Experience Curve Effect is always an objective.

Information Strategy

Information at MICFL is always available & up-to-date, competitive Information Technologies are found within the confine of organization’s boundary, appropriate Information Systems for delivery of information at all layers of management at precision timing are available and Information Management such as Backup & Storage Facility, Disaster Recovery,. is carried out by the management of MICFL.

Financial & Non-Financial Controls

MICFL implemented a number of controls which are Budget preparation, Variation reporting and control, Achievement of financial targets such as Return on Investment, Setting non-financial targets; qualitative and quantitative that includes formal as well as informal controls such as formal rules & procedures, personnel policies, culture, ethical standards & values. Hard controls such as policies & procedures and soft controls like appraisal & reward system, training, etc. are introduced on a continuous basis.

Corporate Practices

MICFL has set a number of practices that are followed to ensure the efficient and effective management of the organization.

Timely supply of required information to the board at maximum accuracy
- Periodic Financial Reporting by Management
- Regular Management Review & Audit by Chartered Accountants’ firm
- Segregation of Duties at each individual management level of MICFL
- Safeguard of Assets of MICFL by physical checks, security, passwords, etc.

Market Aspect

Bangladesh economy has an aggregate estimated installed capacity of 18.585 million MT of cement per annum against which the economy has consumed around 12 million MT in 2009 with the operations of 32 factories. Increase in demand for cement in 2010 onwards is estimated to be approximately 15% million MT per annum. As per government directives, all industrial units are required to shut down for 6 hours (from 5 pm to l l pm), which cause reduction in production. Besides, installed plants are subject to power interruption, periodic maintenance, sudden breakdown and above all seasonality effect of the products. In view of above, industry average of attainable production capacity is considered to be 60%, which turns to be 11.151 million MT p.a.

Considering 15% industry growth for next 2 years, national demand for cement would be 12.82 million MT with 60% attainable capacity which indicate the aggregate installed capacity to be around 21.373 million MT per annum. Therefore, additional production capacity requirement would be 2.52 million MT.

Market Opportunities

Every developing country like Bangladesh has huge demand for cement to develop different national infrastructure and gradually increasing housing demand.

GDP and Per Capita Income

Steady growth in GDP and Per capita income have been observed for the last couple of years. GDP growth of Bangladesh has been projected to be more than 6% for the forthcoming years. The country will require sufficient infrastructure to achieve the growth. Therefore, construction vis-a-vis cement sector is expected to grow more rapidly than GDP growth rate.

Annual Development Program

The government has declared largest ever ADP size of BDT 305,000 million to be implemented in the fiscal year 2009-10. ADP size is expected to increase in the forthcoming years. The higher the ADP size, the higher will be the allocation for construction. Eventually the cement market would experience additional demand.

Export

MICFL already obtained acceptance from Bureau of Indian Standards and subsequently started cement export to Tripura State of India in 2003 which has been continuing till date. Recently, MICFL also started cement export to Meghalay and Asam states of India. In the fiscal year 2008-09, the company exported more than 45,000 MT cement in India, which is expected to increase manifold in the forthcoming years.

Market for the M.I. Cement Factory Limited

Major customers are the contractors, property developers, Export Processing Zone authorities, road and bridge construction company etc.

Market Players with Capacity
The following table shows the Market Players with their Capacity

Organization	Capacity (Mil. MT)
Shah Cement Mills Limited	2.22
Meghna Cement Mills Limited	1.44
Lafarge Surma Cement Limited	1.20
Akij Cement Mills Ltd.	1.08
Seven Circles Cement Limited	1.02
Holcim (Bangladesh) Cement Limited	0.90
M I Cement Factory Limited	0.84
Unique Cement Mills Ltd.	0.80
Heidelberg Cement Bangladesh Limited	0.75

Source : Bangladesh Cement Manufacturers Association

Relative contribution to income

The Company has only one product and it is contributing 100% to its revenue.

Associate, Subsidiary/Related Holding Company

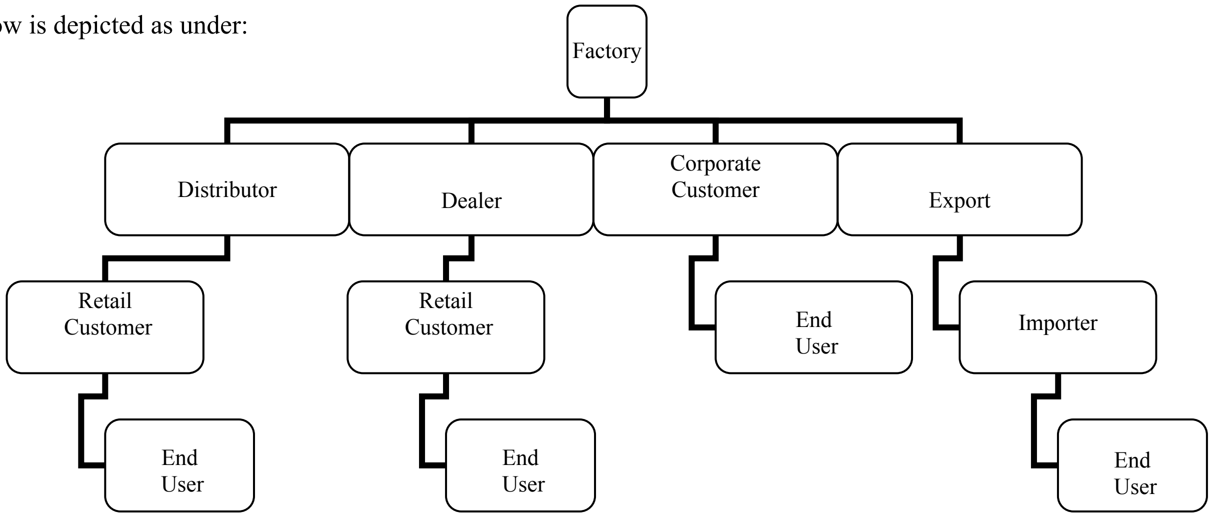
Name of the Company	Relationship	Core Area of Business
Crown Power Generation Limited	Associate	Power Generation
Crown Polymer Bagging Ltd.	Associate	Cement bags manufacturing (under implementation)
Crown Mariners Ltd.	Associate	Inland Cargo operation (yet to start)

Distribution of product/services

Sponsors of MICFL have been involved in cement trading for more than 40 years. Therefore, the Company has a wide distribution network in Bangladesh. MICFL is well-equipped with a fleet of more than 55 vehicles consisting of truck, bulk carrier, covered van, cargo vessel, dump truck, etc. Major products are marketed through the following distributors owned by the sponsors:

i. Molla & Brothers Company
ii. Brothers Corporation
iii. Jahangir & Others Limited

Distribution Flow is depicted as under:



The Company believes that this network and the cordial relationships that it enjoys with the dealers/distributors/agents, enables it to market and distribute its cement widely and efficiently all over the country.

Competitive condition in business

Major competitors of the Company are listed below:

Name of the Organization
Shah Cement Mills Limited
Meghna Cement Mills Limited
Lafarge Surma Cement Limited
Akij Cement Mills Ltd.
Seven Circles Cement Limited
Holcim (Bangladesh) Cement Limited
Unique Cement Mills Ltd.
Heidelberg Cement Bangladesh Limited

Sources and availability of raw materials and principal suppliers

All the raw materials are imported except packing bag. The auxiliary raw materials are only cement bags and raw lime stone which are procured locally. Two types of bags are being used, paper bags and woven PP bags depending on market demand. The imported materials are Clinker, Gypsum, Blast Furnace Granulated Slag, Dry Fly Ash. Principal raw material suppliers of the company are as follows:

Serial No	Name of the Suppliers	Address of the suppliers
1	SCT CO.,Thailand	1,Siam Cement Road Bangsue,Bangkok 10800,Thailand
2	Koriba Pte Ltd.	20 MAXWELL ROAD NO.03-12, MAXWELL HOUSE, SINGAPORE 069113
3	Marubeni Cement & Construction Materials Co.Ltd.	Trade Department: kinseisha Building 15,Kanda-Nishikicho 3-Chome chiyoda-Ku,Tokyo 101-0054,Japan.
4	Shun Shing Trading Limited	Room#1904,Far East Finance Centre,16 Harcourt Road,Admiralty,Hong Kong.
5	Leonard Exports	2/7 Sarat Bose Road, Vashundhara Building, Space-5, 6th Floor, Kolkata-700020, West Bengal, India
6	ITOCHU Singapore Pte Ltd.	9 Raffles Place-HEX 41-01 Republc Plaza,Singapore-048619.
7	Peakward Enterprises (Holdings) Ltd.	Room#2901,Pacific Plaza,410 Des Voeux Road West Hong Kong.
8	A.J.Trading Private Limited	26/10/1 A.M.Ghosh Road,Budge-Budge,24 Parganas(South) Kolkata-700137,West Bengal India.
9	Wuhan Senmao Trade Company Limited	Road#A3,9th Floor,XinLi Tower,Jiang An District,Wuhan City,Hubei Province,China.
10	Holcim Trading Pte Ltd.	Gateway East #09-02/03/04,152 Beach Road,Singapore-189721.
11	Biroute Limited	Unit 1913-16,19th Floor,China Merchants Tower,Shun Tak Centre,200 Connaught Road Central ,Hong Kong.

Sources of, and requirement for power, gas and water or any other utilities

Power:

MICFL is connected to High Tension (11 KV & 33 KV) power line with connected load of 7.00 MW for the old plant. The sponsors of the project have already applied to the power supply authority for permission of additional load connection which is expected to be accorded very soon. Inclusive of proposed expansion, total electricity load requirement is 15 MW. To ensure uninterrupted power directly from the national grid, MICFL is in process of setting its own 132/33 kv distribution station at factory site. As advised by PDB, company acquired suitable land of 35.65 decimals located at Narayangonj and awaiting for PDB's approval. Besides, the company will get 3.61 M.W. power from its associate "Crown Power Generation limited" having gas based power plant to meet its requirement during any power supply interruption and also for constant use.

Gas:

The Company does not require such utility except for its captive power plant and ordinary use to perform official activities.

Water:

Everyday about 1000 M. Ton water is being used for equipment cooling laboratory and other domestic purpose. This demand is met by plants' own pumps of more than 2000 M. Ton /day capacity. Since the plant is located on the bank of Dhaleswari River water is supplied from the adjacent river.

Fuel:

The present unit requires about 60,000 liters diesel fuel, 16,000 liters lubricant oil of different categories, 800 kgs grease and 12000 liters of petrol in each year for pay-loaders, generators, main machineries and vehicles) .

Customers providing 10% or more revenues

Name	% of Contribution
Molla & Brothers	26.00%
Brothers Corporation	13.75%
Jahangir & Others	10.25%

Contract with principal customers and suppliers

The company has no specific contract with its customers and suppliers.

Material patents, trademarks, licenses or royalty agreements

Patent and Trade Mark

MICFL has applied for the registration on 14/02/2010 of the accompanying trademark & Logo of the companies class, in respect of goods, name and trading style with the department of Patents, Designs and Trademarks of Bangladesh.

Licenses

The company has been certified as an ISO 9001:2008. The certification scope stats the company has manufacturer of Ordinary Portland Cement and Portland Composite Cement

The company has license under Bangladesh Standards & Testing institution (BSTI) and the company is using BSTI seal in its product which is valid up to 30/06/2011 and can be renewable under prevailing laws. The company is also licensed under Bureau of Indian Standards (BIS) and exports in India are based on this license. The existing license is valid up to 07 August 2012 and can be renewable under prevailing laws.

Environmental certificate issued by the authority that will be expired on 30 June 2011

Fire License from Department of Fire has already been obtained.

Number of employees

The company had 548 permanent employees as on 30 June 2009 and a varying number of seasonal and temporary workers as required.

Capacity and current utilization of the facility

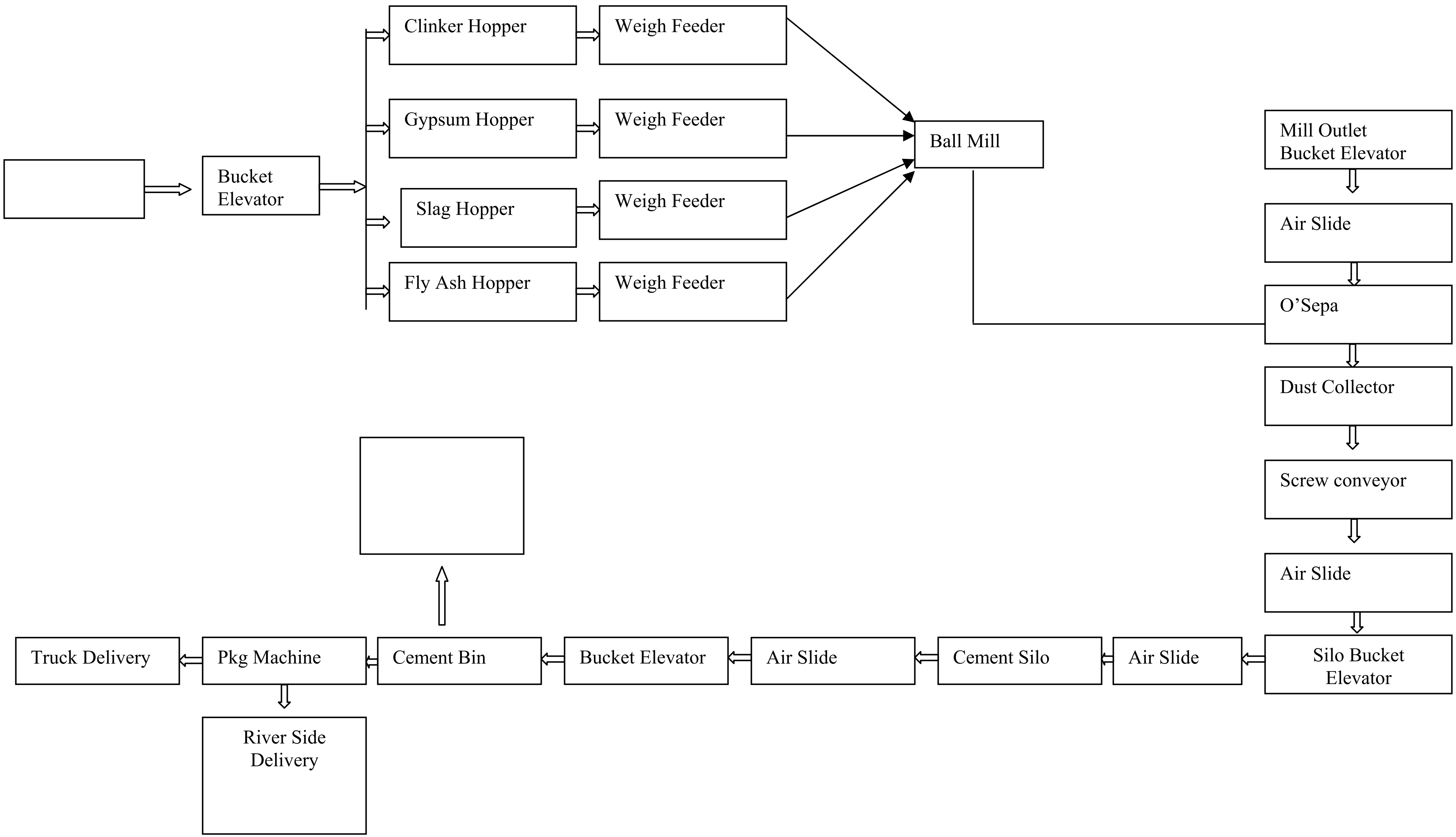
Production Capacity of MICFL is 840,000 M.ton/year. Actual production in the financial year July'08 to June'09 was 449,709 Metric tons, capacity utilization was about 54% mainly due to:

(1) Compulsory suspension of production for 6 hrs/day (peak hours) as per Government regulations.

(2) Low capacity utilization of 3rd in unit 2008-2009 that started few months ago.

However, actual production during 6 months ended December'09 was 245,170 M.ton.

Cement Production Process



DESCRIPTION OF PROPERTY

A) The Company owns the following fixed assets at written down value as on 30 June 2009 & December 31, 2009.

(As per audited accounts)

Name of the Assets	Written Down Value As at 31 December 2009	Written Down Value As at 30 June 2009
a. At Cost		
Factory		
Land & Land Development	163,678,824	161,041,910
Factory & Building Unit-I & II	72,750,831	74,616,237
Factory & Building Unit- III	51,621,937	52,920,577
Plant & Machineries (Unit-I & II)	81,465,135	85,752,774
Capital Machinery –Unit-III	242,870,552	255,653,212
Fly Ash Unloading System	28,608,611	30,114,328
Electric Tools	5,401	5,839
Generator	1,073,516	1,192,796
Electric Equipment	10,836,170	11,714,778
Water Pump	184,496	204,996
Jetty & Jetty Construction	18,449,153	19,315,550
Electric Fan	58,178	59,890
Grabe Crane	769,802	832,219
Sundry Assets	603,345	652,265
Electronic Weigh Bridge	1,196,995	1,294,049
Quality Control Equipment	1,139035	1,081,389
Pay Loader	4,386,990	4,742,692
Weigh Feeder	4,331,767	4,682,991
Wheel Loader	3,683,076	3,981,703
Service Silo	12,914,803	13,961,950
Pump House	642,876	85,814
Laboratory Instrument	968,005	1,010,652
Boundary Wall	6,539,700	6,496,327
Total	**708,779,199**	**731,414,937**
Administrative		
Air Conditioner	547,303	427,679
Office Decoration	1,101,327	1,159,292
Office Equipment	1,626,139	1,757,988
Motor Vehicles	6,100,597	6,595,240
Computer & Accessories	1,231,312	1,270,324
Furniture & Fixture	1,700,546	1,768,394
Construction of Mosque	263,646	270,406
Total	**12,570,870**	**13,249,323**
Selling & Distribution		
Cargo Vessel	2,506,519	2,638,441
Covered van	38,230,159	41,329,902
Motor Cycles	865,486	688,661
Bulk Carrier	18,168,014	19,641,097
Ramp Construction	35,977	37,870
Service Silo	2,412,880	2,539,874
Truck Open	2,906,304	3,141,950
Total	**65,125,339**	**70,017,794**
Total (Unit l+ll+lll)	**786,475,408**	**814,682,054**
b. Revaluation		
Land & Land Development	201,793,090	-
Factory & Building Unit-I & II	43,218,530	-
Factory & Building Unit- III	18,558,470	-
Total	**263,570,090**	-
Total Assets (a+b)	**1,050,045,498**	**814,682,054**

B) All the above-mentioned assets are situated at Company's Factory site West Mukterpur, Munshigonj and Operational office at Sena Kalyan Bhaban (19th Floor), Suite # 1901-1902, 195 Motijheel C/A, Dhaka-1000 premises and are in good operating condition.

C) All the assets of the company are in its own name except 29 nos. of Motor Vehicles an some Electric Equipments were taken under hire purchased from Prime Bank Limited. The status of these assets are as follows:

Sl.No.	Hire Purchase	Assets	Installment Size per Month	Outstanding (Tk.)	Maturity Date
1	LD-0710900023	3 Covered Van	95,000	(2,303,367.97)	30/04/2012
2	LD-0716100055	1 Wheel Loader	102,500	(2,516,771.23)	9/6/2012
3	LD-0717600021	1 Dumper	35,000	(877,066.65)	24/06/2012
4	LD-0730100025	4 Covered Van	480,000	(4,654,344.60)	30/10/2010
5	LD-0807800018	8 Covered Van	650,000	(9,103,991.52)	31/03/2011
6	LD-0813400006	2 Covered Van	112,000	(1,608,353.36)	30/04/2011
7	LD-0910600027	6 Covered Van	355,000	(8,278,747.90)	15/04/2012
8	LD-0914000013	2 Car	73,000	(1,798,786.08)	20/05/2012
9	LD-0914000020	Electrical Equipment	260,000	(10,294,623.08)	20/05/2014
10	LD-0916000034	1 Bulk Carrier	115,000	(2,904,873.98)	30/06/2012
11	LD-0927900006	1 Bulk Carrier	180,000	(4,974,231.96)	30/06/2012
	Total (Tk.)			**(49,315,158.33)**	

D) Total factory land of the company was 806 decimals as on 31/12/2009. After the Balance Sheet date, additional land measuring 35.65 decimals were purchased at Narayangonj for power distribution station as per board resolution dated 01/07/09

Land measuring 621.05 decimals of factory land with building and structure (existing & future) is mortgaged by 3 (three) Banks to obtain loan facilities as mentioned in the note-15 & 19 of the audited financial statements. The following are the mortgagees of the Company:

- Prime Bank Limited
- One Bank Limited
- United commercial Bank Limited

E) No reconditioned or second hand plant and machinery are being used by the company.

FINANCIAL CONDITION AND PLAN OF OPERATION

Internal and external sources of fund **(as per audited accounts)**

Internal Sources of Cash	**31-12-2009 Taka**	**30-06-2009 Taka**	**30-06-2008 Taka**	**30-06-2007 Taka**
Paid-up Capital	700,000,000	200,000,000	200,000,000	200,000,000
Deposit against share	-	84,456,000	84,456,000	-
Revaluation reserve	263,570,090	-	-	-
General Reserve	-	28,338,312	28,338,312	
Retained Earning	140,851,783	427,525,557	239,793,752	144,478,869
Tax holiday reserve	-	-	-	28,338,312
Sub Total:	**1,104,421,873**	**740,319,869**	**552,588,064**	**372,817,181**
External Sources of Cash				
Long term Liabilities	43,744,993	70,782,117	183,526,752	72,726,138
Short term Bank Loan	201,644,616	338,140,786	634,558,083	293,099,687
Sub Total:	**245,389,609**	**408,922,903**	**818,084,835**	**365,825,825**
Grand Total:	**1,349,811,482**	**1,149,242,772**	**1,370,672,899**	**738,643,006**

Material Commitment for Capital Expenditure

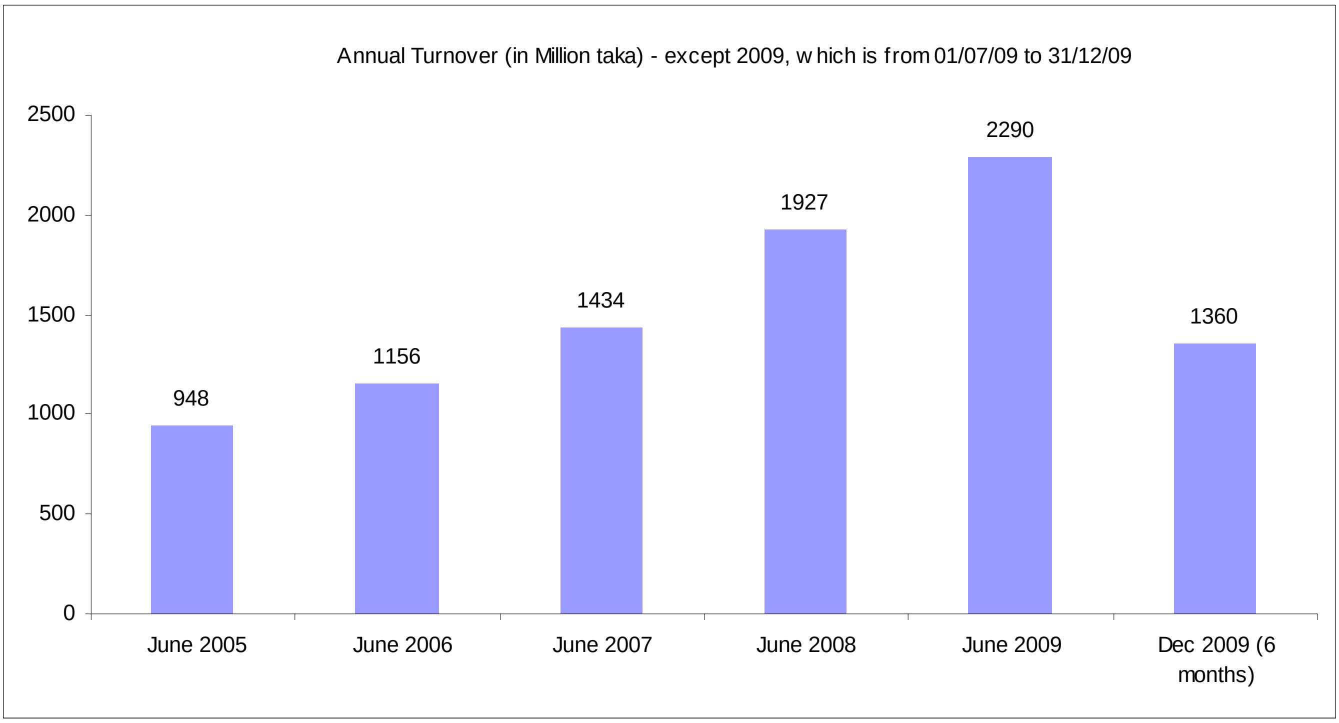
The company does not have any such commitment for capital expenditure except the expansion of the 4th unit of the company having production capacity of 3,000 MT per day.

Causes for any Material Change from Period to Period **(as per audited accounts)**

Particulars	**31-12-2009 (Six months) Taka**	**30-06-2009 Taka**	**30-06-2008 Taka**	**30-06-2007 Taka**
Sales	1,360,619,108	2,290,358,000	1,927,191,900	1,433,979,896
Less: Cost of sales	1,121,972,416	1,893,229,773	1,717,283,068	1,257,600,369
Gross profit	**238,646,692**	**397,128,228**	**209,908,832**	**176,379,527**
Add: Other income	14,943,112	57,804,867	30,891,306	-
Less: Administrative	11,011,030	14,742,902	14,674,793	55,232,384
Selling and distribution Expense	32,471,594	39,345,115	24,851,835	14,067,845
Operating Profit	**210,107,180**	**400,845,078**	**201,273,510**	**107,079,298**
Less: Financial cost	32,491,814	103,137,448	53,082,320	52,087,356
Add: Other non-operating Income	861,296	2,663,258	430,599	-
Profit/(Loss) before Taxes	**178,476,662**	**300,370,888**	**148,621,790**	**54,991,942**
Less: Income tax expenses	66,928,748	112,639,083	53,306,907	-
Profit/(Loss) After Tax	**111,547,914**	**187,731,805**	**95,314,883**	**54,991,942**

The last three years' result shows a positive growth on a year to year basis clearly demonstrating success in perusing aggressive growth plan by the Company.

Graphical Presentation of MICFL's Performance from 2005 to 2009



Seasonal aspect of the company's business

There is no direct seasonal impact on the products of the company. However, as the construction works largely hampered during rainy season, the sales and production of the company also reduced at that time.

Known trends, events or uncertainties

Known events that may affect the business operations of the company are:

1. Up-trend price of clinker in the international market.

2. Shortage of power supply.

3. Government policy and natural disaster

Changes in the assets of the company used to pay off any liabilities

No asset of the company used to pay off any liabilities.

Loan taken from holding/parent company or subsidiary company

No loan was received from any holding/parent company or subsidiary company.

Loan given to holding/parent company or subsidiary company

No loan has been given to any holding/ parent company or subsidiary company.

Future capital expenditure

No future capital expenditure is planned except as noted under the heading **"**Material commitment for capital expenditure".

VAT, income tax, customs duty or other tax liability

VAT

The company has no outstanding VAT up to 31st December 2009. However, currently there are several ongoing disputes between the company and the VAT authority in regarding to wastage, cancellation of VAT Rebate & Evasion of raw material which are under writ in the High Court.

Income tax

As per certificate by DCT dated 30.12.2009 "MI Cement Factory Limited is an assessee company of the company circle – 62 Taxes Zone – 6, Dhaka. Income tax assessment completed up to assessment year 2007-08 and assessment is under process for the assessment year 2008-2009

Customs duty or other liabilities

No customs duty or similar liabilities of the company are outstanding as on 31st December 2009 except for the normal course of business.

Operating lease agreement

M.I. Cement Factory Limited did not have any operating lease agreement with any organization up to 31st December 2009.

Financial lease and other financial commitment

M.I. Cement Factory Limited did not have any Financial Lease agreement with any organization up to 31st December 2009.

Personnel related scheme

The Company believes in supporting its employees and is offering incentives and motivation for its continued profitability and prosperity. With a view to supporting these lofty objectives, the Company operates a contributory Provident Fund and Group Insurance Benefit. Short descriptions about them are presented below:

(a) Provident fund

The company operates a contributory provident fund for its permanent employees, provision for which is being made monthly as per the rules. The fund is to be approved by the National Board of Revenue (NBR), administrated by a Board of trustees and is funded by contribution partly from the employee and partly from the company at predetermined rates. This contribution is invested separately from the company's assets.

(b) Group insurance benefit

The permanent employees of the company are covered under a group Insurance Scheme premium for which is being charged to profit and loss account.

Revaluation of assets

The Company made revaluation of its assets in FY 2009 and reflected in the Financial Statements of that year. Particulars of the valuer and summary of report are as follows:

Name	: S. F. Ahmed & Co.
Qualification	: Chartered Accountants Firm
Others Major works done by the valuer	: Sonali Bank, Dhaka, Investment Corporation of Bangladesh, Dhaka Bakhrabad Gas Systems Ltd., Bangladesh Power Development Board (BPDB), Dhaka, National Telecom Ltd., Dhaka, BTTB, DWASA
Reason for Revaluation	: The purpose of this revaluation is to determine an estimated fair market value of the assets and liabilities of M I cement Factory Limited. It is our understanding that the results of our revaluation will be used for the purpose of raising fund from capital market after obtaining necessary permission of Securities & Exchange Commission..

Itemizing showing comparison

As per auditors additional disclosure

Particulars	Asset Value Before Revaluation (Tk.)	Revalued Amount (Tk.)	Revaluation Surplus (Tk.)
Land & Land Development	161,041,910	362,835,000	201,793,090
Factory & Building Unit-I & II	74,616,237	117,834,767	43,218,530
Factory & Building Unit- III	52,920,577	71,479,047	18,558,470
Total (Tk.)	**288,578,724**	**552,148,814**	**263,570,090**

Methodology of Valuation

- Net Asset Value Method
- Valuation was done at current market price.

Breakdown of issue expenses

The total IPO expenses are estimated as follows:

Particulars	Rate	Amount in BDT
Managers to the Issue fee	0.60% of total amount raised	16,740,000
VAT against Issue Management fee		2,511,000
Credit Rating fee	Lump sum	500,000
Underwriting commission (0.30%)	0.30% on 50% of IPO amount	3,348,000
SEC fee		
Application fee	Fixed	10,000
Consent fee	0.15% of issued capital	4,185,000
Fees related to Listing with the stock exchanges		
Application fee		10,000
Listing fees for stock exchanges (DSE & CSE)	0.25% on 10 crore and @0.15% for rest amount of Paid up Capital Range (10,000 – 20 lac)	4,000,000
CDBL fees and expenses		
Security Deposit		500,000
Documentation fee		2,500
Initial Public Offering fee	0.00025 on Total IPO	697,500
Annual fee		100,000
Commission expenses		
Bankers to the Issue commission	0.1% on Amount Collected (Assumed 3 Times)	6,696,000
Expenses related to printing and publication		
Printing of prospectus	4,000 pcs. X Tk. 80 Per copy	320,000
Registrar to the issue fee		200,000
Registrar to the Issue Expenses	360,000 apps. X 8.5	3,060,000
Publication of abridged version of prospectus	Four national Dailies	1,000,000
Publication of notice		300,000
Printing of forms	2,00,000 pcs. X Tk. 1.5 per copy	300,000
Lottery related expenses including BUET fee	Estimated	700,000
Stationary & Others		200,000
Total		**45,380,000**

N. B. The costs of the above mentioned Public Offer expenses may vary with above estimates and will be adjusted accordingly.

Transaction with subsidiary/holding company or associate companies **(as per Audited Accounts)**

Name of Parties	Relationship	Nature of transactions	Transaction Value (Tk.)		
			Dec 2009	June 2009	June 2008
Molla Brothers & Co.	Shareholder of the entity	Distributor of cement	181,419,875	378,537,138	235,071,563
Brothers Corporation	Directors of the entity	Distributor of cement	128,492,475	252,497,400	156,800,885
Jahangir & Others Ltd.	Directors of the entity	Distributor of cement	68,419,350	172,889,570	107,364,423
Crown Power Generation Ltd.	Associate	Pre operating expenses	17,780,135	7,601,463	4,720,509
Crown Polymer Bagging Ltd.	Associate	Pre operating expenses	325,596	487,490	860,161
Crown Mariner Ltd.	Associate	Pre operating expenses	219,325	100	-

Auditors' certificate regarding any allotment of shares to promoters or sponsor shareholders for any consideration other than in cash

This is to certify that since inception to 31 December 2009 ordinary shares of Tk.10 each as allotted to the sponsors by M/s M.I. Cement Factory Limited are as under:

Period	No. of shares allotted	Mode of allotment
Up to July 2005	20,000,000	In cash
July 2009 - December 2009	7344,000	Other than in cash (against land)
July 2009 - December 2009	42,656,000	Bonus shares
Total	**70,000,000**	

Sd/-
ACNABIN
Chartered Accountants

Dated, Dhaka
14 June 2010

Material information which is likely to have an impact

There is no other material information which is likely to have an impact on the offering or change the terms and conditions under which the offer has been made to the public.

DIRECTORS AND OFFICERS

Information regarding directorship

Sl No.	Name of Director	Position	Age (Years)	Date of becoming director for the first time	Date of expiration of current term
1	Md. Jahangir Alam	Chairman	44	Since inception	*
2	Al-Haj Khabiruddin Molla	MD & Director	75	Since inception	*
3	Md. Alamgir Kabir	Director	42	Since inception	*
4	Md. Molla Mohammed Maznu	Director	42	Since inception	*
5	Md. Mizanur Rahman Molla	Director	40	18.09.2000	*
6	Md. Almas Shimul	Director	40	01.09.2000	*

According to Articles of Association of the company, one-third of the directors or if their number is not three or multiple of three then the number nearest to one-third shall retire from office by rotation at the Annual General Meeting.

Directors' involvement in other organization

Name of the directors	Name of the Company	Relationship
Md. Jahangir Alam	Crown Power Generation Limited. GPH Ispat Ltd. Premier Cement Mills Ltd Jahangir and others Ltd. GPH Power Generation Limited Premier Power Generation Ltd.	Chairman Managing Director Director Managing Director Managing Director Director
Al-Haj Khabiruddin Molla	Crown Power Generation Limited Molla Salt (triple refined) Industries Ltd Ahmed Hossain & Co.	Managing Director Managing Director Proprietor
Md. Alamgir Kabir	Crown Power Generation Limited GPH Ispat Ltd Premier Cement Mills Ltd Jahangir and Others Ltd. GPH Power Generation Limited Premier Power Generation Limited	Director Director Director Director Director Director
Molla Mohammed Maznu	Crown Power Generation Limited M.M. Salt Industries Limited Molla Salt (triple refined) Industries Ltd	Director Director Director
Md. Mizanur Rahman Molla	Crown Power Generation Limited Molla Salt (triple refined) Industries Ltd M.M. Salt Industries Limited	Director Director Proprietor
Md. Almas Shimul	Crown Power Generation Limited GPH Ispat Ltd. GPH Power Generation Limited Jahangir & Others Ltd.	Director Director Director Director

Family relationship among Directors and top five officers

Name	Position	Relationship
Md. Jahangir Alam	Chairman	Brother of Md. Alamgir Kabir and Md. Almas Shimul
Al-Haj Khabiruddin Mollah	MD & Director	Father of Md. Molla Mohammed Maznu and Md. Mizanur Rahman Molla

Short bio-data of the directors

Mr. Md. Jahangir Alam, Chairman

Mr. Md. Jahangir Alam is a man of Wisdom and energetic businessman and entrepreneur of several industrial units viz., (1) M. I. Cement Factory Ltd. (2) Crown Power Generation Ltd. (3) GPH Ispat Ltd. (4) Premier Cement Mills Ltd. Besides, he is running a number of Limited companies engaged in trading.

Alhaj Md. Khabiruddin Molla, Managing Director

Al-haj Md. Khabiruddin Molla is a seasoned and experienced businessman. He is running several industrial units as their Managing Director viz. (1) M. I. Cement Factory Ltd. (2) Crown Power Generation Ltd. (3) Molla Salt (Triple Refined) Industries Ltd. He had been actively involved with import & trading of Cement for the last 45 years. Mr. Molla with active support of the other Directors, and shareholders, who are his close family members, have expanded the trading activities of the group and deals with various commodities such as iodized salt, Rod, C. I. Sheet and steel structural, Supported by a big warehouse at Pagla, they have set up a big network of whole-sale and retail outlets at various points of Dhaka and Chittagong. He is resourceful member of the Company.

Mr. Md. Alamgir Kabir, Director

He is a Director of M. I. Cement Factory Ltd., Premier Cement Mills Ltd., GPH Ispat Ltd., Crown Power Generation Ltd. and actively participating in their management. He is also running his trading house, engaged in trading of cement and other construction materials. He is also associated with some limited companies engaged in trading with his brothers.

Mr. Molla Mohammed Maznu, **Director**

He is an M.Sc. and as an active partner running Iodized Salt processing units namely M.M Salt Industries Limited and Molla Salt (triple refined) Industries Limited and marketing the product in the name of "Molla Salt.", a household name. He is also a director of M. I. Cement Factory Ltd. and Crown Power Generation Ltd. and actively participating in its management. He is also engaged in trading of cement and other construction materials which is his family business for 45 years.

Md. Almas Shimul, Director

He is a Director of M. I. Cement Factory Ltd., GPH Ispat Ltd. and Crown Power Generation Ltd. Together with his brothers, he has been carrying out the trading of construction materials like Cement, MS Rod, CI Sheet etc. from their different trading houses from their Chittagong Centre.

Md. Mizanur Rahman Molla, Director

He is a director of M. I Cement Factory Ltd. and Crown Power Generation Ltd.., who is actively participating in its management. He is also active partner of M.M Salt Industries Limited and Molla Salt (Triple Refined) Industries Ltd; which are iodized Salt processing units. With his other family members he is also carrying out trading operations from their reputed organization , dealing in Cement and other construction materials.

Credit Information Bureau (CIB) report

Neither the company nor any of its directors or shareholders who holds 5% or more shares in the Paid in Capital of the issuer is loan defaulter in terms of the CIB report of Bangladesh Bank.

Description of senior executives and department heads

Name	Designation	Education Qualification	Experience
Al-hai Md. Khabiruddin Mollah	MD & Director	Self education	More than 50 years experiences in business and working as Managing Director in several organization i.e Crown Power Generation Ltd., Molla Salt (Triple Refined) Industries Ltd.
Mr. Golam Mohammed	General Manager	M.A	1. More than 20 years banking experience including experience in “Project Evaluation & Financing” department. 2. More than 15 years experience in cement industry with more than 8 years MICFL.
Mr. Md. Mukter Hossain Talukder	General Manager (Finance & Accounts)	M.Com, ACA	1.Professional Accountant with more than 9 years experience with 4 years experience as Head of Accounts in Hayes Haier Appliances Company Ltd. 2.Working with MICFL since 2007.
Engr. Mr. Saiful Alam	General Manager Factory	B.Sc Engineering	1. More than 21 years experience different capacities at different organization such as Bangladesh Machine tools Factory, Bashundhara Group. 2. Working with MICFL since 2008.
Engr. Mr. Md. Shahidur Rahman	DGM- Sales & Marketing	B.Sc Engineering in Civil & MBA-Marketing	1. More than 14 years working experience of different manufacturing company. 2. More than 10 years experience in Cement Company such as Holcim Bangladesh Ltd., Saiham Cement Ind. Ltd. 3. Working with MICFL since 2007.

Mr. A.S.M Fahim Uddin	DGM-Technical	B.Sc Engineering in Mechanical	1. More than 11 years working experience of Cement Company such as Heidelberg Cement Bangladesh Ltd. & Seven Circle Bangladesh Ltd. 2.Working with MICFL since 2008.
Mr. Subodh Kumar Banarjee	DGM-Electrical	B.Sc Engineering in Electrical	1. More than 22 years working experience of different manufacturing company such as Rahim Steel Mill Ltd., Seven Circle Bangladesh Ltd., Monno Ceramics Ltd., Power Gas Bangladesh Ltd. 2.Working with MICFL since 2008
Mr. A. K. M. Bazlur Rahman	DGM-Project	B. Sc. Engr. (Civil)	1. More than 30 years working experience of different Construction Company such as JAKO Construction Ltd., M/S Sthapati Sangsad Limited, Sthapati Properties Ltd., Gaamstac Engineering Ltd. & Prokushali Sangshad Ltd. 1. Working with MICFL since 2009.

INVOLVEMENT OF DIRECTORS AND OFFICERS IN CERTAIN LEGAL PROCEEDINGS

No director or officer of the Company was involved in any of the following types of legal proceedings in the last ten years:

(a) Any bankruptcy petition filed by or against company of which any officer or director of the issuer company filing the prospectus was a director, officer or partner at the time of the bankruptcy.

(b) Any conviction of director, officer in a criminal proceeding or any criminal proceeding pending against him.

(c) Any order, judgment or decree of any court of competent jurisdiction against any director, officer, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

(d) Any order of the Securities and Exchange Commission, or other regulatory authority or foreign financial regulatory authority, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transaction with related parties

Neither any proposed transaction nor had any transaction during the last two years, between the issuer and any of the following persons:

(a) Any director or executive officer of the issuer;

(b) Any director or officer;

(c) Any person owning 5% or more of the outstanding shares of the issuer;

(d) Any member of the immediate family (including spouse, parents, brothers, sisters, children, and in-laws) of any of the above persons.

(e) Any transaction or arrangement entered into by the issuer or its subsidiary for a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of prospectus.

(f) Any loan either taken or given from or to any director or any person connected with the director, any loan taken from any such person who did not have any stake in the issuer, its holding company or its associate concerns prior to such loan.

(g) Any director holding any position, apart from being a director in the issuer company, society, trust, organization proprietorship or partnership firm.

Except the transactions shown under "Related Parties Transactions", note -31 of audited accounts 31 December 2009 which is as follows:

Name of Parties	Relationship	Nature of transactions	Transactions value (Taka)	
			01.07.2009 to 31.12.2009	01.07.2008 to 31.12.2008
Alhaj Md. Abdur Rouf	Sponsor shareholder	Issued shares against land	1,836,000	-
Alhaj Md. Khabiruddin Molla	Managing Director	Do	14,688,000	-
Md. Jahangir Alam	Chairman	Do	16,267,000	-
Molla Mohammad Maznu	Director	Do	7,344,000	-
Md. Alamgir Kabir	Director	Do	10,171,400	-
Mrs. Alhaj Rokeya Begum	Sponsor shareholder	Do	7,344,000	-
Md. Mizanur Rahman Molla	Director	Do	7,344,000	-
Md. Almas (Shimul)	Director	Do	5,140,800	-
Md. Asrafuzzaman	Sponsor shareholder	Do	1,836,000	-
Md. Abdul Ahad	Sponsor shareholder	Do	1,468,800	-
Alhaj Md. Khabiruddin Molla	Managing Director	Salary and benefit	300,000	-
Md. Jahangir Alam	Chairman	Salary and benefit	300,000	81,000
Molla Mohammad Maznu	Director	Salary and benefit	900,000	-
Md. Alamgir Kabir	Director	Salary and benefit	900,000	-
Molla Brothers & Co.	Shareholder of entity	Distributor of cement	181,419,875	193,432,682
Brothers Corporation	Director of entity	Distributor of cement	128,492,475	107,463,700
Jahangir & Others Ltd	Director of entity	Distributor of cement	68,419,350	62,687,292
Crown Power Generation Ltd.	Associate	Pre operating expenses	17,780,135	11,041,464
Crown Polymer Bagging Ltd.	Associate	Do	325,596	860,161
Crown Mariners Ltd.	Associate	Do	219,325	100

Directors' facilities

The Directors of M. I. Cement Factory Limited does not enjoy any facilities other than salary as under:

Sl. No.	Name of the sponsor/ promoters	Designation	01/07/09 – 31/12/09 Amount (Tk.)	01/07/08 – 30/06/09 Amount (Tk.)
01	Mr.Jahangir Alam	Chairman	300,000	81,000
02	Mr. Alamgir Kabir	Director	900,000	-
03	Mr. Khabiruddin Molla	MD & Director	300,000	-
04	Molla Mohammad Maznu	Director	900,000	-

EXECUTIVE COMPENSATION

Remuneration paid to top five salaried officers

Sl. No.	Name	Designation	01/07/09 – 31/12/09 Amount in Tk.	01/07/08 – 30/06/09 Amount (Tk.)
1	Mr. Khabiruddin Molla	MD & Director	300,000	-
2	Engineer Saiful Alam	General Manager (Factory)	613,002	1,035,169
3	Mr. Mukter H. Talukder	General Manager (Finance & Accounts)	393,000	714,000
4	Eng. A.S.M. Fahim Uddin	Deputy General Manager (Technical)	367,998	614,997
5	Mr. Golam Mohammad	General Manager (General)	276,600	482,550

* As a Director his remuneration paid as Managing Director shown under "Director Facilities".

Aggregate amount of remuneration paid to directors and officers

(As per audited accounts)

Group	Amount paid (01-07-09 to 31-12-09)	Amount paid (01-07-08 to 30-06-09)
Directors' Remuneration	2,400,000	162,000
Officers' salaries, benefits & bonuses including management emoluments	11,085,500	9,331,521

Remuneration paid to directors who was not an officer of the company

All the four Directors shown under "Director Facilities" were given remuneration for performing extra services for the company.

Future compensation to Directors or Officers

There is no contract with any director or officer for future compensation.

Pay increase intention

The company is yet to finalize its personnel policy. However, Periodical review of salaries and benefits of the employees will be made depending on the growth of the company's operation.

OPTIONS GRANTED TO DIRECTORS, OFFICERS AND EMPLOYEES

The company has not granted any option to directors, officers or employees.

TRANSACTION WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

(a) The Directors and subscribers to the memorandum have not received any benefits except remuneration, directly or indirectly during the last five years. The issuer also has not received any assets, services or other considerations from its Directors and subscribers to the memorandum expect fund against allotment of shares.

(b) No assets were acquired or are planned to be acquired from the Directors and subscribers to the memorandum except capital raised against land for an amount of Tk 73,440,000 in total for all existing shareholders of the company.

TANGIBLE ASSETS PER SHARE

Particulars	31-12-2009 Taka	30-06-2009 Taka
Share Capital (As on B/S)	700,000,000	200,000,000
Share Money deposits	-	84,456,000
Revaluation Reserve	263,570,090	-
General Reserve	-	28,338,312
Retained Earnings	140,851,783	427,525,557
Net Assets	**1,104,421,873**	**740,319,869**
Less: Intangible Assets (Preliminary Expenses)	-	-
Net Tangible Assets	1,101,421,873	740,319,869
Total Ordinary Shares	7,000,000	2,000,000
Net tangible assets per share (Tk. 10 per Share)	**15.73**	**37.01**

OWNERSHIP OF THE COMPANY'S SECURITIES AS ON 31st December 2009

Shares held by Directors/shareholders

Sl. No	Names of the Shareholders	Address	Status	Total No. of Share Issued	Shareholding Position
1	Md. Jahangir Alam	Uttar Islampur, Munshigonj.	Chairman	15,505,000	22.15
2	Al-Haj Khabiruddin Molla	31, H.K. Banargee Road, Narayangonj.	MD & Director	14,000,000	20.00
3	Md. Alamgir Kabir	Uttar Islampur, Munshigonj.	Director	9,695,000	13.85
4	Md. Molla Mohammed Maznu	31, H.K. Banargee Road, Narayangonj.	Director	7,000,000	10.00
5	Md. Mizanur Rahman Molla	31, H.K. Banargee Road, Narayangonj.	Director	7,000,000	10.00
6	Md. Almas Shimul	Uttar Islampur, Munshigonj.	Director	4,900,000	7.00
7	Al-Haj Abdur Rouf	Uttar Islampur, Munshigonj.	Shareholder	1,750,000	2.50
8	Mrs. Al-haj Rokeya Begum	31, H.K. Banargee Road, Narayangonj.	Shareholder	7,000,000	10.00
9	Md. Ashrafuzzaman	Uttar Islampur, Munshigonj.	Shareholder	1,750,000	2.50
10	Md. Abdul Ahad	Uttar Islampur, Munshigonj.	Shareholder	1,400,000	2.00
Total				**70,000,000**	**100**

Shareholding structure for 5% or more as on 31 December 2009

Name of the Share Holders	Address	Status	Total No. of Share Issued	Share holding Position
Md. Jahangir Alam	Uttar Islampur, Munshigonj.	Chairman	15,505,000	22.15
Al-Haj Khabiruddin Molla	31, H.K. Banargee Road, Narayangonj.	MD & Director	14,000,000	20.00
Md. Alamgir Kabir	Uttar Islampur, Munshigonj.	Director	9,695,000	13.85
Md. Molla Mohammed Maznu	31, H.K. Banargee Road, Narayangonj.	Director	7,000,000	10.00
Md. Mizanur Rahman Molla	31, H.K. Banargee Road, Narayangonj.	Director	7,000,000	10.00
Mrs. Al-haj Rokeya Begum	31, H.K. Banargee Road, Narayangonj.	Shareholder	7,000,000	10.00
Md. Almas Shimul	Uttar Islampur, Munshigonj.	Director	4,900,000	7.00

Share Allotment for a consideration other than cash (Land)

7,344,000 shares amounting to Tk.73,440,000 were allotted among the following individual shareholders which was for consideration other than cash.

Name of the Shareholders	Status	Total No. of Share Issued	Amount in Tk.
Md. Jahangir Alam	Chairman	1,626,700	16,267,000
Al-Haj Khabiruddin Molla	MD & Director	1,468,800	14,688,000
Md. Alamgir Kabir	Director	1,017,140	10,171,400
Md. Molla Mohammed Maznu	Director	734,400	7,344,000
Md. Mizanur Rahman Molla	Director	734,400	7,344,000
Mrs. Al-haj Rokeya Begum	Shareholder	734,400	7,344,000
Md. Almas Shimul	Director	514,080	5,140,800
Al-Haj Abdur Rouf	Shareholder	183,600	1,836,000
Md. Ashrafuzzaman	Shareholder	183,600	1,836,000
Md. Abdul Ahad	Shareholder	146,880	1,468,800
Total		**7,344,000**	**73,440,000**

Securities owned by the officers

No officer except Al-Haj Khabiruddin Molla own shares of the company as on 31 December 2009

DETERMINATION OF OFFERING PRICE

The Issue Price has been determined by the Issuer in consultation with Issue Manager on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Tk. 10/- and Indicative Price is Tk.93/- . Investors should read the following summary along with the risk factors and the details about our Company and its financial statements.

Procedures to be followed for determining price under Book Building Method:

Book Building is a process through which an issuer attempts to determine the price to offer its security based on demand from institutional investors. Under the process, the price of an IPO share will be determined through an automated bidding to be participated by different financial institutions and then the share will be opened for the IPO participant at the cut-off price determined during the book building process. The bidding will be handled through a uniform and integrated automated system of the stock exchanges, or any other organization as decided by the Commission, especially developed for book building method. The entire procedure of price discovery under book building method is delineated below.

(a) Issuer shall invite the indicative price offer from the eligible institutional investors through proper disclosure, presentation, document, seminar, road show, etc.

(b) The indicative price band will be fixed based on the past performance, expected future earnings of the issuer and the P/E ratio of other peer companies in the industry and the determination of indicative price involve the following institutional investors registered with or approved by SEC in this regard

- Merchant Bankers except the issue manager of the proposed issue
- Foreign institutional investors
- Recognized pension funds and provident funds
- Banks and NBFIs under regulatory control of Bangladesh Bank
- Insurance Companies regulated under Insurance Act, 1938
- Institutional venture capital and institutional investors
- Stock Dealers
- Any other artificial juridical person permitted by the SEC for this purpose

(c) Issuer in association with issue manger and eligible institutional investors quote an indicative price in the prospectus with the rationale for such price and submit the prospectus to the Commission with copy to the stock exchanges.

(d) The indicative price range shall be determined as per price indications obtained from at least 5 (five) eligible institutional investors covering at least 3 (three) different categories of such investors.

(e) Eligible institutional investors bidding shall commence after getting consent from the Commission for this purpose. Institutional bidding period will be 3 to 5 (Three to Five) working days which may be changed with the approval of the Commission.

(f) Prospectus will be posted on the Websites of the Commission, stock exchanges, issue manager and issuer at least 2 (two) weeks prior to the start of the bidding to facilitate investors to know about the company and all aspect of offering.

(g) The indicative price shall be the basis for formal price building with an upward and downward band of 20% (Twenty Percent) of indicative price within which eligible institutional investors shall bid for the allocated amount of security.

(h) If institutional quota is not cleared at 20% (Twenty Percent) below indicative price, the issue will be considered cancelled unless the fl oor price is further lowered within the face value of security. Provided that, the issuer's chance to lower the price shall not be more than once.

(i) No institutional investor shall be allowed to quote for more than 10% (Ten Percent) of the total security offered for sale, subject to maximum of 5 (Five) bids.

(j) The volume and value of bid at different prices will be displayed on the monitor of the said system without identifying the bidder.

(k) The institutional bidders will be allotted security on pro-rata basis at the weighted average price of the bids that would clear the total number of securities being issued to them.

(l) Institutional bidders shall deposit their bid with 20% (Twenty Percent) of the amount of bid in advance to the designated bank account and the rest amount to settle the dues against security to be issued to them shall be deposited within 5 (Five) working days prior to the date of opening subscription for general investors.

(m) In case of failure to deposit remaining amount that is required to be paid by institutional bidders for full settlement of the security to be issued in their favor, 50% (Fifty Percent) of bid money deposited by them shall be forfeited by the Commission. The securities earmarked for the bidder who defaulted in making payment shall be added to the general investor quota.

(n) The time gap between closure of bidding by Eligible Institutional Investors and subscription opening for general investors is 25 working days or as may be determined by the Commission.

(o) The securities will be offered to the general investors, NRBs and Mutual Funds at the cut-off price determined during the book building process.

Indicative Price for Book Building Purpose

QUALITATIVE FACTORS

1. **Our Company is an existing profit making company.**
The Company has been earning profits in last five years as under:

Financial Year	Profit after Tax (Tk.)
December, 2009 (6 months)	111,547,914
June, 2009 (12 Months)	187,731,805
June, 2008(12 Months)	95,314,883
June, 2007(12 Months)	54,991,942
June, 2006(12 Months)	36,027,019

2. **Professional Management**

Production process of Crown Cement is operated by a group of efficient engineers, expert marketing team, specialists and experienced technicians, who are co-operated by a promising, honest and experienced board of Directors having experience of cement business for last sixteen years..

3. **Capital Equipments**

MICFL owns and employ modern, specialized and critical equipment which are essential to execute projects effectively. MICFL is produced in the close circuit condition of modern technology and under the amazing technology of O' sepa system by which fineness of cement can be ensured. This process is completely conducted and controlled by computer.

4. Own Quality Control Department

MICFL has its own quality control department equipped with the sophisticated equipment which is operated by foreign trained and qualified chemists and experienced technicians. Where raw materials are tested before import and during production period samples of cement are tested each and every hours. Apart from this, standards of Crown Cement are regularly tested by the Bangladesh University of Engineering and Technology (BUET) and Local Government Engineering Department (LGED).

QUANTITATIVE FACTORS:

Four very commonly used valuation methods applied to obtain the indicative price. Again the prices from all the four methods have been averaged to minimize influence of any unusual factor, if any, in obtaining the weighted average price as under:

Particulars	**Amount (Tk.)**
Method 1: Net Asset Value (NAV) per share	15.78
Method 2: Historical Earnings based value per share	23.47
Method 3: Projected Earnings based value per Share	119.56
Method 4: Valuation with reference to average market price of similar stocks	308.48
Average price	**116.82**

Although the fair price of the company's share stands at Tk. 116.82 each, the Indicative Price has been fixed at Tk. 93/- per share against face value of Tk. 10/- . MICFL believes that the issue price of Tk. 93/- is justified in view of the above factors. See the section titled "Risk Factors" and "Financial Statements" of this Prospectus, including important profitability and return ratios, as set out in the Prospectus.

VALUATION AND THE PROCEDURES USED

Valuation is an estimation of the market value of an entity. It differs from an appraisal which only takes tangible assets into account. However, it is important to consider the relevant factors relating to the firm in order to derive a value which is relatively close to the actual worth of the company. The valuation for M I Cement Factory Limited has been carried out based on accumulated information; taken from internal and external sources that are reliable.

Four types of methods have been used to determine the value of the shares of M I Cement Factory Limited under book building method, each of which provides different types of values as they cover different aspects of the company's current position and future prospects. In order to avoid the effect of differences in results produced in the methods, we have taken average of the results with equal weight assigned for each method. The management always considered using approaches which are reasonable so as to arrive at a justified price of the shares of the company. However, the interpretation of the pricing methods by the investors is very subjective in nature and may vary from one to another.

The very 1st method used here is the Net Asset Value method which is based on the historical information taken from the latest audited financial statements; i.e. for the year ended 2009. Value under this method is simply derived by dividing the "net assets at the year end" by the number of outstanding shares.

Second method is the Earnings based Value method which is also based on historical information sourced from previous audited financial statements and statistics from Dhaka Stock Exchange. The value was calculated by taking average of net profit after tax of the last five and a half years as per audited accounts for each year end, divided by the number of shares outstanding at the latest financial year end 2009, followed by multiplication of average of DSE 5.5 years' P/E ratio.

The third method is based on the Projected Earnings per Share which the company is expected to achieve in the forthcoming years (three years' projection) and this indicates the future potential return to be made available for the shareholders of the company. The value under this method was produced by taking the average of net profits after tax from the next three years' divided by the number of shares after IPO, multiplied by the average P/E of twelve months of the latest year, 2009.

The last method used in the valuation was based on reference of market price of similar stocks. We have taken weight of average market price of peer companies. It is to be mentioned that we have followed the rationale below in identifying proper representative sample group.

- Under the head "Average P/E of the related Companies" we have taken four companies out of seven companies in the cement industry. Since M I Cement Factory is having positive P/E ratio, our attention was drawn to only five companies that had positive P/E ratios. However, to avoid exceptions and to maintain a conservative approach, we excluded Niloy Cement Limited from this calculation as its P/E ratio was extremely high.

- Furthermore, company's Equity capital, Net Profit after Tax (NPAT) and EPS has strong influence in the market price of a stock. Accordingly, we have taken reference of companies having similar sizes for these factors. For each factor a close range is used irrespective of sector to get reasonable number of companies having similar features.

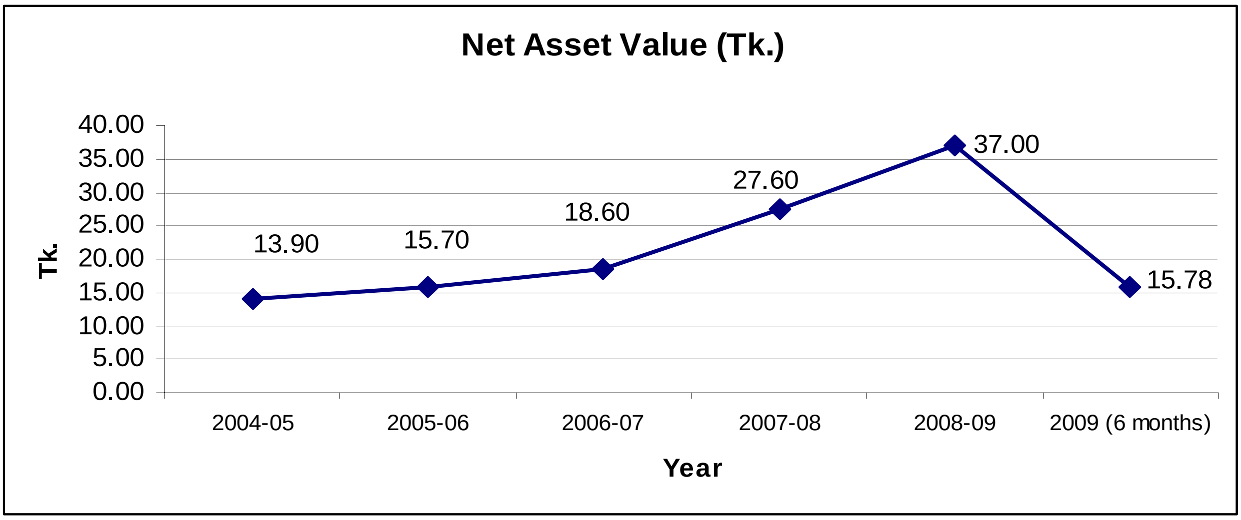
- Finally, we have taken P/E ratios of all the aforesaid four (4) influencing factors (P/E of Related Companies, Equity, Net Profit after Tax, and EPS) to get the resulting average P/E ratio under the valuation with reference of market price of similar stocks. It may be worth mentioning that we have taken this weighted P/E and multiplied with the annualized EPS to determine the price which we believe a very conservative approach to get the price.

Calculations of Methodologies

Method 1 : Share price on Net Asset Value (NAV)

Particulars	**31-12-2009 (Taka)**
Shareholders' fund	700,000,000
Revaluation Reserve	263,570,090
Retained Earnings	140,851,783
Net Assets	**1,104,421,873**
No of Ordinary Shares (before IPO)	70,000,000
Net Assets per share of Tk. 10	**15.78**

Calculation under method 1 is based on current Net Asset Value. Net Asset value in financial years 2004-2005, 2005-2006, 2006-2007, 2007-2008 and 2008-2009 were Tk. 13.9 Tk. 15.7, Tk.18.6, Tk. 27.6 and Tk. 37.0 respectively where unit price of a share was Tk 10 that shows a positive and steady growth. The increasing trend of NAV per share reflects that MICFL has been consistently investing in fixed assets, which is extremely important to maintain profit growth in a competitive business environment. In the interim session NAV shows Tk 15.8 , this is due to increase capital from Tk.200 million to Tk. 700 million through issuance of bonus share of Tk. 73,440,000 and Tk. 426,560,000 against land. Considering the capital intensive nature of MICFL, NAV would be one of the powerful indicators of profitability and sustainability of the company.



Method 2: Historical Earnings based value

Earning based valuation methodologies are more appropriate for any matured company. MICFL has already proved their market potentiality, strength of company's asset and as well as growth of market share.
Set out below the calculation of historical average Earnings per Share (EPS) for the last five and a half years up to 31 December 2009.

Year	**Net Profit After Tax (Tk.)**
December, 2009 (6 Months)	111,547,914
June, 2009	187,731,805
June, 2008	95,314,883
June, 2007	54,991,942
June, 2006	36,027,019
June, 2005	2,599,727
Total	488,213,290
Average Net profit per year	**88,766,053**
No. of Shares	70,000,000
Average EPS (Tk. 10 per Share)	**1.27**
Earning based value per share (EPS X DSE P/E*)	**23.47**

***** Average Price to Earnings ratio (P/E) for all companies listed with DSE during the same five and a half year period from July 2004 to December 2009 was 18.48, as illustrated in the calculation below:

Market P/E (month end)	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
January		16.94	13.26	16.29	23.36	17.24
February		16.81	12.73	16.28	23.48	16.78
March		17.54	13.27	15.67	23.07	15.55
April		13.97	12.73	15.03	23.94	16.31
May		15.43	11.06	16.4	24.75	15.96
June		15.51	10.66	17.28	22.8	18.44
July	10.07	13.32	11.37	18.95	19.78	17.53
August	13.35	14.11	13.32	19.87	19.96	17.5
September	15.02	14.36	13.78	19.79	20.65	18.21
October	16.05	14.24	13.25	22.7	18.72	20.38
November	17.15	14.03	13.6	23.29	17.06	25
December	18.4	13.85	14.51	23.58	18.42	25.65
Total	90.04	180.11	153.54	225.13	255.99	224.55
Average	15.01	15.01	12.80	18.76	21.33	18.71
Average of 5.5 years						18.48

Source: DSE monthly Review as on 31 December 2009

Method 3: Projected Earnings based value

Another valuation method is to determine the share price based on projected earnings per share to reflect the future potential of the company. Projection included herein has been prepared on the basis of a variety of assumptions and predictions, past performance and future trends. These projections are forward-looking statements that involve inherent risks and uncertainties. A number of factors, including without limitation, change of market condition, regulatory policy, economic environment, political developments and regional and global economic events or circumstances, could cause actual results or outcomes to differ materially from those set forth in these projections.

For the pricing of the public offering the future business performance and its possible effect on the financial performance have been considered. This indicator will help us to justify the offering price. For details, reference is given in Schedule-II

Year	EPS
2009-2010	4.56
2010-2011	5.59
2011-2012	9.02
Average	**6.39**
Value per share (based on average DSE P/E of 2009) i.e. 6.39X 18.71*	**119.56**

**Source: DSE monthly Review as on 31 December 2009*

Method 4: Valuation with reference to average market price of similar stocks

To get the representative P/E for pricing of MICFL shares, weight is given on four major factors that usually affect market price of a stock. These four factors are: Similar Industry, Similar Equity, Similar NPAT and Similar EPS. Accordingly weighted average P/E ratio for the similar stocks determined as under:

Categories of Comparable Companies	Avg. P/E Ratio	Assigned Weight	Weighted P/E Value
A. Average PE ratio of the similar companies	130	0.25	32.50
B. Average PE ratio of companies having similar equity (Range of Tk 500 million toTk 900 million)	50.14	0.25	12.53
C. Average PE ratio of the companies having similar NPAT (Range from Tk 100million to Tk 300 million)	37.05	0.25	9.26
D. Average PE ratio of the companies having similar EPS (Range of 15% to 40%)	43.17	0.25	10.79
		1.00	**65.08**
Value based on average P/E ratio of four factors (EPS of MICFL as on 31 December 2009 X Average P/E ratio of similar company).			**308.48**

We have taken the following assumptions to find out the aforesaid representative Price/Earning (P/E) for valuation of MICFL shares:

1. We have analyzed the distribution of PE multiples of the companies listed with Dhaka stock exchange(s) categorized under different pertinent parameters. A company may appear in more than one category if it qualifies to be included in those categories.

2. We have considered only manufacturing and marketing companies in each category to make the comparison more relevant.

3. In order to remove the impact of regular price variations we have considered six months average price of the comparables in determination of their P/E multiples covering a period of 1 July, 2009 to 31 December, 2009. The price of the comparables at Dhaka Stock Exchange is used for this purpose

4. During the calculation of P/E, we have considered only the companies listed with Dhaka Stock Exchange having positive Price Earning ratio.

5. Finally, the representative P/E multiple is determined by calculating the weighted average P/E ratio of the average P/E multiples of each category of comparables.

Workings for Factor wise P/E of similar companies

A. Average P/E ratio of the listed companies of same industry

Company Name	6-Month Avg. Price	EPS	P/E Ratio
Heidelberg Cement BD.	1782.29	104.86	17.00
Lafarge Surma Cement	493.08	3.04	162.20
Meghna Cement	901.75	10.28	87.72
Aramit Cement	435.38	1.72	253.13
	Average		130.01

Average P/E ratio of the companies having similar equity of tk 500 million to tk 900 million

Company Name	Capital	6-Month Avg. Price	EPS	P/E Ratio
Summit Alliance Port Ltd.	879	2106.42	19.93	105.69
Eastern Housing Ltd.	621	667.29	18.28	36.50
National Housing	520	982.13	18.50	53.09
S Alam Cold Rolled Steel	533	792.29	22.86	34.66
Square Textile	706	101.95	4.91	20.76
		Average		50.14

Note: Equity of MICFL is BDT 700 Million falls within the above Equity range.

C. Average P/E ratio of the companies having npat of tk 100 million to tk 300 million

Company Name	NPAT	6-Month Avg. Price	EPS	P/E Ratio
Singer Bangladesh	153.08	2382.63	68.22	34.93
Atlas Bangladesh	223.89	480.98	16.79	28.65
Padma Oil Company	234.19	1127.27	23.90	47.17
Glaxo SmithKline	142.95	552.32	11.87	46.53
Reckitt Benckiser (Bd.) Ltd.	165.62	980.72	35.05	27.98
		Average		37.05

Note: NPAT of MICFL is BDT 223.09 Million (Annualized) falls within the above NPAT range.

D. Average P/E ratio of the companies having EPS of 15% to 50%

Company Name	EPS%	6-Month Avg. Price	EPS	Face Value of Share	P/E Ratio
Libra Infusion Limited	34.93%	1867.67	34.93	100	53.47
BOC Bangladesh	20.62%	406.00	20.62	100	19.69
Eastern Cable	15.09%	740.67	15.09	100	49.08
Shine Pukur Ceramics Ltd	21.40%	81.30	2.14	10	37.99
Rangpur Foundry	20.70%	115.13	2.07	10	55.62
		Average			43.17

Note: EPS of MICFL is 47.40 % falls within the above EPS range.

Consent of the eligible institutional investors regarding Indicative price

18 (eighteen) institutional investors from 3 categories have given indicative price offer. Out of which 15 offers are above our proposed indicative price of Tk 93/- each as against requirement of minimum five (5) offers. Following

table illustrates the list of Eligible Institutional Investors (EIIs) given the indicative price offer:

Sl. No.	Name of the Organization	Category	Indicative Offer (Tk.)
1	Banco Trans World (Bangladesh) Limited	Merchant Bank	93
2	Mercantile Securities Limited	Merchant Bank	87
3	Bangladesh Mutual Securities Limited	Merchant Bank	93
4	ICB Capital Management Limited	Merchant Bank	70
5	Swadesh Investment Management Limited	Merchant Bank	93
6	IIDFC Capital Limited	Merchant Bank	93
7	Janata Bank Limited	Bank	93
8	United Commercial Bank Limited	Bank	93
9	One Bank Limited	Bank	93
10	AB Bank Limited	Bank	52
11	Shahjalal Islami Bank Limited	Bank	93
12	Mercantile Bank Limited	Bank	93
13	Phoenix Insurance Company Limited	Insurance Company	93
14	Pragati Insurance Limited	Insurance Company	93
15	Green Delta Insurance Company Limited	Insurance Company	93
16	Continental Insurance Limited	Insurance Company	93
17	Asia Insurance Limited	Insurance Company	93
18	Rupali Insurance Limited	Insurance Company	93

MARKET FOR THE SECURITIES BEING OFFERED

The issuer shall apply to the following two Stock Exchanges within 7 (seven) working days from the date of consent accorded by the SEC to issue the prospectus:

Dhaka Stock Exchange Limited 9/F, Motijheel C/A, Dhaka-1000	and	Chittagong Stock Exchange Limited CSE Buildng, 1080 Sk. Mujib Road Agrabad, Chittagong-4100

Declaration about listing of shares with the stock exchange(s)

None of the stock exchanges(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the company directors, in addition to the issuer company, shall be collectively as well as separately liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time allowed for refund of the subscription money.

Trading and settlement

Trading and settlement regulation of the stock exchanges shall apply in respect of trading and settlement of the shares of the Company.

DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED

Dividend, voting and pre-emption rights

The Share Capital of the company is divided into Ordinary Shares, carrying equal rights to vote and receive dividend in terms of the relevant provisions of the Companies Act 1994 and the Articles Association of the company. All shareholders shall have the usual voting right in person or by proxy in connection with, among others, election of Directors & Auditors and other usual agenda of General Meeting – Ordinary or Extra-ordinary. On a show of hand, every shareholder present in person and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present or by proxy shall have one vote for every share held by him or her.

In case of any additional issue of shares for raising further capital the existing shareholders shall be entitled to Right Issue of shares in terms of the guidelines issued by the SEC from time to time.

Conversion and liquidation rights

In terms of provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are freely transferable. The Company shall not charge any fee for registering transfer of shares. No transfer shall be made to a firm, an infant or person of unsound mind.

Dividend policy

(a) The profit of the Company, subject to any special right relating thereto created or authorized to be created by the Memorandum and subject to the provisions of the Articles of Association, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively.

(b) No large dividend shall be declared than is recommended by the Directors, but the Company in its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of Net profit of the Company shall be conclusive.

(c) No dividend shall be payable except out of the profits of the Company or any other undistributed profits. Dividend shall not carry interest as against the Company.

(d) The Directors may from time to time pay the members such interim dividend as in their judgment the financial position of the Company may justify.

(e) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.

(f) No limitation in payment of dividend is stipulated in any debt instrument or otherwise.

Other rights of stockholders

In terms of the provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are transferable. The Company shall not charge any fee, other than Government duties for registering transfer of shares. No transfer shall be made to a minor or person of unsound mind. The Directors shall present the financial statements as required under the law & International Accounting Standard. Financial statements will be prepared in accordance with the International Accounting Standards consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as par law and International Accounting Standard to the shareholders regarding the financial and operational position of the company. The shareholders shall have the right to receive all periodical statement and reports, audited as well as un audited, published by the company from time to time.

The shareholder holding minimum of 10% shares of paid-up capital of the company shall have the right to requisition extra ordinary General Meeting of the company as provided for the section 84 of the Companies Act 1994.

DEBT SECURITIES

There is no debt securities issued or plan to issue by the company within 6 (six) months.

LOCK-IN ON SPONSORS' SHARES

All issued shares of the issuer at the time of according consent to public offering shall be subject to a lock-in period of three years from the date of issuance of prospectus or commercial operation, whichever comes later.

Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the company within immediately preceding two years of according consent, shall be subject to a lock-in period of one year from the date of issuance of prospectus or commercial operation, whichever comes later.

The following table indicates the lock in status of the shareholders of M I Cement Factory Limited

Sl. No	Names of the Shareholders	Total No. of Share Issued	Shareholding Position	Date of Acquisition	Expiration of Lock in Period
1	Md. Jahangir Alam	15,505,000	22.15	31-12-1994	[*]
2	Al-Haj Khabiruddin Mollah	14,000,000	20.00	31-12-1994	[*]
3	Md. Alamgir Kabir	9,695,000	13.85	31-12-1994	[*]
4	Md. Molla Mohammed Maznu	7,000,000	10.00	31-12-1994	[*]
5	Md. Mizanur Rahman Mollah	7,000,000	10.00	31-12-1994	[*]
6	Md. Almas Shimul	4,900,000	7.00	31-12-1994	[*]
7	Al-Haj Abdur Rouf	1,750,000	2.50	31-12-1994	[*]
8	Mrs. Al-haj Rokeya Begum	7,000,000	10.00	31-12-1994	[*]
9	Md. Ashrafuzzaman	1,750,000	2.50	31-12-1994	[*]
10	Md. Abdul Ahad	1,400,000	2.00	31-12-1994	[*]
Total		**70,000,000**	**100**		

As 3,000,000 shares will be floated for public issuance, as per Securities & Exchange Commission Notification No. SEC/CMRRCD/2008-186/Admin /0229 dated March 11, 2009 20% of these will be allotted to institutional bidders. 600,000 There shall be lock-in of l5 (Fifteen) trading days from the first trading day on the security issued to the Eligible institutional investors (Ell). Following are the list of Ell who participated in the bid and was allotted

Sl. No.	Name of the Institution	No. of shares Allotted	Amount (Tk.)
[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]

REFUND OF SUBSCRIPTION MONEY

As per SEC Notification Dated February 9, 2010, the issuer shall refund application money to the unsuccessful applicant of the public offer by any of the following manner based on the option given by the applicant in the application form;-

(a) Through banking channel for onward deposit of the refund money into the applicant’s bank account as provided in the respective application form for subscription;
or

(b) Through issuance of refund warrant in the name and address of the applicant as provided in the respective application form for subscription:

Provided that, in case of deposit into the applicant's bank account, the applicant will bear the applicable service charge, if any, of the applicant's banker, and the issuer shall simultaneously issue a letter of intimation to the applicant containing, among others, the date and amount remitted with details of the bank through and to which bank such remittance has been effected.

SUBSCRIPTION BY AND REFUND TO NON-RESIDENT BANGLADESHI (NRB)

1. A Non-Resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only".

2. The value of securities applied for by such person may be paid in Taka or US dollar or UK pound sterling or EURO at the rate of exchange mentioned in the securities application form.

3. Refund against oversubscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form. If the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue and other banks as mentioned above under "Refund of Subscription Money" , refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

AVAILABILITY OF SECURITIES

The Offer

1. Shares

Particulars	**No. of Shares**	**Amount (Tk.)**
A. 20% of IPO of Ordinary Shares shall be reserved for Eligible Institutional Investors.	6,000,000	558,000,000
B. 10% of IPO of Shares shall be reserved for Non Resident Bangladeshis	3,000,000	279,000,000
C. 10% of IPO of Shares shall be reserved for Mutual Funds and Collective Investment schemes registered with the Commission	3,000,000	279,000,000
D. Remaining 60% of IPO of Shares shall be opened for subscription by The General Public.	18,000,000	1,674,000,000
Total (A+B+C+D)	**30,000,000**	**2,790,000,000**

2. All as stated in 1(A), 1(B), 1(C) and 1(D) shall be offered for subscription and subsequent allotment by the Issuer, subject to any restriction, which may be imposed, from time to time, by the Securities and Exchange Commission.

3. Under the clause 1(A), the Institutional Investors will be allotted security on a pro-rata basis at the weighted average price of the bids that would clear the total number of securities being offered to the Institutional Investors.

4. The securities offered to the investors under clause 1(B), 1(C) and 1(D) will be at the cut-off price determined during the Book Building Process.

5. In case of over-subscription under any of the categories mentioned in the clause 1(B), 1(C) and 1(D), the Issue Manager shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Securities and Exchange Commission.

6. In case of under-subscription under any of the 10% category as mentioned in clause 1(B) and 1(C), the unsubscribed portion shall be added to the general public category, and, if after such addition there is over-subscription in the general public category the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.

7. In case of under-subscription of the public offering, the unsubscribed portion of shares shall be taken up by the underwriter(s).

8. The lottery as stated in clause (5) and (6) should be conducted in the presence of the representatives of Issuer, Stock Exchange(s) and the applicants, if there be any.

Application for subscription

1. Application for Shares shall be made for a minimum lot for **200** Ordinary Shares to the value of **Tk. 93 /-** and should be made on the MICFL's Printed Application forms. Application Forms and Prospectus may be obtained from the Chittagong Office of the Company, members of the Dhaka Stock Exchange Ltd. and/or Chittagong Stock Exchange Limited or from the bankers to the Issue. In case adequate forms are not available, applicants may use photocopied / cyclostyled / hand written/typed copies of the forms. Applications must not be for less than **200** Ordinary Shares. Any application not meeting this criterion will not be considered for allotment purpose.

2. Joint application form for more than two persons will not be accepted. In the case of joint application each party must sign the application form.

3. Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies must be accompanied by Memorandum and Articles of Association of that company.

4. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**

5. Bangladeshi nationals (including non-resident Bangladeshi Nationals residing abroad) and foreign nationals shall be entitled to apply for shares.

6. Payment for subscription by investors other than Non -Resident Bangladeshis may be made to the said branches/office of the banks mentioned below in Cash/Cheque/Pay Order/Bank Draft. The Cheque/Pay Order/Bank Draft shall be made payable to the bank to which it is sent and be marked **"M.I Cement Factory Limited"** and shall bear the crossing **"A/C Payee Only"** and must be drawn on a bank in the same town of the bank to which application form is deposited.

7. All completed application forms, together with remittances for the full amount payable on application, shall be lodged by investors other than non-resident Bangladeshis with any of the branches of the Bankers' to the Issue.

8. A Non-Resident Bangladeshi (NRB) shall apply against the IPO either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee (including a Bank or a Company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of securities applied for. The value of securities applied for may be paid in Taka, US Dollar or Euro or UK Pound Sterling at the Spot Buying (TT Clean) rate of exchange prevailing on the date of opening of subscription. Refund against over-subscription of shares shall be made in the currency in which the value of shares applied for was paid by the applicant. Share Application Form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to **M I Cement Factory Limited** at its corporate office. Copies of application Form and Prospectus shall be available with Bangladesh Embassy/High Commission in USA, UK, Saudi Arabia, U.A.E., Qatar, Kuwait, Oman, Bahrain, Malaysia and South Korea and web site of the SEC, Issuer Company, Issue manager, DSE and CSE.

9. A separate escrow account has been opened by the company in compliance with letter issued by SEC/CI/IPO-126/2010/267 dated 16 September 2010 for depositing bidding and subscription money by Eligible Institutional Investors (EII). The issuer has opened the account named "**M I Cement Factory Limited EII Escrow**" with Eastern Bank Limited (EBL), Dilkusha Branch, Motijheel. The Account No is1505101868513001

10. The IPO subscription money collected from investors (other than Non-resident Bangladeshis) by the Bankers' to the Issue will be deposited to BRAC Bank Limited, Motijheel branch. The Account No: 1505101868513002 with "**M I Cement Factory Limited**", for this purpose.

11. The subscription money collected from Non-resident Bangladeshis in US Dollar or UK Pound Sterling or EURO shall be deposited to the following FC accounts:

Sl No.	Name of the FC Accounts	Account No.	Bank & Branch	Currency
1	M.I. Cement Factory Limited	1505201868513001	BBL, Dilkusha Branch	US Dollar
2	-do-	1505201868513002	-do-	EURO
3	-do-	1505201868513003	-do-	GBP

In the case of over-subscription of securities to the NRB applicants, refund shall be made by M I Cement Factory Limited out of the "FC Account for IPO". M I Cement Factory Limited has already opened the aforesaid FC Accounts and shall close these FC Accounts after refund of over-subscription, if any.

APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS AND THE INSTRUCTIONS PRINTED ON THE APPLICATION FORM ARE LIABLE TO BE REJECTED.

Allotment

The company shall issue share allotment letters to all successful applicants within 6 (six) weeks from the date of the subscription closing date. At the same time, the unsuccessful applicants shall be refunded with the application money within 6 (six) weeks from the closing of the subscription date by Account Payee Cheque/credit to the applicants bank account without interest payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet, as the case may be. A compliance report shall be submitted with the Commission within 7(seven) weeks from the date of closure of subscription.

Underwriting of Shares

Initial public Offering (IPO) is for 24,000,000 ordinary shares (excluding the proportion available for institutional investors) of Tk 10./- each at an issue price of Tk.93/- per share totaling of Tk.2,232,000,000/-. As per SEC's Guideline 50% of the said amount i.e 12,000,000 ordinary shares of Tk. 93/- each amounting to Tk 1,116,000,000 has been underwritten by following institutions:

Sl. No.	Name and address of underwriters	Issue Price Amount (million)
1	**Bangladesh Mutual Securities Limited** Shareef Mansion (7th Floor), 56-57 Motijheel C/A, Dhaka-1000	300
2	**BRAC EPL Investment Limited** WW Tower, Level 9, 68 Motijheel C/A Dhaka- 1000	100
3	**Green Delta Insurance Company Limited** Hadi Mansion (6th Floor) 2 Dilkusha C/A, Dhaka- 1000	66
4	**IIDFC Capital Limited** Eunoos Tower (7th floor) 52-53 Dilkusha C/A, Dhaka-1000	100
5	**One Bank Limited** HRC Bhaban, 46 Kawran Bazar C.A. Dhaka-1215	100
6	**Southeast Bank Limited** Eunoos Trade Centre, 52-53 Dilkusha C/A, (Level 2,3 & 16), Dhaka-1000	300
7	**Swadesh Investment Management Limited** Suit-1, Level-11, Unique Trade Centre, 8, Panthapath, Kawran Bazar, Dhaka-1215	150
	Total	**1,116**

Principal terms and conditions of underwriting agreement

1. If and to the extent that the shares offered to the public by a Prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriter in writing with a copy of said writing to the Securities and Exchange Commission, to subscribe for the shares not subscribed by the closing date and to pay for in cash in full for such unsubscribed shares within 15(fifteen) days of the date of said notice and the said amount shall have to be credited into shares subscription account within the said period.

2. If payment is made by Cheque/Bank Draft by an underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his underwriting commitment under the Agreement, until such time as the Cheque/Bank Draft has been en-cashed and the Company's account credited.

3. In any case within 7 (seven) days after the expiry of the aforesaid 15(fifteen) days, the Company shall send proof of subscription and payment by the underwriter to the Commission.

4. In the case of failure by the underwriter to pay for the shares under the terms mentioned above, the said Underwriter will not be eligible to underwrite any issue, until such time as he fulfils his underwriting commitment under the Agreement and also other penalties as may be determined by the Commission may be imposed on him.

5. In case of failure by any underwriter to pay for the shares within the stipulated time, the Company/Issuer will be under no obligation to pay any underwriting commission under the Agreement.

6. In case of failure by the Company to call upon the underwriter for the aforementioned purpose within the stipulated time, the Company and its Directors shall individually and collectively be held responsible for the consequence and/or penalties as determined by the Securities and Exchange Commission under the law as may be imposed on them.

Underwriter's right to represent in the Board of Directors of the Company

The Underwriters shall not have any right to have any representatives in the Company's Board of Directors.

Commission for Underwriters

The Company shall pay to the underwriters an underwriting commission at the rate of 0.3% of whole Public Offering amount (i.e Tk.3,348,000.) of the issue value of shares.

Right of Underwriters on Company's Board

Underwriters have not acquired any right to have their representatives in the Board of Directors of the Company.

Officer or director of the underwriters acting as director of the company

No officer or director of the underwriters acting as director of the company.

THE ISSUE SHALL BE PLACED IN "N'' CATEGORY

MATERIAL CONTRACTS

1 Underwriting Agreement between the Company and the Underwriters.
2 Issue Management Agreement between the Company and Alliance Financial Services Limited (AFSL)
3 Agreement between the Company and the Central Depository Bangladesh Ltd. (CDBL).
4 Contract between the Registrar to the Issue "Banco Trans World (BD) Limited"

Copies of the aforementioned contracts and documents and a copy of Memorandum and Articles of Association of the Company and the Consent Order from the Securities and Exchange Commission may be inspected on any working day during office hours at the Office of the Company and the manager to the issue

MANAGER TO THE ISSUE

Alliance Financial Services Limited Rahman Chamber (3rd Floor) 12-13 Motijheel C/A, Dhaka-1000 is the Manager to the Issue. The Issue Manager will get Tk.16,740,000 as issue management fee.

COMMISSION TO THE BANKER TO THE ISSUE

Commission at the rate of 0.1% of the amount collected will be paid to the Bankers to the Issue for the services to be rendered by them.

CORPORATE DIRECTORY

Registered Office	**M.I. Cement Factory Limited** Sena Kalyan Bhaban (19th Floor) Suite # 1901-2, 195 Motijheel C/A Dhaka- 1000, Bangladesh. Phone: 880-2-9569437,9564885, 9553022 Fax:880-2-9570392 Web: www.crowncement.com
Auditors	**ACNABIN** BSRS Bhaban (13th Floor) 12 Kawran Bazar Commercial Area Dhaka-1215 Tel: 880-2-8144347-52 Fax: 880-2-8144353 E-mail: acnabin@bangla.net
Manager to the Issue	**Alliance Financial Services Limited** Rahman Chamber (3rd floor) 12-13 Motijheel C/A, Dhaka- 1000 Tel: 9515468, 9515469 Fax: 88-02-9515467 web: www.allfin.org
Registrar to the Issue	**Banco Trans World (BD) Limited** Ispahani Building (3rd Floor) 14-15 Motijheel C/A, Dhaka-1000 Phone: +88-02-9569541, 9553579 Fax: +88-02-9569612
Company's Compliance Officer	Mr. Mukter H. Talukder, ACA Chief Financial Officer

Auditor's Report
To the Shareholders of M.I. Cement Factory Limited

We have audited the accompanying Balance Sheet of M.I. Cement Factory Limited as of 31 December 2009 and the related Profit and Loss Account, Statement of Changes in Equity and Cash Flow Statement for the period from 01 July 2009 to 31 December 2009. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above which have been prepared in accordance with Bangladesh Accounting Standards (BAS) give a true and fair view of the state of the company's affairs as of 31 December 2009 and of the results of its operations and its cash flows for the period from 01 July 2009 to 31 December 2009 and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

(a) our examination and checking of records, relevant books of accounts, registers, schedules and financial statements were sufficient to enable us to form an informed and assessed opinion on the authenticity and accuracy of the financial statements;

(b) we have obtained all the information, explanations and documents as required by us;

(c) the company's management has followed relevant provisions of laws and rules in managing the affairs of the company. Proper books of accounts, records and other statutory books have been properly maintained;

(d) the Balance Sheet and Profit and Loss Account are in agreement with the said books of account maintained by the company and examined by us; and

(e) the expenditure incurred and payments made were for the purpose of the company's business for the period.

Sd/-
ACNABIN
Chartered Accountants

Dated, Dhaka
30 March 2010

M.I. CEMENT FACTORY LIMITED

Balance Sheet
As at 31 December 2009

	Note	31.12.2009 Taka	30.06.2009 Taka
ASSETS			
Non- current Assets		**1,050,362,438**	**814,870,265**
Property, plant and equipments	4	1,050,045,499	814,682,054
Capital work in progress	5	316,939	188,211
Investment in Associate	6	**108,246,569**	**89,421,413**
Current Assets		**623,522,573**	**617,067,443**
Inventories	7	150,672,764	187,204,468
Trade receivables	8	266,150,550	251,502,609
Other receivables	9	1,640,891	3,021,163
Advance, prepayments and deposit	10	40,244,615	51,520,966
Advance Income Tax	11	118,002,782	96,295,768
Cash and bank balance	12	46,810,971	27,522,469
TOTAL ASSETS		**1,782,131,579**	**1,521,359,121**
EQUITY			
Shareholders' Equity		**1,104,421,873**	**740,319,869**
Share capital	13	700,000,000	200,000,000
Deposit against shares	14	-	84,456,000
Revaluation reserve		263,570,090	-
General reserve		-	28,338,312
Retained earnings		140,851,783	427,525,557
LIABILITIES			
Non current liabilities		**87,387,100**	**103,745,980**
Long term borrrowing net off current maturity	15	43,744,993	70,782,117
Deffered tax liability	16	43,642,107	32,963,863
Current liabilities and provision		**590,322,605**	**677,293,272**
Trade payables	17	85,763,965	93,882,602
Other payables	18	19,570,993	22,500,083
Current portion of long term loan	19	94,110,400	89,787,675
Short term loan	20	201,644,616	338,140,786
Provision for tax liability	21	189,232,631	132,982,127
TOTAL LIABILITIES		**677,709,706**	**781,039,252**
TOTAL EQUITY AND LIABILITIES		**1,782,131,579**	**1,521,359,121**

The annexed notes form an integral part of the Balance Sheet

Sd/-	Sd/-	Sd/-
Managing Director	**Director**	**Chief Financial Officer**

This is the Balance Sheet referred to in our separate report of even date.

Dhaka, 30 March 2010

Sd/-
ACNABIN
Chartered Accountants

M.I. CEMENT FACTORY LIMITED

Profit & Loss Account

For the period from 01 July 2009 to 31 December 2009

	Note	July - Dec 2009 Taka	July - Dec 2008 Taka
Sales	22	1,360,619,108	1,019,792,217
Cost of goods sold	23	(1,121,972,416)	(839,758,171)
Gross profit		**238,646,692**	**180,034,046**
Other operating income	24	14,943,112	23,194,709
Administrative expenses	25	(11,011,030)	(6,690,062)
Selling and distribution expenses	26	(32,471,594)	(16,115,481)
Operating profit		**210,107,180**	**180,423,213**
Other non- operating Income	27	861,296	1,813,090
Financial expenses	28	(32,491,814)	(62,894,650)
Profit before income tax		**178,476,662**	**119,341,653**
Income tax expenses			
Current year		(56,250,504)	(33,436,643)
Deffered Tax		(10,678,244)	(11,316,477)
Net profit during the year		**111,547,914**	**74,588,533**
*Earning per share	29	16	11

The annexed notes form an integral part of the Profit & Loss Account

Sd/-	**Sd/-**	**Sd/-**
Managing Director	**Director**	**Chief Financial Officer**

This is the Profit & Loss Account referred to in our separate report of even date.

* Auditors additional disclosure represents EPS Tk. 47.40 in stead of Tk. 16 for the period 01 July to December 2009

M.I. CEMENT FACTORY LIMITED

Statement of Changes in Equity

For the period from 01 July 2009 to 31 December 2009

Amount in Taka

Particulars	**Share Capital**	**Retained Earnings**	**Deposit against Shares**	**General Reserve**	**Revaluation Reserve**	**Total**
Balance as on July 01, 2009	200,000,000	427,525,557	84,456,000	28,338,312	-	740,319,869
						-
Bonus shares issued	426,560,000	(398,221,688)	-	(28,338,312)	-	-
Shares issued other than cash	73,440,000		(73,440,000)			-
Refund to the shareholders	-	-	(11,016,000)	-	-	(11,016,000)
Revaluation surplus	-	-	-	-	263,570,090	263,570,090
Profit for the period July to Dec'09	-	111,547,914	-	-	-	111,547,914
Total as on 31.12.2009	**700,000,000**	**140,851,783**	**-**	**-**	**263,570,090**	**1,104,421,873**
Balance as on July 01, 2008	200,000,000	239,793,752	84,456,000	28,338,312	-	552,588,064
						-
Profit for the period July to Dec-08	-	74,588,533	-	-	-	74,588,533
Total as on 31.12.2008	**200,000,000**	**314,382,285**	**84,456,000**	**28,338,312**	**-**	**627,176,597**

M.I. CEMENT FACTORY LIMITED

Cash Flow Statement
For the period from 01 July 2009 to 31 December 2009

	July - Dec 2009 Taka	July - Dec 2008 Taka
Cash flow from operating activities		
Cash received from customers	1,272,037,298	950,646,945
Cash received from other operating income	14,943,112	23,194,709
Cash received from non operating income	861,296	1,813,090
Cash paid to suppliers	(929,002,212)	(639,537,928)
Cash paid for operating expenses	(104,154,494)	(84,651,346)
Payment of financial expenses	(32,491,814)	(62,894,650)
Income tax paid	(21,707,014)	(18,702,857)
Net Cash Flow from Operating Activities	**200,486,172**	**169,867,963**
Cash Flow from Investing Activities		
Purchase of fixed assets	(4,241,234)	(55,056,481)
Capital work in progress	1,079,288	22,947,003
Investment in associates	(18,825,156)	(14,786,855)
Net Cash Used In Investing Activities	**(21,987,102)**	**(46,896,333)**
Cash Flow from Financing Activities		
Short term loan taken/(repaid)	(136,496,170)	(118,244,214)
Long term loan taken /(repaid)	(22,714,399)	(270,749)
Net Cash Used In Financing Activities	**(159,210,569)**	**(118,514,963)**
Net surplus in cash and cash equivalents for the period	**19,288,501**	**4,456,668**
Cash and cash equivalents at beginning of the period	27,522,469	23,909,767
Cash and cash equivalents at end of the period	**46,810,971**	**28,366,435**

M.I. CEMET FACTORY LIMITED

Notes to the Financial Statements

As at & for the six months period ended 31 December 2009

1. Corporate history of reporting entity

The foundation stone of the M.I. Cement factory Ltd. was laid down on 11 December, 1998. The plant, equipped with the world famous O'Sepa Separator, initially went into operation with the daily production capacity of 600 metric tons in 2000 and marketed its product with the brand name "Crown Cement". From the very beginning, it has maintained an uncompromising policy of producing high quality cement. As a result, it has gained huge popularity in the market. Due to increase of demand, the company has set up its second unit with the production capacity of 800 metric tons per day within two years time (September 2002).

Gradually with the increase of demand the management undertook further expansion program of the company and established unit iii of the plant there by raising the total production capacity to 2800 metric tons per day.

The registered office of the company is situated at West Mukterpur under the district of Munshigonj and the operational Headquarters is located at Sena Kallyan Bhaban (19th floor), 195, Motijheel C/A, Dhaka-1000.

2. Nature of Activities

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

3. Summary of significant accounting and valuation policies

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

3.1 Basis of preparation of the financial statements

(a) Accounting Standards

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

(b) Accounting Convention

The financial statements are prepared under the historical cost convention. The company classified the expenses using the function of expenses method as per BAS-1

(c) Legal compliance

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

(d) Critical accounting estimates, assumptions and judgments

The preparation of the financial statements in conformity with BFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies.

(e) Application of standards

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

BAS	1	Presentation of Financial Statements
BAS	2	Inventories
BAS	7	Cash Flow Statements
BAS	8	Accounting policies, Changes in Accounting Estimates and Errors
BAS	10	Event after the Balancesheet date
BAS	16	Property, Plant and Equipments
BAS	18	Revnue
BAS	19	Employee Benefits
BAS	21	The effects of Changes in Foreign Exchange Rates
BAS	23	Borrowing Costs
BAS	24	Related Party Disclosures
BAS	33	Earning Per Share
BAS	37	Provisions, contingent Liabilities and Assets
BAS	38	Intangible Assets.

The related BFRSs are also complied for the preparation of this financial statement.

3.2 Foreign currency translation

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

3.3 Property, Plant and Equipment

Tangible fixed assets are accounted for according to BAS 16 (Property, Plant and Equipment) at historical cost or revaluation less accumulated depreciation. The land and building were revalued in december 2009 by a firm of professional valuers on the basis of open value. So depreciation was not charged on revalued building for the six months period. Capital work-in-progress is started at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items of property, plant & equipment.

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.

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

Category of assets	**Rate depreciation (%)**
Buildings	5%
Plant and machinery	10%
Furniture and equipment	10% to 20%
Transport and vehicles	20%
Other assets	10% -20%

3.4 Inventories

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

3.5 Trade and other receivables

Trade account receivables are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end.

3.6 Cash and cash equivalents

It includes cash in hand, bank deposit and other short term highly liquid investments with original maturities of three months were held and available for use by the company without any restriction, and there is insignificant risk of changes in value of these current assets.

3.7 Borrowings

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

3.8 Employee benefits

(a) Provident fund

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

(b) Group insurance benefit

The permanent employees of the company are covered under a Group Insurance Scheme premium for which is being charged to profit and loss account.

3.9 Liabilities

Liabilities are classified into current and non-current.

(a) Trade and other payables

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

(b) Provisions

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

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

3.10 Contingent liabilities and assets

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

3.11 Revenue recognition

a. The company recognizes sales when products are invoiced and dispatched to the buyers.
b. Interest income on bank deposits and short-term investments is recognized on accrual basis.
c. Other income is recognized on accrual basis.

3.12 Advertising and promotional expenses:

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

3.13 Repair, upkeep and maintenance expenses

These are usually charged out as revenue expenses.

3.14 Allocation of depreciation

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

3.15 Income tax

(a) Provision for current year

Provision is made at the ruling rate of tax applied on "taxable profit".

(b) Provision for Differed Tax

Differed tax is recognized using the balance sheet method. Differed tax arises due to temporary difference deductible or taxable for the events or transaction is recognized in the income statement. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount/reported amount in the balance sheet. Differed tax assets or liability is the amount of income tax recoverable or payable in future period(s) recognized in the current period. The differed tax liability/expense does not create a legal liability/recoverability to and from the income tax authority.

3.16 Cash flow statement

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

4. Property, plant and equipments: Tk.1,050,045,499

		31.12.2009 Taka	30.06.2009 Taka
A.	**Cost/ revaluation**		
	Opening balance	1,164,044,893	1,056,894,113
	add: revaluation of land and building	263,570,090	-
		1,427,614,983	1,056,894,113
	Add: Addition during the period	4,241,234	107,150,780
	Total cost/ revaluation	1,431,856,217	1,164,044,893
B.	**Accumulated depreciation**		
	Opening balance	349,362,838	276,608,115
	Add: Addition during the period	32,447,880	72,754,724
	Total (B)	381,810,718	349,362,839
C.	**Written Down Value (A-B)**	**1,050,045,499**	**814,682,054**

A schedule of Fixed Assets is given in Annexure-A

5. Capital work in progress: Tk. 316,939

Capital Machinery	54,673	54,673
Quality control materials	-	13,703
Others	142,431	-
Bulk Carrier	119,835	119,835
	316,939	**188,211**

6. Investment in associates Tk.108,246,569

Investment in shares of Crown Power Generation Ltd.	2,000,000	2,000,000
Investment in shares of Crown Mariner Ltd.	500,000	-
Deposit against shares		
Crown Power Generation Ltd.	103,942,683	86,162,548
Crown Polymer Bagging Ltd.	1,584,461	1,258,865
Crown Mariner Ltd.	219,425	-
	105,746,569	87,421,413
	108,246,569	**89,421,413**

7. Inventories :Tk.150,672,764

Closing stock	Quantity			
Clinker	24,133	MT	53,866,224	69,896,320
Gypsum	9,293	MT	13,842,873	10,948,095
Slag	18,929	MT	25,002,223	50,491,121
Fly Ash	19,661	MT	16,710,067	21,648,235
Lime Stone	16,352	MT	4,205,874	7,091,124
Cement bags	1,047,362	PCS	5,755,438	8,690,946
Spare parts (note 23.4.1)			15,240,055	13,265,364
Finished cement	0.15	MT	969	20,585
			134,623,725	182,051,792
Raw materials in transit				
Clinker			8,125,656	3,642,723
Gypsum			-	68,684
Slag			93,262	759,326
Fly ash			93,895	673,363
Spare parts			7,736,226	8,581
			16,049,039	5,152,676
			150,672,764	**187,204,468**

8. Trade receivables :Tk.266,150,550

Corporate	81,424,216	103,258,675
Dealers	70,170,729	38,327,649
Distributors	101,214,602	78,901,625
Other customers	11,962,787	30,392,106
Transport bill	1,378,216	622,554
	266,150,550	**251,502,609**

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

Ageing of the above receivables is given below:

	upto 1 month	1-3 Months	3- 6 months	above 6 months	Total
Corporate	56,996,951	16,284,843	5,699,695	2,442,726	81,424,216
Dealers	56,136,583	12,630,731	1,403,415	-	70,170,729
Distributors	91,093,142	10,121,460	-	-	101,214,602

Other customers	11,364,648	598,139	-	-	11,962,787
Transport bill	1,171,484	206,732	-	-	1,378,216
	216,762,808	39,841,906	7,103,110	2,442,726	266,150,550

	31.12.2009 Taka	30.06.2009 Taka
9. Other receivables: Tk. 1,640,891		
Crown Corporation	31,605	31,605
AK Trade International	10,000	10,000
GPH Ispat Ltd.	103,056	91,981
N.K Enterprise	2,000	2,000
Crown Mariners Ltd.	-	100
Other receivables	1,494,230	2,885,477
	1,640,891	**3,021,163**
10. Advances, deposits and prepayments: Tk. 40,244,615		
Advance to parties/ contractors	2,769,001	3,829,101
Advance against works	1,096,701	2,717,716
Advance against salary	173,729	115,862
Advance against rent	248,668	35,334
VAT current account	9,061,054	20,499,108
Security deposit and other deposit	13,178,334	12,219,315
Advance to others	-	900,780
Margin for bank guarantee	2,001,090	1,337,380
L/c margin deposit	11,716,038	9,866,370
	40,244,615	**51,520,966**
11. Advance income tax: Tk. 118,002,782		
Opening balance	96,295,768	97,488,481
Paid during the period	21,707,015	41,650,185
	118,002,782	139,138,666
Less: Adjustment during the period	-	42,842,898
	118,002,782	**96,295,768**
12. Cash and bank balance:Tk.46,810,971		
Cash in Hand		
Cash in hand- Head Office	2,144,822	2,727,873
Cash in hand- Factory	1,075,575	848,026
	3,220,397	3,575,899
Cash At Bank		
One Bank Limited	2,421,842	95,481
South East Bank Limited	11,637	12,787
Mercantile Bank Limited	2,967,804	202,063
Jamuna Bank Limited	14,232	14,807
State Bank of India	23,670	233,458
AB Bank Limited	135,705	178,365
The City Bank Limited	7,640	50,700
Standard Bank Limited	1,880	1,880

National Bank Limited	2,510,509	294,872
Dutch Bangla bank Limited	2,567,069	1,558,647
Prime Bank Limited	499,013	518
United Commercial Bank Limited	9,369,373	346,371
Mutual Trust Bank Limited	121,106	184,780
Pubali Bank limited	57,837.00	512,662
Janata Bank Limited	1,306,236	148,366
Dhaka Bank Limited	147,356	145,521
Shahjalal Islami Bank Limited	832,052	140,277
Uttara Bank Limited	9,319	7,454
	23,004,279	4,129,007
Fixed deposit- One Bank Ltd.	20,586,295	19,817,563
	46,810,971	**27,522,469**

FDR includes an amount of Taka 15,839,949 held under lien with One Bank Limited as margin against bank guarantee in favour of Customs Authority.

13. Share Capital: Tk.700,000,000

Authorized Capital		
100,00,000 Ordinary Shares of Tk. 100 each	**1,000,000,000**	**200,000,000**
Issued, Subscribed & Paid-up Capital		
2,000,000 ordinary shares of Tk. 100 each	200,000,000	200,000,000
734,400 ordinary shares of Tk. 100 each issued for consideration other than cash	73,440,000	-
4,265,600 bonus shares of Tk. 100 each	426,560,000	-
	700,000,000	**200,000,000**

A distribution schedule of the above shares is given below as required by the listing rules:

Sl. #	Name Directors/ Sponsors	No of shares	Holding %
1	Md. Jahangir Alam	1,550,500	22.15%
2	Alhaj Md.Khabiruddin Molla	1,400,000	20.00%
3	Md. Alamgir Kabir	969,500	13.85%
5	Molla Mohammad Maznu	700,000	10.00%
6	Md. Mizanur Rahman	700,000	10.00%
7	Md. Almas Shimul	490,000	7.00%
4	Mrs.Al-Haj Rokeya Begum	700,000	10.00%
8	Alhaj Md. Abdur Rouf	175,000	2.50%
9	Md. Ashrafuzzaman	175,000	2.50%
10	Md. Abdul Ahad	140,000	2.00%
		7,000,000	100%

14. Deposit against shares: Tk. Nil	31.12.2009 Taka	30.06.2009 Taka
Opening balance	84,456,000	84,456,000
Addition during the period	-	-
	84,456,000	84,456,000
Less: 734,400 shares issued of Tk. 100 each	(73,440,000)	-
Refunded to the share holders	(11,016,000)	-
	-	**84,456,000**

15. Long term borrowing net off current maturity :Tk. 43,744,993

Project loan for unit III (note 15.1)		
Prime Bank Ltd.	31,980,830	40,329,926
One bank Ltd.	25,749,186	28,840,244
United Commercial Bank Ltd.	30,810,219	34,706,944
	88,540,235	103,877,114
Hire purchase loan		
Prime Bank Ltd.	49,315,158	54,631,403
Mercantile Bank Ltd.	-	2,061,275
	49,315,158	56,692,678
	137,855,393	160,569,792
Less: Current portion of term loan (Note -19)	94,110,400	89,787,675
	43,744,993	**70,782,117**

15.1 Project loan for unit III (note 15)

The company has taken this facilities for import of capital machinery for unit-iii. Fisrt disbursement was made in June 2007.

15.1.1 Prime Bank Limited
Limit amount: 100,000,000
Purpose: For imported capital machinery for unit-III
Tenor: 7 years including one year moratorium period

15.1.2 One Bank Limited
Limit amount: 50,000,000
Purpose: For imported capital machinery for unit-III
Tenor: 7 years including one year moratorium period

15.1.3 United Commercial Bank Limited
Limit amount: 85,000,000
Purpose: For imported capital machinery for unit-III
Tenor: 7 years including one year moratorium period

	31.12.2009 Taka	**30.06.2009 Taka**
16. Deferred tax liability: Tk. 43,642,107		
Opening balance	32,963,863	9,661,894
Provision for the year	10,678,244	23,301,969
	43,642,107	**32,963,863**
17. Trade payables :Tk. 85,763,965		
Suppliers	85,350,310	92,457,972
Customers	96,175	598,250
Others	317,480	826,380
	85,763,965	**93,882,602**

Ageing of the above trade payables is given below:

	upto 1 month	1-3 Months	3-6 months	Above 6 months	Total
Suppliers	69,987,254.13	11,095,540.29	1,707,006.20	2,560,509	85,350,310
Customers	96,175	-	-	-	96,175
Others	311,130.40	6,349.60	-	-	317,480
	70,394,560	**11,101,890**	**1,707,006**	**2,560,509**	**85,763,965**

18. Other payables: Tk. 19,570,993

Creditor for other finance (Note 18.01)	3,866,299	4,922,699
Creditor for revenue expenses (note 18.02)	15,704,694	17,577,384
	19,570,993	**22,500,083**

18.1 Creditor for other finance (Note 18)

Security Deposit	1,118,576	2,222,470
Advance against sales	60,400	60,400
VAT deduction at source	97,883	335,211
Tax deduction at source	77,359	76,675
Payable to employees provident fund	2,130,281	1,892,443
Advance against motor cycle	381,800	335,500
	3,866,299	**4,922,699**

18.2 Creditor for revenue expenses (note 18)

Salaries, wages & overtime payable	3,846,615	4,562,362
Audit and professional fees	775,000	650,000
Electricity-Factory,Dec'09	7,307,047	9,473,964
Telephone & Mobil bill payable	7,723.00	25,058.00
Others	3,768,309	2,866,000
	15,704,694	**17,577,384**

19. Current portion of long term borrowings: Tk. 94,110,400

<u>Project Loan for Unit -III</u>		
Prime Bank Ltd.	30,000,000	28,800,000
One Bank Ltd.	10,000,000	10,000,000
United Commercial Bank Ltd.	24,620,400	24,620,400
	64,620,400	63,420,400
<u>Hire Purchase loan</u>		
Prime Bank Limited	29,490,000	24,306,000
Mercantile Bank Limited	-	2,061,275
	29,490,000	26,367,275
	94,110,400	**89,787,675**

20. Short term bank loan: Tk.201,644,616

<u>Cash Credit (Hypothecation)</u>		
One Bank Limited	15,268,726	818,900
Prime Bank Limited	3,653,036	14,211,843
	18,921,762	15,030,743
<u>Loan against Trust Receipts</u>		
One Bank Limited	61,215,198	149,145,177
Prime Bank Limited	106,252,215	105,895,624
State Bank of India		29,461,678
	167,467,413	284,502,479
Time loan- One Bank Limited	15,255,442	38,607,564
	15,255,442	38,607,564
	201,644,616	**338,140,786**

20.1 One Bank Limited

The company has been enjoying the following facilities from One Bank Limited under the terms and conditions given below:

20.1.1 Cash Credit Hypothecation
Limit amount: 30,000,000
Purpose: Working Capital
Tenor: One year
Nature: Revolving

20.1.2 Loan against Trust Receipts
Limit amount: 260,000,000
Purpose: Working Capital
Tenor: 120 days
Nature: Revolving

20.1.3 Revolving Time loan
Limit amount: 50,000,000
Purpose: Working Capital
Tenor: 120 days
Nature: Revolving

20.1.4 Letter of credit (non funded)
Limit amount: 300,000,000
Purpose: Working Capital
Tenor: 120 days
Nature: Revolving

20.1.5 Bank guarantee
Limit amount: 10,000,000
Purpose: To issue guarantee for tender and utilities facilities
Tenor: one year
Nature: Revolving

20.2 Prime Bank Limited

The company has been enjoying the following facilities from Prime Bank Limited under the terms and conditions given below:

20.2.1 Cash Credit Hypothecation
Limit amount: 20,000,000
Purpose: Working Capital
Tenor: One year
Nature: Revolving

20.2.2 Loan against Trust Receipts
Limit amount: 300,000,000
Purpose: Working Capital
Tenor: 90 days
Nature: Revolving

20.2.3 Letter of credit (non funded)
Limit amount: 250,000,000
Purpose: Working Capital
Tenor: One year

Nature: Revolving

20.2.4 Bank guarantee
Limit amount: 20,000,000
Purpose: To issue guarantee for tender and utilities facilities
Tenor: one year
Nature: Revolving

20.3 State Bank of India

The company has been enjoying the following facilities from the said bank under the terms and conditions given below:

20.3.2 Loan against Trust Receipts

Limit amount: 30,000,000
Purpose: Working Capital
Tenor: 120 days
Nature: ine time

		31.12.2009 Taka	30.06.2009 Taka
21.	**Provision for tax liabilities: Tk.189,232,631**		
	Opening Balance	132,982,127	43,645,013
	Provision during the period	56,250,504	89,337,114
		189,232,631	**132,982,127**

		July-Dec 2009 Taka	July-Dec 2008 Taka
22.0	**Net sales :Tk.1,360,619,108**		
	Domestic sales	1,232,298,631	971,845,869
	Export sales	128,320,477	47,946,348
	Net sales	**1,360,619,108**	**1,019,792,217**
23.0	**Cost of good sold :Tk. 1,121,972,416**		
	Opening stock of raw materials	168,765,841	119,965,690
	Add: Purchased of raw materials during the period	968,706,619	748,220,199
	Closing stock of raw materials:	(119,382,701)	(110,359,249)
	Raw material consumed	**1,018,089,759**	**757,826,640**
	Opening stock of busting bags	-	-
	Factory overhead (note 23.04)	112,438,881	85,242,554
	Cost of production	1,130,528,640	843,069,194
	Add: opening finished goods	20,585	2,750
	Cost of goods available for sale	**1,130,549,225**	**843,071,944**
	Less: closing finished goods	(969)	(27,050)
	Cost of goods sold	1,130,548,256	843,044,894
	Less: Duty draw back for export	(8,575,840)	(3,286,723)
	Cost of goods sold	**1,121,972,416**	**839,758,171**
23.1	Raw material consumed		
	<u>Opening stock of raw materials</u>		
	Clinker	69,896,320	77,728,570
	Gypsum	10,948,095	14,900,134
	Slag	50,491,121	18,664,393

Fly ash			21,648,235	424,084
Lime Stone			7,091,124	1,601,453
Bags			8,690,946	6,647,057
			168,765,841	119,965,690
Add: purchased during the period				
Clinker			696,046,214	575,746,357
Gypsum			42,287,628	30,098,659
Slag			81,891,807	42,496,211
Fly ash			39,112,168	36,045,320
Lime Stone			23,019,967	11,549,579
Bags			86,348,835	52,284,073
			968,706,619	748,220,199
Less: closing stock of raw materials	Quantity			
Clinker	24,132.68	MT	53,866,224	48,249,837
Gypsum	9,292.81	MT	13,842,873	21,983,919
Slag	18,929.07	MT	25,002,223	26,357,547
Fly Ash	19,660.75	MT	16,710,067	4,985,301
Lime Stone	16,351.58	MT	4,205,874	193,764
Bags	1,047,362	PCS	5,755,438	8,588,882
			119,382,701	110,359,249
Raw material consumed			**1,018,089,759**	**757,826,640**

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

	Opening		Closing		Sales for the period	
	Quantity	Value	Quantity	Value	Quantity	Value
July to December, 09	96	20,585	0.15	969	245,170	1,360,619,108
July to December, 08	0.50	2,750	0.15	27,050	181,038	1,019,792,217

23.3 Analysis of raw material consumption

July to December 2009

Particulars	Opening MT/Pcs	Closing MT/Pcs	Consumption MT/Pcs
Clinker (MT)	19,700	24,132.68	176,915
Gypsum (MT)	5,216	9,292.81	10,523
Slag (MT)	22,471	18,929.07	34,880
Fly ash (MT)	13,426	19,660.75	22,257
Lime Stone (MT)	8,542	16,351.58	10,069
Bags (Pcs)	502,785	1,047,362	4,681,622

23.4 Factory overhead

	July-Dec 2009 Taka	July-Dec 2008 Taka
Carrying charges	110,630	64,725
Spare parts & stores expenses (note 23.4.1)	5,777,088	1,166,709
Festival Bonus	2,069,720	-
Fooding/Refreshment	66,249	-
Conveyance	72,824	52,690
Depreciation	26,346,517	28,595,727
Drinking water	40,668	19,650
Contribution of PF	20,500	17,407
Fuel for motor vehicle	752,455	22,604
Group insurance premium	105,672	52,600
Labor charge	2,431,746	1,207,235
Medical expenses	17,518	15,321

Mobile phone bill employees	115,190	98,640
Overtime	597,079	240,794
Wages and salary	12,210,266	10,515,824
Repair & maintenance- vehicle	692,739	463,709
Telephone/fax expenses	53,674	27,898
Entertainment	113,040	34,534
Annual Milad	23,100	52,300
News papers, Books & Periodicals	2,300	1,900
Office Maintenance	89,754	54,230
Photocopy	987	1,230
Postage, Telegram & stamp	1,765	320
Registration, License& renewals	8,765	5,231
Outstation & hotel allowance/house rent/Ta-DA & others	67,543	25,640
Repair & Maintenance -Office	9,876	4,250
Special allowances	69,054	43,374
Miscellaneous	2,000	-
Computer Accessories	52,600	42,700
Consultancy Fees	20,120	10,250
Cookeries & cutleries	11,540	9,200
Insurance premium-others	127,529	382,027
Electricity bill	53,454,033	39,819,305
Lubricants, diesel oil, gear oil & fuel Etc.	4,936,764	2,124,750
Quality testing expenses	190,325	69,780
Repair & maintenance -factory	1,777,250	-
	112,438,881	**85,242,554**

Factory overheads increased sharply due to increased spare parts used, newly introduced festival bonus, electricity bill and lubricant. Electricity bill increased due to increased in production quantity and production continued in peak hours. Peak hour rate is just double than the off peak hour.

23.4.1 Spare parts

Opening	13,265,364	3,752,320
Purchase during the period	7,751,779	9,637,966
Available for consumption	21,017,143	13,390,286
less: used during the period	5,777,088	1,166,709
Closing balance	15,240,055	12,223,577

24. Other operating income: Tk. 14,943,112

	July-Dec 2009 Taka	July-Dec 2008 Taka
Rent from covered van	9,398,173	14,097,791
Rent from bulk carrier	2,599,202	2,632,508
Rent from cargo vessels	251,300	599,700
Rent from truck	331,900	-
Carriage income	1,591,705	4,487,250
Interest income	770,832	1,377,460
	14,943,112	**23,194,709**

25. Administrative expenses :Tk. 11,011,030

Annual milad	365,181	66,697
Audit/professional /legal fees	125,000	200,000
Bedding & uniform	7,330	14,250
Computer accessories	268,255	125,325
Consultancy fees	98,000	51,342

Contribution to PF	36,358	34,895
Conveyance -local	34,148	24,856
Cookeries & cutleries	40,016	3,250
Depreciation	961,908	879,073
Donation & subscription	186,960	186,359
Drinking water	27,800	29,045
Eid tips	34,200	9,800
Electric goods	14,011	7,250
Entertainment	137,677	1,234
Fooding / Iftar	27,573	25,435
Fuel for motor vehicle	199,364	129,375
Festival Bonus	557,464	-
Garage rent	9,000	26,200
Gardening & plantation	8,500	6,200
Gift & presentation	66,839	22,359
Group insurance premium	23,400	-
Internet	157,916	19,555
Trade Mark fees	34,000	260,000
Labour charge	720	1,235
Medical expenses	9,855	13,106
Meeting expenses	10,298	4,975
Mobile phone bill-employee	101,611	93,620
News paper, books & periodicals	9,134	12,840
Office maintenance	396,202	151,244
Office/house/store- rent	1,093,538	868,123
Overtime	12,235	3,151
Photocopy	8,587	1,151
Postage, telegrams & stamp	17,578	39,628
Stationeries, schedule & forms	384,893	91,525
Promotional expenses	1,101,600	99,040
Registration, license & renewals	82,564	157,461
Salary & allowances	3,201,979	2,235,942
Special allowances-for employee	2,540	9,600
Traveling expense -local	34,814	2,610
Traveling expense -foreign	265,110	93,187
Tea/Coffee expenses	60,256	40,309
Telephone/fax expenses-others	18,934	10,250
Repair & maintenance- vehicle	385,427	169,970
Special allowances-for others	6,800	30,973
Insurance premium on motor vehicle	21,962	99,020
Carrying charge	1,870	1,300
Mobile phone bill	47,711	91,861
Telephone/fax expenses	74,930	160,120
Outstation & hotel allowance/house rent/Ta-DA & Others	62,207	-
Repair & maintenance-office	118,253	12,309
Training & education	10,100	7,300
Miscellaneous expenses	19,422	60,112
Security expenses	29,000	5,600
	11,011,030	**6,690,062**

	July-Dec 2009 Taka	**July-Dec 2008 Taka**

26. Selling and distribution expenses :Tk.32,471,594

Advertisement & publicity	8,298,556	5,891,483
Contribution to PF	79,320	68,748
Conveyance -local	611,758	170,242
Depreciation	5,139,455	4,414,091
Fooding and refreshment	339,548	302,190
Fuel for motor vehicle	6,067,537	79,084

Insurance premium on motor cycle	3,772	12,325
Meeting expenses	171,203	65,383
Mobile phone bill-employee	330,485	105,209
Printing stationeries, schedule & forms	150,095	155,325
Salary & allowances	6,747,650	2,398,020
Traveling expense -local	5,022	1,425
Traveling expense -foreign	80,074	23,940
Repair & maintenance- vehicle	264,976	91,190
Fuel For motor cycle	350,959	139,457
Insurance on motor vehicle	60,426	202,943
Outstation & hotel allowance/house rent/Ta-DA & others	138,822	98,840
Overtime	77,502	-
Festival Bonus	1,135,871	-
Registration ,License & renewals	228,540	-
Training & education	68,737	-
Telephone/Fax Expenses-Others	13,450	7,940
Miscellaneous expenses	178,791	12,805
Repair & maintenance-motor cycle	67,898	9,587
C&F expenses for export	896,600	780,100
Lubricants, diesel oil, gear oil &fuel etc.	936,764	905,230
Marketing survey	20,783	-
Quality testing expenses	7,000	5,300
BIS expenses	-	174,624
	32,471,594	**16,115,481**

27. Other non operating income :Tk. 861,296

Head Office		
Sales of scrap		560,520
Exchange gain/ (loss)	9,000	-
Other Income	852,296	1,252,570
	861,296	**1,813,090**

28. Financial expenses :Tk. 32,491,814

Bank charge & commission	864,965	717,173
Bank interest	31,626,849	62,177,476
	32,491,814	**62,894,650**

29. Earning per share (Basic earning per share-IAS - 33)

Profit after tax for the year	111,547,914	74,588,533
Weighted average number of shares outstanding at the end of the year	7,000,000	7,000,000
Earning per share (Taka)	16	11

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

30. Contingent liabilities/ Off balance sheet items

30.1 Commitments

Letter of credit		
Prime Bank Limited	161,379,067	32,360,283
One Bank Limited	26,661,000	48,273,100
	188,040,067	**80,633,383**

	July-Dec 2009 Taka	**July-Dec 2008 Taka**
30.2 Contingent liabilities		
Bank guarantee		
One Bank Limited	2,953,916	3,617,326

Prime Bank Limited	53,688	53,688
	3,007,604	**3,671,014**

31. Related parties transactions

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

31.1

Name of Parties	Relationship	Nature transactions		Transactions value
Molla Brothers & Co.	Shareholder of the entity	Distributor of cement	181,419,875	193,432,682
Brothers Corporation	Director of the entity	Distributor of cement	128,492,475	107,463,700
Jahangir & Others Ltd.	Directors of the entity	Distributor of cement	68,419,350	62,687,292
Crown Power Generation Ltd.	Associate	Pre operating expenses	17,780,135	11,041,464
Crown Polymer Bagging Ltd.	Associate	Pre operating expenses	325,596	860,161
Crown Mariner Ltd.	Associate	Pre operating expenses	219,325	100

32. Number of employees

The company had 548 permanent employees as at 30 June 2009 (2008:492) and a varying number of seasonal and temporary workers as required. All permanent employees receive to remuneration in excess of Tk.36,000 per annum per employee.

32.1 Directors emolument

Salary & benefits	**2,400,000**	**81,000**

33. Capacity and production

Installed Capacity in Metric tons (Half yearly)	420,000	420,000
Actual production in metric tons in six months	245,170	181,038
% of capacity utilization	58%	43%

Actual capacity is low due to we could not run the factory in 6 hours in each day as the BPDC embargo not to run the factory in peak hour.

Annexure -A

M.I. CEMENT FACTORY LIMITED
Schedule of Property, plant and equipment
As of 31 December 2009

Figures are in Taka

SL. No.	PARTICULARS	C O S T				D E P R E C I A T I O N					*WRITTEN DOWN VALUE*
		Balance as on 01.07.09	During the year Addition	During the year Disposal / Adjust.	Total Cost as on 31.12.09	Rate	Balance as on 01.07.09	During the Year Charged	During the Year Adjust	Accumulated	*VALUE* at 31.12.09
		1	*2*	*3*	*4=(1+2-3)*	*5*	*6*	*7*	*8*	*9=(6+7-8)*	*10=(4-9)*
a. At cost											
Factory											
1	Land & Land Development	161,041,910	2,636,914	-	163,678,824	-	-	-	-	-	163,678,824
2	Factory Buildings Unit-I & II	143,987,089	-	-	143,987,089	5	69,370,852	1,865,406	-	71,236,258	72,750,831
3	Factory Buildings Unit-III	55,705,870	25,000	-	55,730,870	5	2,785,294	1,323,639		4,108,933	51,621,937
4	Plant & Machineries Unit-I & II	230,398,329	-	-	230,398,329	10	144,645,555	4,287,639	-	148,933,194	81,465,135
5	Plant & Machineries Unit-III	284,059,125	-	-	284,059,125	10	28,405,912	12,782,661		41,188,573	242,870,552
6	Fly ash Unloading system	39,293,447	-	-	39,293,447	10	9,179,119	1,505,716		10,684,836	28,608,611
7	Electric tools	19,729	-	-	19,729	15	13,890	438	-	14,328	5,401
8	Generator	3,860,400	-	-	3,860,400	20	2,667,604	119,280	-	2,786,884	1,073,516
9	Electric Equipment	14,294,126	-	-	14,294,126	15	2,579,348	878,608	-	3,457,956	10,836,170
10	Water Pump	547,790	-	-	547,790	20	342,795	20,500	-	363,294	184,496
11	Jetty Construction	38,114,114	104,611	-	38,218,726	10	18,798,564	971,008	-	19,769,572	18,449,153
12	Electric Fan	73,310	1,350	-	74,660	10	13,420	3,062	-	16,482	58,178
13	Grab Crane	3,054,124	-	-	3,054,124	15	2,221,905	62,416	-	2,284,322	769,802
14	Sundry Assets	1,402,172	-	-	1,402,172	15	749,907	48,920	-	798,827	603,345
15	Electronic Weighbridge	1,791,071	-	-	1,791,071	15	497,023	97,054	-	594,076	1,196,995
16	Quality Control Equipment	1,341,438	150,000	-	1,491,438	15	260,049	92,354	-	352,403	1,139,035
18	Pay-loader	9,226,440	-	-	9,226,440	15	4,483,748	355,702	-	4,839,450	4,386,990
17	Wheel Loader	6,481,649	-	-	6,481,649	15	1,798,657	351,224	-	2,149,882	4,331,767
20	Weigh Feeder	5,490,931	-	-	5,490,931	15	1,509,228	298,628	-	1,807,855	3,683,076
21	Cement Silo	25,035,550	-		25,035,550	15	11,073,600	1,047,146		12,120,747	12,914,803
22	Pump House	105,650	573,546	-	679,196	5	19,836	16,484	-	36,320	642,876
23	Laboratory Instruments	1,612,065	8,300	-	1,620,365	10	601,413	50,948	-	652,360	968,005
24	Boundary Wall	9,634,191	211,058	-	9,845,249	5	3,137,864	167,685	-	3,305,549	6,539,700
	Total	1,036,570,520	3,710,779	-	1,040,281,300		305,155,583	26,346,517	-	331,502,100	708,779,199

Administrative

	27	Air Conditioners	665,000	164,000	-	829,000	15	237,321	44,376	-	281,697	547,303
	33	Decoration	1,855,726	-	-	1,855,726	10	696,434	57,965	-	754,399	1,101,327
	30	Office Equipment	3,604,439	-	-	3,604,439	15	1,846,451	131,849	-	1,978,300	1,626,139
	31	Motor Vehicles	13,982,566	-	-	13,982,566	15	7,387,326	494,643	-	7,881,969	6,100,597
	32	Computer	2,536,955	97,800	-	2,634,755	20	1,266,631	136,812	-	1,403,443	1,231,312
	29	Furniture & Fixtures	2,890,579	21,655	-	2,912,234	10	1,122,185	89,502	-	1,211,688	1,700,546
	35	Construction of Mosque	380,532	-	-	380,532	5	110,126	6,760	-	116,886	263,646
		Total	25,915,797	283,455	-	26,199,252		12,666,474	961,908	-	13,628,382	12,570,870
	Selling & Distribution											
	40	Cargo Vessel	7,016,256	-	-	7,016,256	10	4,377,815	131,922	-	4,509,737	2,506,519
	38	Covered Van	61,141,114	-	-	61,141,114	15	19,811,212	3,099,743	-	22,910,955	38,230,159
	41	Motor Cycle	1,114,870	247,000	-	1,361,870	15	426,209	70,175	-	496,384	865,486
	28	Bulk Carrier	25,551,837	-	-	25,551,837	15	5,910,741	1,473,082	-	7,383,823	18,168,014
	37	Ramp Construction	49,504	-	-	49,504	10	11,634	1,894		13,527	35,977
	42	Service Silo	2,988,582	-	-	2,988,582	10	448,708	126,994	-	575,702	2,412,880
	39	Truck Open	3,696,412	-	-	3,696,412	15	554,462	235,646	-	790,108	2,906,304
		Total	*101,558,575*	*247,000*	-	*101,805,575*		*31,540,781*	*5,139,455*	-	*36,680,236*	*65,125,339*
		Total (UNIT I+II+III)	*1,164,044,893*	*4,241,234*	-	*1,168,286,127*		*349,362,838*	*32,447,880*	-	*381,810,718*	*786,475,408*
b. Revaluation												
	1	Land & Land Development		201,793,090		201,793,090		-		-	-	201,793,090
	2	Factory Buildings Unit-I & II		43,218,530		43,218,530		-		-	-	43,218,530
	3	Factory Buildings Unit-III		18,558,470		18,558,470		-		-	-	18,558,470
		Total	-	263,570,090	-	263,570,090	-	-	-	-	-	*263,570,090*
Total assets (a+b)			**1,164,044,893**	**267,811,324**	**-**	**1,431,856,217**	**-**	**349,362,838**	**32,447,880**	**-**	**381,810,718**	**1,050,045,498**
		2007-2008	*1,056,894,113*	107,150,780	-	1,164,044,893		276,608,115	72,754,723	-	349,362,839	814,682,054
Total 2007-2008			**1,056,894,113**	**107,150,780**	**-**	**1,164,044,893**	**-**	**276,608,115**	**72,754,723**	**-**	**349,362,839**	**814,682,054**

M.I. Cement Factory Limited

Auditors' Report under section 135(1) and paragraph 24(1) of part -II of the Third Schedule of the Companies Act 1994

We have examined the financial statements of M/s. M.I. Cement Factory Limited for the years ended 30 June 2005, 2006, 2007, 2008 and 2009 and for the period from 01 July 2009 to 31 December 2009. In pursuance of Section 135(1) under Paragraph 24(1) of part -II of the Third Schedule of the Companies Act 1994, our report is as under

A. Statement of assets and liabilities:

	Amount in Taka					
	At					
	31.12.2009	**30.06.2009**	**30.06.2008**	**30.06.2007**	**30.06.2006**	**30.06.2005**
ASSETS						
Non Current Assets						
Property, Plant and Equipments	1,050,045,499	814,682,054	780,285,997	484,033,243	332,633,726	355,555,604
Capital work-in -progress	316,939	188,211	24,343,230	1,686,732	-	-
Investments in Associates	108,246,569	89,421,413	58,199,165	-	-	-
Total Non-Current Assets	**1,158,609,006**	**904,291,678**	**862,828,392**	**485,719,975**	**332,633,726**	**355,555,604**
Current Assets						
Inventories	150,672,764	187,204,468	196,214,956	42,388,466	71,838,607	82,739,246
Trade Receivable	266,150,550	251,502,609	318,775,918	46,175,854	43,858,068	117,002,177
Other Receivable	1,640,891	3,021,163	9,132,662	-	-	-
Advance, Payments and deposits	40,244,615	51,520,966	99,041,030	110,952,401	122,581,756	63,770,445
Advance Income tax & VAT	118,002,782	96,295,768	97,488,481	55,352,482	21,361,593	4,364,288
Cash and bank Balance	46,810,971	27,522,469	23,909,767	4,572,491	3,888,605	1,626,403
Total Current Assets	**623,522,573**	**617,067,443**	**744,562,814**	**259,441,694**	**263,528,629**	**269,502,559**
Total Assets	**1,782,131,579**	**1,521,359,121**	**1,607,391,205**	**745,161,669**	**596,162,355**	**625,058,163**
EQUITY AND LIABILITIES						
Share Holders Equity						
Share capital	700,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Deposit Against Share	-	84,456,000	84,456,000	-	-	-
Revaluation Reserve	263,570,090	-	-	-	-	-
General Reserve	-	28,338,312	28,338,312	-	-	-
Retained Earnings	140,851,783	427,525,557	239,793,752	144,478,869	86,078,009	53,753,692
Reserve for tax holiday	-	-	-	28,338,312	28,338,312	24,735,610
Total Shareholders' equity	**1,104,421,873**	**740,319,869**	**552,588,064**	**372,817,181**	**314,416,321**	**278,489,302**
Non-Current liabilities						
Long term borrowing net off current maturity	43,744,993	70,782,117	183,526,752	72,726,138	-	-
Deffered tax liability	43,642,107	32,963,863	9,661,894	-	-	-
Total Non-Current liabilities	**87,387,100**	**103,745,980**	**193,188,646**	**72,726,138**	**-**	**-**
Current liabilities & Provision						
Trade Payables	85,763,965	93,882,602	82,640,214	-	-	-
Other Payables	19,570,993	22,500,083	14,982,785	6,518,663	4,417,046	6,591,865
Current portion of long term loan	94,110,400	89,787,675	85,788,400	-	-	-
Short term loan	201,644,616	338,140,786	634,558,083	293,099,687	277,328,988	339,976,996
Provision for tax liability	189,232,631	132,982,127	43,645,013	-	-	-
Total Current liabilities	**590,322,605**	**677,293,272**	**861,614,494**	**299,618,350**	**281,746,034**	**346,568,861**
Total Equity and liabilities	**1,782,131,579**	**1,521,359,121**	**1,607,391,205**	**745,161,669**	**596,162,355**	**625,058,163**

B. Statement of operating results:

	Amount in Taka					
	July'2009 to Dec.'2010	**July'2008 to June'2009**	**July'2007 to June'2008**	**July'2006 to June'2007**	**July'2005 to June'2006**	**July'2004 to June'2005**
Sales	1,360,619,108	2,290,358,000	1,927,191,900	1,433,979,896	1,156,372,534	947,692,649
Less: Cost of Goods Sold	1,121,972,416	1,893,229,773	1,717,283,067	1,257,600,369	1,014,138,712	833,969,529
Gross profit	**238,646,692**	**397,128,228**	**209,908,833**	**176,379,527**	**142,233,822**	**113,723,120**
Less: Operating expenses						
Administrative expenses	11,011,030	14,742,902	14,674,793	55,232,384	23,116,026	27,655,266
Selling & distribution expenses	32,471,594	39,345,115	24,851,835	14,067,845	34,674,038	41,482,898
	43,482,624	54,088,017	39,526,628	69,300,229	57,790,064	69,138,164
Add: Other Operating Income	14,943,112	57,804,867	30,891,306	-	-	7,358,173
Operating Profit	**210,107,180**	**400,845,078**	**201,273,511**	**107,079,298**	**84,443,758**	**51,943,129**
Financial expenses	32,491,814	103,137,448	53,082,320	52,087,356	48,416,739	49,343,402
	177,615,366	297,707,630	148,191,191	54,991,942	36,027,019	2,599,727
Other income(Non operating)	861,296	2,663,258	430,599	-	-	-
Net profit before tax	**178,476,662**	**300,370,888**	**148,621,790**	**54,991,942**	**36,027,019**	**2,599,727**
Provision for taxation	66,928,748	112,639,083	53,306,907	-	-	-
Net profit after tax	**111,547,914**	**187,731,805**	**95,314,883**	**54,991,942**	**36,027,019**	**2,599,727**
Earnings per share(EPS) for the period	**15.94**	**93.87**	**47.66**	**27.50**	**18.01**	**1.30**
Earnings per share(EPS)-Annualized	**47.40 (six months)**	**93.87**	**47.66**	**27.50**	**18.01**	**1.30**

C. Statement of cash flows:

Cash flow from operating activities						
Cash received from customers	1,272,037,298	2,363,742,809	1,645,459,174	1,504,806,219	1,229,516,643	958,104,180
Cash received from other operating income	14,943,112	57,804,867	30,891,306	-	-	-
Cash received from non operating income	861,296	2,663,258	430,599	-	-	-
Cash paid to suppliers	(929,002,212)	(1,600,181,196)	(1,658,949,006)	(1,203,257,155)	(984,990,521)	(738,326,289)
Cash paid for operating expenses	(104,154,494)	(156,502,863)	(101,591,979)	(118,732,849)	(98,826,355)	(70,974,744)
Payment of financial expenses	(32,491,814)	(103,137,448)	(53,082,320)	(52,087,356)	(44,138,497)	
Income tax paid	(21,707,014)	(41,396,058)	(50,307,468)	(25,819,420)	(17,097,305)	(69,833)
Net Cash Flow from Operating Activities	**200,486,172**	**522,993,369**	**(187,149,694)**	**104,909,439**	**84,463,965**	**148,733,314**
Cash Flow from Investing Activities						
Purchase of fixed assets	(4,241,234)	(107,150,780)	(335,160,778)	(191,035,658)	(19,553,755)	(164,478,414)
Capital work in progress	1,079,288	24,155,019	(22,656,498)	(1,686,732)	-	-
Investment in associates	(18,825,156)	(31,222,248)	(58,199,165)	-	-	
Net cash used in Investing Activities	**(21,987,102)**	**(114,218,009)**	**(416,016,441)**	**(192,722,390)**	**(19,553,755)**	**(164,478,414)**

Cash Flow from Financing Activities

Deposit against Shares	-	-	84,456,000	-		
Short term loan taken/(repaid)	(136,496,170)	(296,417,297)	341,458,396	55,472,388	(62,648,008)	14,042,324
Long term loan taken /(repaid)	(22,714,399)	(108,745,360)	196,589,014	33,024,449	-	-
Net Cash Flow from Financing Activities	**(159,210,569)**	**(405,162,657)**	**622,503,410**	**88,496,837**	**(62,648,008)**	**14,042,324**
Net cash surplus for the year (A+B+C)	**19,288,501**	**3,612,703**	**19,337,275**	**683,886**	**2,262,202**	**(1,702,776)**
Cash and cash equivalents beginning of the year	27,522,469	23,909,767	4,572,491	3,888,605	1,626,403	3,329,179
Cash and cash equivalents end of the year	**46,810,971**	**27,522,469**	**23,909,767**	**4,572,491**	**3,888,605**	**1,626,403**

D. Dividend Declared:

Cash dividend - %	-	-	-	-	-	-
Stock dividend (Bonus share) - %	213.28	-	-	-	-	-

E. M.I. Cement Factory Limited (MICFL) is a public limited company which was incorporated on 31 December 1994

F. The Company did not prepare any account for any period subsequent to 31 December 2009.

G. Figures related to previous years have been rearranged where considered necessary.

Sd/-

Dhaka,
14 June 2010

ACNABIN
Chartered Accountants

Additional disclosures relating to the financial statements of M I Cement Factory Limited (MICFL) for the half year ended 31 December 2009

Following are the additional disclosures as required by Securities & Exchange Commission relating to the audited financial statements of M.I. Cement Factory Limited for the half year ended 31 December 2009:

i. Stock of finished cement: Tk.969.00 (Note-7 to the financial statements)

As per nature of the company's manufacturing process and packing system there is no scope of having packed finished cement in the stock. Cement is only packed at the time of delivery by tracks i.e. the cement is packed in the bags when tracks arrive at the factory for taking delivery. As per company's policy any bags of cement remained undelivered in the stock is considered as finished product. Thus the above amount represents the cost of 3 (three) bags of cement remained undelivered to the trucks on 31 December 2009.

ii. Quantity wise schedule of capital work in progress: Tk.316,939 (Note-5 to the financial statements)

Quantity wise schedule of capital work in progress of the company as on 31 December 2009 and 30 June 2009 is presented below:

Particulars	Quantity	31.12.2009 Taka	Quantity	30.06.2009 Taka
Capital Machinery (cooling tower)	01 set	54,673	01 set	54,673
Quality Control Materials (Lab equipments)	-	-	01 set	13,703
Others (aircompressure and other equipments)	01 set	142,431	-	-
Bulk Carrier (vehicle)	01 pc.	119,835	01 pc.	119,835
Total		**316,939**		**188,211**

iii. Information regarding revaluation of assets as per BAS-16 :

The company revalued its land and building on 22 December 2009 by M/s. S. F. Ahmed & Co., Chartered Accountants to reflect the up to date value of these existing assets in the financial statements as at 31 December 2009.Details of the revaluation of the assets are given below:

Particulars	Net book value Taka	Revalued Amount Taka	Revaluation Surplus (Taka)
1	2	3	4 = 3-2
Land & Land Development	161,041,910	362,835,000	201,793,090
Factory & Building Unit-I & II	74,616,237	117,834,767	43,218,530
Factory & Building Unit- III	52,920,577	71,479,047	18,558,470
Total:	**288,578,724**	**552,148,814**	**263,570,090**

iv. Accounting of investment in associated companies (Note-6 to the financial statements)

Crown Power Generation Ltd., Crown Polymer Bagging Ltd. and Crown Mariner Ltd. are associate companies of M. I. Cement Factory Limited. The company holds 50% shares of Crown Power Generation Ltd., and 20% of Crown Mariner Ltd. The company deposited money to Crown Polymer Bagging Ltd., to hold 50% of its shares. The investments made by M. I. Cement Factory Limited to these associate companies have been accounted for under Cost Method in accordance with BAS 28. Commercial operation of these associate companies has not yet been started.

v. Sales (Note-22 to the financial statements)

Note-22 to the financial statements of the company for the half year ended 31 December 2009 actually represents Sales. Mentioning Net Sales in the note was caused inadvertently.

vi. Quantity wise schedule as required under Para 3, Schedule XI, Part II of the Companies Act, 1994

Quantity wise schedules of sales, raw material consumed and opening and closing stock of finished goods relating to the financial statements for the half year ended 31 December 2009 as required under Para 3, Schedule XI, Part II of the Companies Act 1994 are given below:

a. Sales

Particulars	01.07.2009-31.12.2009		01.07.2008-31.12.2008	
	Quantity (Metric Ton)	Amount in Taka	Quantity (Metric Ton)	Amount in Taka
Domestic Sales	221,570.45	1,232,298,631	10,589.35	971,845,869
Export Sales	23,600.00	128,320,477	170,449.00	47,946,348
Total	**245,170.45**	**1,360,619,108**	**181,038.35**	**1,019,792,217**

b. i. Raw materials consumed in Taka for the period from 01 July 2009 to 31 December 2009:

Particulars	Clinker Taka	Gypsum Taka	Slag Taka	Fly ash Taka	Lime Stone Taka	Bags Taka	Total Taka
Opening stock	69,896,320	10,948,095	50,491,121	21,648,235	7,091,124	8,690,946	168,765,841
Add: Purchase	696,046,214	42,287,628	81,891,807	39,112,168	23,019,967	86,348,835	968,706,619
Raw material available for consumption	765,942,534	53,235,723	132,382,928	60,760,403	30,111,091	95,039,781	1,137,472,460
Less: Closing stock	53,866,224	13,842,873	25,002,223	16,710,067	4,205,874	5,755,438	119,382,701
Raw material consumed	712,076,310	39,392,850	107,380,705	44,050,336	25,905,217	89,284,343	1,018,089,759

b. ii. Raw materials consumed in Taka for the period from 01 July 2008 to 31 December 2008:

Particulars	Clinker Taka	Gypsum Taka	Slag Taka	Fly ash Taka	Lime Stone Taka	Bags Taka	Total Taka
Opening stock	77,728,570	14,900,134	18,664,393	424,084	1,601,453	6,647,057	119,965,690
Add: Purchase	575,746,357	30,098,659	42,496,211	36,045,320	11,549,579	52,284,073	748,220,199
Raw material available for consumption	653,474,927	44,998,793	61,160,604	36,469,404	13,151,032	58,931,130	868,185,889
Less: Closing stock	48,249,837	21,983,919	26,357,547	4,985,301	193,764	8,588,882	110,359,249
Raw material consumed	605,225,090	23,014,874	34,803,057	31,484,103	12,957,268	50,342,248	757,826,640

c. i. Raw materials consumed in quantities for the period from 01 July 2009 to 31 December 2009:

Particulars	Clinker (metric ton)	Gypsum (metric ton)	Slag (metric ton)	Fly ash (metric ton0	Lime Stone (metric ton)	Bags (Pcs)
Opening stock	19,699.62	5,215.70	22,471.24	13,425.93	8,541.99	502,785
Add: Purchase during the period	181,348.35	14,600.00	31,338.00	28,492.00	17,878.73	5,226,200
Raw material available for consumption	201,047.97	19,815.70	53,809.24	41,917.93	26,420.72	5,728,985
Less: Closing stock	24,132.68	9,292.81	18,929.07	19,660.75	16,351.58	1,047,363
Raw material consumed	176,915.29	10,522.89	34,880.17	22,257.18	10,069.14	4,681,622

c. ii. Raw materials consumed in quantities for the period from 01 July 2008 to 31 December 2008:

Particulars	Clinker (metric ton)	Gypsum (metric ton)	Slag (metric ton)	Fly ash (metric ton0	Lime Stone (metric ton)	Bags (Pcs)
Opening stock	14,804.08	5,048.86	6,918.40	299.67	1,912.00	497,394
Add: Purchase during the period	125,052.00	11,550.00	19,298.43	21,019.00	11,284.25	3,598,830
Raw material available for consumption	139,856.08	16,598.86	26,216.83	21,318.67	13,196.25	4,096,224
Less: Closing stock	12,226.53	8,976.37	10,043.35	3,173.21	116.85	585,004
Raw material consumed	127,629.55	7,622.49	16,173.48	18,145.46	13,079.40	3,511,220

d. Schedule of finished goods in Taka and quantities

Particulars	**01.07.2009-31.12.2009**		**01.07.2008-31.12.2008**	
	Quantity (Metric Ton)	**Amount in Taka**	**Quantity (Metric Ton)**	**Amount in Taka**
Opening stock	4.80	20,585	0.50	2,750
Add: Production during the period	245,165.80	1,130,528,640	181,042.10	843,069,194
Goods available for sale	245,170.60	1,130,549,225	181,042.60	843,071,944
Less: Cost of goods sold	245,170.45	1,130,548,256	181,038.35	843,044,894
Closing stock	**0.15**	**969**	**4.25**	**27,050**

vii. Quantity under Note-23.2 to audited financial statements

Quantity under Note-23.2 to audited financial statements would be in Metric Tons in respect of sales, opening stock and closing stock of finished goods which are further presented below:

Period	**Opening stock**		**Closing stock**		**Sales**	
	Quantity (in metric ton)	Value in Taka	Quantity (in metric ton)	Value Taka	Quantity (in metric ton)	Value in Taka
July ‘09 to Dec. ‘09	4.80	20,585	0.15	969	245,170.45	1,360,619,108
July 08 to Dec. ‘08	0.50	2,750	4.25	27,050	181,038.35	1,019,792,217

viii. Information as required under Para 4, Schedule XI, Part I of the Companies Act, 1994

Para 4, Schedule XI, Part I of the Companies Act, 1994 states that -

“Where the original cost aforesaid and additions and deductions there to, relates to any fixed assets which has been acquired from a country outside Bangladesh, and in consequence of a change in the rate of exchange at any time after the acquisition of such asset, there has been an increase or deduction in the liability of the company, as expressed in Bangladesh currency for making payments towards the whole or a part of the cost of the assets or for repayment of the whole or a part of moneys borrowed by the company from any person, directly or indirectly in any foreign currency specifically for the purpose of acquiring the asset being in either case the liability existing immediately before the date on which the change in the rate of exchange takes effects the amount by which the liability is so increased or reduced during the year shall be added to, or as the case may be, deducted from the cost and the amount arrived at after such addition or deduction shall be taken to the cost of the fixed asset.”

The company has not acquired any fixed asset under the above said arrangement. Hence, presentation of information required under Para 4, Schedule XI, Part I of the Companies Act, 1994 is not applicable for the company.

ix. Workers' Profit Participation Fund (WPPF)

The management of the company has already taken decision to create WPPF with effect for the year 2010-11.

x. Disclosure regarding related party transactions (Note 31 to the financial statements)

Related party transactions with all necessary information as required as per BAS 24 are presented below:

Name of Parties	Relationship	Nature of transactions	Transactions value (Taka) 01.07.2009 to 31.12.2009	Transactions value (Taka) 01.07.2008 to 31.12.2008
Alhaj Md. Abdur Rouf	Sponsor shareholder	Issued shares against land	1,836,000	-
Alhaj Md. Khabiruddin Molla	Managing Director	Do	14,688,000	-
Md. Jahangir Alam	Chairman	Do	16,267,000	-
Molla Mohammad Maznu	Director	Do	7,344,000	-
Md. Alamgir Kabir	Director	Do	10,171,400	-
Mrs. Alhaj Rokeya Begum	Sponsor shareholder	Do	7,344,000	-
Md. Mizanur Rahman Molla	Director	Do	7,344,000	-
Md. Almas (Shimul)	Director	Do	5,140,800	-
Md. Asrafuzzaman	Sponsor shareholder	Do	1,836,000	-
Md. Abdul Ahad	Sponsor shareholder	Do	1,468,800	-
Alhaj Md. Khabiruddin Molla	Managing Director	Salary and benefit	300,000	-
Md. Jahangir Alam	Chairman	Salary and benefit	300,000	81,000
Molla Mohammad Maznu	Director	Salary and benefit	900,000	-
Md. Alamgir Kabir	Director	Salary and benefit	900,000	-
Molla Brothers & Co.	Shareholder of entity	Distributor of cement	181,419,875	193,432,682
Brothers Corporation	Director of entity	Distributor of cement	128,492,475	107,463,700
Jahangir & Others Ltd	Director of entity	Distributor of cement	68,419,350	62,687,292
Crown Power Generation Ltd.	Associate	Pre operating expenses	17,780,135	11,041,464
Crown Polymer Bagging Ltd.	Associate	Do	325,596	860,161
Crown Mariners Ltd.	Associate	Do	219,325	100

xi. Presentation of Earning Per Share (EPS) as per BAS 33 (Note 29 to the financial statements)

Presentation of Earning Per Share (EPS) as on 31 December 2009 as per BAS 33 is given below:

Basic Earning Per share:	
Earning attributable to ordinary shareholders (Taka)	111,547,914
Number of ordinary shares outstanding during the six month period	2,353,261
Basic Earning Per Share (Taka)	**47.40**

Calculation of weighted average number of ordinary shares outstanding during the period from 01 July 2009 to 31 December 2009 is given in the next page:

Nature of Share holdings	No. of Shares	Period	Days of share holdings	Weighted average no. of shares outstanding
Ordinary shares	2,000,000	01.07.2009 to 31.12.2009	184	2,000,000
Bonus share	4,265,600	18.12.2009 to 31.12.2009	13	301,374
Ordinary shares issued other than in cash	734,400	18.12.2009 to 31.12.2009	13	51,887
Total	7,000,000			2,353,261

xii. Earning Per Share (Note 29 to the financial statements)

Reference to IAS 33 regarding calculation of EPS was made under note # 29 to the financial statements inadvertently. It would actually be BAS 33.

xiii. Number of Employees as on 31 December 2009 (Note 32 to the financial statements)

The company had 548 permanent employees as at 31 December 2009 as against 492 as on 31 December 2008 and a varying number of seasonal and temporary workers as required. Each of the permanent employee receives above Tk.3,000 as remuneration per month.

xiv. License capacity of the company (Note-33 to the financial statements)

License capacity of the company is 840,000 Metric Tons per year.

xv. Information as per requirement of Para 8, Schedule XI, Part II, of The Companies Act 1994

Disclosure under Para 8, Schedule XI, Part II of the Companies Act, 1994 are as under:

a. Raw materials:

Items	Purchase in Taka			Consumption in Taka	% of consumption of total purchase
	Import	Local	Total		
Clinker	696,046,214	-	696,046,214	642,179,990	92.26%
Gypsum	42,287,628	-	42,287,628	28,444,755	67.26%
Slag	81,891,807	-	81,891,807	56,889,584	69.47%
Fly Ash	39,112,168	-	39,112,168	22,402,101	57.28%
Lime stone	-	23,019,967	23,019,967	18,814,093	81.73%
Bags	-	86,348,835	86,348,835	80,593,397	93.33%
Total	**859,337,817**	**109,368,802**	**968,706,619**	**849,323,920**	**87.68%**

The value of imported raw materials is calculated on CIF basis.

b. The company has not incurred any expenditure in foreign currency for the period from 01.07.2009 to 31.12.2009 on account of royalty, know-how, professional, consultancy fees and interest.

c. Foreign exchange earning USD1,873,560 equivalent to BDT 128,320,477 in respect of export has been calculated on F.O.B basis.

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

xvi. Provision for writ petition against VAT

The management of the company informed that as the matter is sub-judice, provision for writ petition against VAT would not be required as per Legal Advisor's opinion of the company.

xvii. Salary paid to Directors

Clause 102 of the Articles of Association of the company allows payment of salary to Directors.

xviii. Revised ratio analysis showing EPS as per BAS 33

Revised ratio analysis showing EPS as per BAS 33 as on 31.12.2009 is Tk.47.40

Sd/-
ACNABIN
Chartered Accountants

Dhaka,
14 June 2010

Ratio Analysis

This is to certify that M/s M.I Cement Factory Limited has maintained the following ratios as computed on the basis of the audited financial statements for the years ended 30 June 2005, 2006, 2007, 2008 and 2009 as well as for the period from 01 July 2009 to 31 December 2009:

Particulars	31.12.2009	30.06.2009	30.06.2008	30.06.2007	30.06.2006	30.06.2005
1. Liquidity Ratios:						
Current Ratio	1.06	0.91	0.86	0.87	0.94	0.78
Quick Ratio	0.80	0.63	0.64	0.72	0.68	0.54
Times Interest Earned Ratio	6.47	3.89	3.79	2.06	1.74	1.05
Debt to Equity Ratio	0.12	0.22	0.49	0.20	0.00	0.00
2. Operating Ratios: (Times)						
Accounts Receivable Turnover	5.26	8.03	10.56	17.58	14.38	16.20
Inventory Turnover	6.64	9.88	14.39	22.02	12.61	9.98
Fixed Asset Turnover	1.30	2.81	2.47	2.96	3.48	2.67
Total Asset Turnover	0.82	1.46	1.64	2.14	1.89	1.52
3. Profitability Ratios:						
Gross Margin	17.54%	17.34%	10.89%	12.30%	43.80%	43.80%
Operating Income	15.44%	17.50%	10.44%	7.47%	7.30%	5.48%
Net Income	8.20%	8.20%	4.95%	3.83%	2.80%	0.16%
Return on Assets	12.52%	12.34%	5.93%	7.83%	5.44%	0.25%
Return on Equity	10.10%	25.36%	17.25%	14.75%	11.46%	0.93%
Earning Per Share (EPS)	Tk. 47.40 (six month)	Tk. 93.87	Tk. 47.66	Tk. 27.50	Tk. 18.01	Tk. 1.30

Sd/-
ACNABIN
Chartered Accountants

Dhaka,
14 June 2010

Annexure-1

Ratios		**Formula**	**Calculation**				**Result**	
Liquidity								
(i)	Current Ratio	Current Assets / Current Liabilities	623,522,573 / 590,322,605			=	**1.06**	
(ii)	Quick Ratio	Quick Assets = (Current Assets - Inventory) / Current Liabilities	472,849,809 / 590,322,605			=	**0.80**	
(iii)	Times Interest Earned Ratio	Operating Profit / Net Interest Expenses = (Financial Expenses - Interest Income)	210,107,180 / 32,491,814			=	**6.47**	**Times**
(iv)	Debt to Equity Ratio	Total Debt = (Secured Loans + Current portion of Long Term Loan) / Total Equity = (Share Capital + Reserves & Surpluses)	137,855,393 / 1,104,421,873			=	**0.12**	
Operating								
(v)	ACCOUNTS RECEIVABLES TURNOVER	Sales / Average Accounts Receivables = {(Opening Trade Receivables+ Closing Trade Receivables) / 2 }	1,360,619,108 / 258,826,580			=	**5.26**	**Times**
(vi)	INVENTORY TURNOVER	Cost of goods sold / Average Inventory Cost	1,121,972,416 / 168,938,616			=	**6.64**	**Times**
(vii)	FIXED ASSETS TURNOVER	Sales / Total Fixed Assets	1,360,619,108 / 1,050,045,499			=	**1.30**	**Times**
(vii)	TOTAL ASSETS TURNOVER	Sales / Total Average Assets	1,360,619,108 / 1,651,745,350			=	**0.82**	**Times**
Profitability								
(viii)	GROSS MARGIN	Gross Profit x 100 / Sales	238,646,692 / 1,360,619,108	x	100	=	**17.54**	**%**
(ix)	OPERATING INCOME	Operating Profit x 100 / Sales	210,107,180 / 1,360,619,108	x	100	=	**15.44**	**%**

(x)	NET INCOME	Net Profit after tax x 100 / Sales	111,547,914 / 1,360,619,108	x	100	=	**8.20**	**%**
(xi)	RETURN ON ASSETS	Net Profit for the year x 100 / Total Assets	111,547,914 / 891,065,790	x	100	=	**12.52**	**%**
(xii)	RETURN ON EQUITY	Net Profit for the year x 100 / Share Capital	111,547,914 / 1,104,421,873	x	100	=	**10.10**	**%**
(xiii)	EARNINGS-PER-SHARE (EPS)	Net Profit after tax / Weighted Average No. of Ordinary Shares	111,547,914 / 2,353,261			=	**47.40**	**Taka**

Application Forms

Interested persons are entitled to a prospectus, if they desire, and that copies of prospectus may be obtained from the issuer and the issue manager.

M.I. Cement Factory Limited

Application form

APPLICATION FOR SHARES BY INVESTORS OTHER THAN NON-RESIDENT BANGLADESHI(S)

Warning: Please read the instructions at the back of this form. Incorrectly filled applications may be rejected.

Banker's Sl. No.

The Managing Director
M.I. Cement Factory Limited
Sena Kalyan bhaban , Suite # 1801
195 Motijheel C/A, Dhaka- 1000.

I/we apply for and request you to allot me/us the ……….number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company and deposit the said shares to my BO (Beneficiary Owner) Account and/or a Crossed (Account Payee only) Cheque in respect of any application money refundable by post/courier at my/our risk to the first applicant's address stated below:-

1. No. of Ordinary Shares……………………………………………………..……………..............……… of Tk……..... each per share.
2. Amount of Tk.(in figure), ………………….……….…,Taka (in words)………..............……………..…...…………………..……….only deposited vide Cash/Cheque/Draft/Pay Order No…….……………………….……..……..Dated……..............………………………. on ……….…………..……….Bank………..…….………………..….…Brach……….….……………..............………………..…….
3. Depository (B/O) Account Number …………….………………..…....……………………………...............………………..………….
   (If you do not mention your valid BO (Beneficiary Owners) account, your application will be treated as invalid)
4. I/we agree to fully abide by the instruction given herein.
5. Particulars of Applicant(s).

a) Sole/First Applicant

Name:	
Father's /Husband's name:	
Mother's name:	
Postal address:	
Occupation:	Nationality:
For refund warrant (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank) Please write the correct and full name of bank and branch:	
For refund purpose: I/we want refund through □ Bank account* □ Hand delivery/ Courier (Please put marks in which refund will be made)	
For refund warrant: Applicant's Bank A/C No.	
Name of the Bank:	Branch:

The applicant shall provide with the same bank account number in the application form as it is in the B O account of the applicant. Otherwise the application will be considered invalid and the subscription money may be for forfeited.

b) Second Applicant

Name:	
Father's /Husband's name:	
Mother's name:	
Postal address:	
Occupation:	Nationality:

6. I/we hereby declare that I/we have read the Prospectus of '**MI Cement Factory Limited'**, and have willingly subscribed for ………no of shares of Tk......... per share on this form.
7. Specimen Signature(s):

Name (in block letters)	Signature:
(ii)Name (in block letters)	Signature:

*In case of deposit into the applicant's bank account, the applicant will bear the applicable charge, if any, of the applicants banker, and the issuer shall simultaneously issue a letter of intimation to the applicant containing, among others, the date and amount remitted with details of the bank through and to which bank such remittance has been effected.

……………………………………………………………………………………………..………...……………………………………

BANK'S ACKNOWLEDGMENT

Certified that this bank has received Tk………..……………..…….(in word)………...……………………….………………. only from Mr./Mrs./Ms………………………………………….………..being the Application Money for ………………..nos. Ordinary Shares of M.I Cement Factory Limited.

Banker's Sl. No. **Seal and Date** **Authorized Signature (Name & Designation)**

Instructions:

1. As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
2. All information must be typed or written in full (in block letters) in English or in Bengali and must not be abbreviated.
3. Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
4. Application must not be for less than **200** ordinary shares and must be for a multiple of **200** ordinary shares. Any application not meeting these criterions will not be considered for allotment purpose.
5. Remittance for the full amount of the shares must accompany each application and must be forwarded to any of the Bankers' to the Issue. Remittance should be in the form of cash/cheque/bank draft/pay order payable to one of the Bankers' to the Issue favoring **"M.I. CEMENT FACTORY LIMITED"** and crossed **"A/C Payee only"** and must be drawn on a bank in the same town as the bank to which the application form has been sent.
6. In the case of a joint application form, the Allotment letter will be dispatched to the person whose name appears first on this application form and where any amount is refundable in whole or in part the same will be refunded by Account Payee cheque by post/courier service to the person named first on this application form in the manner prescribed in the Prospectus.
7. Joint application form for more than two persons will not be accepted. In case of joint application, each party must sign the application form.
8. Applications must be in the full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies must be accompanied by Memorandum of Association and Articles of Associations and Certificate of Incorporation.
9. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
10. No receipt will be issued for the payment made with application, but the bankers will issue a provisional acknowledgement to the issue for application lodged with them.
11. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) showing bank account number and name of bank and branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
12. Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission.
13. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
14. Applications which do not meet the above requirements, or applications, which are incomplete, shall not be considered for allotment purpose.
15. The Bankers' to the Issue shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription.
16. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**
17. **The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.**

BANKERS TO THE ISSUE

One Bank Limited

Principal Branch, Dhaka
Kawran Bazar Br. Dhaka
Mirpur Br. Dhaka
Dhanmondi Br. Dhaka
Ganakbari (EPZ) Br., Dhaka
Progoti Sharani Br., Dhaka
Elephant Road Br., Dhaka
Nowabgonj Br., Dhaka
Joypara Br., Dhaka
Motijheel Br. Motijheel, Dhaka
Gulshan Br. Dhaka
Uttara Br. Dhaka
Banani Br. Dhaka
Kakrail Br., Dhaka
Imamganj Br. Dhaka
Jatrabari Br., Dhaka
Bangshal Br., Dhaka
Narayangonj Br. Narayangonj
Agrabad Br. Chittagong
Cox's Bazar Br., Chittagong
CDA Avenue Br., Chittagong
Khatungonj Br. Chittagong
Jubilee Road Br. Chittagong
Nanupur Bazar Br., Chittagong
Feni Br. Feni
Raipur Br., Lazmipur
Chandragonj Br., Lakshmipur
Dagon Bhuiyan Br., Feni
Chowmuhuni Br., Noakhali
Sylhet Br., Sylhet
Islampur Br., Sylhet
Sherpur Br., Moulivi Bazar
Bogra Br. Bogra
Jessore Br. Jessore
Siraigonj Br., Sirajgonj
Ramgonj Branch, Laxmipur
Banasree Br. Banasree Dhaka
Laksham Br, Laksham Comilla
Maijdee Court Br. Noakhali

National Bank Limited

Bangshal Road Br. Dhaka
Babubazar Br. Dhaka
Dilkusha Br. Dhaka
Elephant Road Br. Dhaka
Foreign Ex. Br. Dhaka
Gulshan Br. Dhaka
Imamganj Br. Dhaka
Dhanmondi Br. Dhaka
Kawranbazar Br. Dhaka
Motijheel Br. Dhaka
Mohakhali Br. Dhaka
Malibagh Br. Dhaka
Mirpur Br. Dhaka
Z H Sikder M. C. Br. Dhaka
Islampur Br. Dhaka
Uttara Br. Dhaka
North Brook Hall Br. Dhaka
Lake Circus Br. Kalabagan, Dhaka
Mohammadpur Br. Dhaka
Pragati Sarani Br. Dhaka
Jatrabari Br. Dhaka
Banani Br. Dhaka
Savar Bazer Br. Savar, Dhaka
New Eskaton Br. Dhaka
Rokeya Sarani Br. Dhaka
Narayangonj Br. Narayangonj
Netaigonj Br. Narayangonj

Shahjalal Islami Bank Limited

Dhaka Main Branch, Dhaka
Mitford Branch, Dhaka
Dhanmondi Br. Dhaka
Beani Bazar Branch, Sylhet
Agrabad Branch, Chittagong
Sylhet Br., Sylhet
Khatungonj Br. Chittagong
Gulshan Br. Dhaka
Foreign Ex. Br. Dhaka
Joydevpur Chowrasta Br., Gazipur
Kawran Bazar Br. Dhaka
Dargah Gate Branch, Sylhet
Uttara Branch, Dhaka
Bangshal Road Br. Dhaka
Baipail Branch Dhaka
Narayangonj Br. Narayangonj
Banani Br. Dhaka
Satmasjid Road Branch, Dhaka
Comilla Branch, Comilla
Jubilee Road Br. Chittagong
Motijheel Branch, Dhaka
Mirpur Br. Dhaka
Khulna Branch, Khulna
Savar Bazer Br. Savar, Dhaka
Muradpur Branch, Chittagong
Bijoynagar Br., Kakrail, Dhaka
Panthapath Branch, Dhaka
Vatara Branch, Badda, Dhaka
Keraniganj Branch, Dhaka
Bogra Branch, Bogra
Rajshahi Branch, Rajshahi
Chawkbazar Branch, Chittagong

Bank Asia Limited

Principal Office Branch, Dhaka
MCB Dilkusha Branch, Dhaka
Corporate Branch, Dhaka
MCB Banani Branch, Dhaka
Gulshan Branch, Dhaka
Agrabad Branch, Chittagong
North South Road Br., Dhaka
Mitford Branch, Dhaka
Uttara Branch, Dhaka
Dhanmondi Branch, Dhaka
Sylhet Main Branch, Sylhet
Bashundhara Branch, Dhaka
MCB Sk. Mujib Road Br., Chittagong
Sylhet Uposhahar Branch, Sylhet
Khatungonj Branch, Chittagong
Shantinagar Branch, Dhaka
Bahadderhat Branch, Chittagong
Jessore Branch, Jessore
Moghbazar Branch, Dhaka
CDA Avenue Br., Chittagong
Station Road Br., Chittagong
Khulna Branch, Khulna
Mohakhali Branch, Dhaka
Mirpur Branch, Dhaka
Anderkilla Branch, Chittagong
Bogra Branch, Bogra
Scotia Br., Kawran Bazar, Dhaka
Rajshahi Branch, Rajshahi

Southeast Bank Limited

Principal Branch, Dhaka
Corporate Br. Dhaka
Imamganj Br. Dhaka
Dhanmondi Br. Dhaka
Uttara Br. Dhaka
New Elephant Road Br. Dhaka
Gulshan Br. Dhaka
Kakrail Br. Dhaka
Banani Br. Dhaka
Bangshal Br. Dhaka
New Eskaton Br. Dhaka
Agargaon Br. Dhaka
Progoti Sharani Br., Dhaka
Shaymoli Br. Dhaka
Aganagar Br. Dhaka
Sat Mashjid Road Br. Dhaka
Madhabdi Br.(Rural), Narshingdi
Ashulia Br. (Rural), Dhaka
Narayanganj Br. Narayanganj
Joypara Br. (Rural), Dhaka
Savar Br. Dhaka
Mouchak Nr. Dhaka
Konabari Br. (Rural), Gazipur
Tongi Br. Gazipur
Bashundhara Br., Dhaka
Mohammadpur Br. Dhaka
Madambibir Hat Br. Chittagong
Bandar Bazar Br. Sylhet
Moulvibazar Br. Moulvibazar
Hetimgonj Br. Sylhet
Chouhatta Br. Sylhet
Laldighirpaar Br. Sylhet
Shahjalal Uposhahar Br. Sylhet
Kulaura Br. (Rural), Moulvibazar
Pathantula Br. Sylhet
Agrabad Br. Chittagong
Khatungonj Br. Chittagong
Jubilee Road Br. Chittagong
Halishahar Br. Chittagong
Chowmuhani Br. Noakhali
CDA Avenue Br. Chittagong
Cox's Bazar Br., Cox's Bazar
Chhagalnaiya Br. Fani
Feni Br. Feni
Pahartali Br. Chittagong
Bashurhat Br. (Rural), Noakhali
Momin Road Br. Chittagong
Rangpur Br. Rangpur
Bogra Br. Bogra
Khulna Br. Khulna
Barisal Br. Barisal
Rajshahi Br. Rajshahi
Naogaon Br. Naogaon

Dutch-Bangla Bank Limited

Nababpur Br. Dhaka
Kawran Bazar Br. Dhaka
Dhanmondi Br. Dhaka
Baburhat Br. Narsingdi
Narayanganj Br. Narayanganj
B.B Road Br. Narayanganj
Agrabad Br. Chittagong
Mohakhali Br. Dhaka
Gulshsn Br. Dhaka
Uttara Br. Dhaka
Patherhat Br. Chittagong
Hathazari Br. Chittagong
Islampur Br. Dhaka
Dania Br. Dhaka
Khulna Br. Khulna
Sylhet Br. Sylhet
Dhaka EPZ Br. Dhaka
Board Bazar Br. Gazipur
Netaiganj Br. Narayanganj

Bogra Br. Bogra
Elephant Road Br. Dhaka
Barisal Br. Barisal
Simrail Br. Narayanganj
CDA Avenue Br. Chittagong
Joypara Br. Dhaka
Biswanath Br. Sylhet
Moulavi Bazar Br. Moulavi Bazar
Muradpur Br. Chittagong
Golapgonj Br. Sylhet
Rajshahi Br. Rajshahi
Naya Bazar Br. Dhaka
Imamgonj Br. Dhaka
Savar Bazar Br. Dhaka
Gazipur Chowrasta Br. Gazipur
Feni Br. Feni
Comilla Br. Comilla
Jubilee Road Br. Chottagong
Kadamtali Br. Chittagong

Mirzapur Br. Tangail
Cox's Bazar Br. Cox's Bazar
Lohagara Br. Chittagong
Basundhara Br. Dhaka
Ring Road Br. Dhaka
Manikgonj Br. Manikgonj
Fatikahhari Br. Chittagong
Konabary Br. Gazipur
Choumuhani Br. Feni
Sonagazi Br. Feni
Goala Bazar Br. Sylhet
Khatunganj Br. Chittagong
Mymensing Br. Mymensing
Shahzadpur Br. Sirajganj
Beani Bazar Br. Sylhet
Chhatak Br. Sunamganj
Bandura Br. Dhaka
Saidpur Br. Nilphamary
Rangpur br. Rangpur

Jessore Br. Jessore
Mirpur Circle-10 Br. Dhaka
Halishahar Br. Chittagong
Basurhat Br.(Rural) Noakhali
Sremangal Br. Moulivibazar
Kushtia Br. Kushtia
Pabna Br. Pabna
Narsingdi Br. Narsingdi
Satmosjid Road Br. Dhaka
Dinajpur Br. Dinajpur
Bhairab Br. Kishorgonj
Dagonbhuiyan Br. Feni
Gobindaganj Br.Gaibandha
Bhulta Br. Narayangonj
BSCIC Br. Narayangonj
Rampura Br. Dhaka
Tongi Br. Gazipur

BRAC Bank Limited

Agrabad Branch
Asad Gate Branch
Barisal Branch
Bashundhara Branch
Bogra Branch
CDA Avenue Branch
Banani Branch, Dhaka

Donia Branch
Eskaton Branch
Graphics Building Branch
Gulshan Branch
Halisohor Branch, Chittagong
Jessore Branch

Kazirdeuri Branch
Khulna Branch
Manda Branch
Mirpur Branch
Momin Road Branch, Chittagong
Narayanganj Branch

Nawabpur Branch
Rajshahi Branch
Rampura Branch
Shyamoli branch
Uttara Branch
Zindabazar Branch, Sylhet

Interested persons are entitled to a prospectus, if they desire, and that copies of prospectus may be obtained from the issuer and the issue manager.

M.I. Cement Factory Limited

Application Form

APPLICATIN FOR SHARES BY NON-RESIDENT BANGALDESH(S)

(TO BE SENT DIRECTLY TO THE COMPANY'S CORPORATATE OFFICE)

Warning: Please read the instructions at the back of this form. Incorrectly filled applications or failing to comply with any of the instructions there in, application may be rejected.

The Managing Director
M.I. Cement Factory Limited
Sena Kalyan bhaban , Suite # 1801
195 Motijheel C/A, Dhaka- 1000

I/we apply for and request you to allot me/us the following number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company as the holder(s) of…………..Shares allotted to me/us pursuant to his application and credit the said shares to my BO (Beneficiary Owner) Account and/or a Crossed (Account Payee only) Cheque in respect of any application money refundable by post/courier at my/our risk to the first applicant's address stated below:-

1. No. of Shares……….…………………………..………………..…………...…………………… of Tk........... each per share.
2. Amount of Tk. (in figure). ………………………………….. (in words)…………..................………………………only
   Convertible into US Dollar 1.00 =Tk ...……………...…UK Pound Sterling 1.00 =Tk. and Euro 1.00 =Tk……….........………
3. Payment by cheque/draft no.……………..……………...…….dated…...……………………..for US Dollar or UK Pound Sterling or Euro or Tk……….……….drawn on………………..…..…………Bank…………………………….……….Branch.
4. Depository Owner (B/O) Account Number……………………………………………..……….………………...………..………………..
   (If you do not mention your valid BO (Beneficiary Owners) account, your application will be treated as invalid)
5. I/we agree to fully abide by the instruction given herein.
6. Particulars of Applicant(s).

a) **Sole/First Applicant**

Name:	
Father's /Husband's name:	
Mother's name:	
Mailing address:	
Occupation:	Nationality:
Passport No.	Valid up to:
Date of Birth	
For refund warrant (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank) Please write the correct and full name of bank and branch:	
For refund warrant: Applicant's Bank A/C No.	
Name of the Bank:	Branch

The applicant shall provide with the same bank account number in the application form as it is in the B O account of the applicant. Otherwise the application will be considered invalid and the subscription money may be for forfeited.

b) **Second Applicant**

Name:	
Father's /Husband's name:	
Mother's name:	
Mailing address:	
Occupation:	Nationality:
Passport No.	Valid up to:
Date of Birth:	

Nominee:

Name:
Mailing Address:

7. I/we hereby declare that I/we have read the Prospectus of **"MI Cement Factory Limited",** and have willingly subscribed for …...……no of shares of Tk.10.00 each per share on this form.
8. Specimen Signature(s):

	Name in Block Letters	Signature
Sole/First Applicant:		
Second Applicant:		
Nominee:		

Instructions:

1. As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO (Beneficiary Owner) account, your application will be treated as invalid.

2. All information must be written or typed in block letters in English and must not be abbreviated.

3. An application must not be for less than 200 Ordinary Shares and must be for a multiple of 200 ordinary shares. Any application not meeting this criterion will not be considered for allotment purpose.

4. An application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favoring "M.I. CEMENT FACTORY LIMITED" and crossed "Account Payee only".

5. An application shall be sent by the applicant directly to the Company by .... so as to reach the Company by .... Applications sent after .... or received by the Company after .... will not be considered for allotment purpose.

6. Refund against over-subscription shall be made in the currency in which the value of shares was paid for by the applicant at the same rate as stated on the application form through Account Payee cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form.

7. In case of over-subscription, allotment shall be made by lottery solely in accordance with the instructions by SEC.

8. Money receipt on clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.

9. Joint application by two persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant.

10. Application must be made by an individual, a corporation or company, a trust or a society and not by a firm, minor or persons of unsound mind.

11. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the Application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.

12. The intending NRB applicants shall deposit share money by US$/UK Pound Sterling/EURO draft drawn on any Bank and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking **"Account Payee only"**. So that the issuer's collecting bank can clear the proceeds and deposit the same into issuer company's account in time.

13. The spot buying rate (TT Clean) in US Dollar, UK Pound Sterling and EURO of Sonali Bank at the day of subscription opening will be applicable for the Non Resident Bangladeshi (NRB) applicants.

14. The applicant shall furnish photocopies of relevant pages of valid passports in support of his being a NRB, dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him to travel to Bangladesh.

15. In case of joint NRB application joint applicant shall also submit supporting papers /documents in support of their being a NRB as mentioned in para-14 (above).

16. An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.

17. No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.

18. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.

19. The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.

THE NRB APPLICATION ALONG WITH THE FOREIGN CURRENCY DRAFT, AS ABOVE, IS TO BE SUBMITTED TO THE COMPANY'S DHAKA OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA 5.

CRAB Ratings **Corporate**

Rating Report
M. I. Cement Factory Ltd.

Rating Award

Long Term: **AA_3**
Date of Rating: **11 April 2010**
Valid Till: **30 June 2011**

Analysts:

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Financial Highlights of M. I. Cement Factory Ltd.

(Months)	FY09 (6)	FY08-09 (12)	FY07-08 (12)
Net Sales (BDT Million)	1360.6	2290.4	1927.2
EBITDA (BDT Million)	243.4	476.3	240.6
EBITDA Margin (%)	17.9%	20.8%	12.5%
Net Profit Margin	8.2%	8.2%	4.9%
Return on Asset	6.3%	12.3%	5.9%
Quick Ratio (x)	0.80	0.63	0.64
Cash Conversation Cycle (Days)	95.17	65.38	50.62
Debt to Equity (x)	0.31	0.67	1.64
Borrowed Fund to EBITDA (x)	1.39	1.05	3.76
Cash Flow from Operation (CFO) BDT Million	148.7	402.8	-256.3
Free Cash Flow (FCF) BDT Million	144.5	295.7	-591.5
EBIT/Interest (x)	6.49	3.91	3.80

Financial Summary

- Revenue, EBITDA and Net Profit have grown at a CAGR of 25.3%, 54.7% and 72.4% , respectively, in the period FY05-06 to FY08-09.

- EBITDA Margin expanded to 20.8% in FY08-09 from 12.5% in FY07-08. Healthy net margin of 8.2%.

- Low gearing- FY08-09 debt/equity improved from 1.64x to 0.67x and further improved to 0.31x in last six month of FY 09, debt/EBITDA improved from 3.76x to 1.05x in FY08-09 due to EBITDA growth and debt repayment.

- Strong Liquidity- Cash and bank balance as % of current liability was 7.9% and utilised only around 25% of bank limit , left around 75% unutilised.

- Coverage Ratio improved and adequate- EBIT/Interest was 3.91x and DSCR was 1.23x in FY08-09

1.0 RATIONALE

CRAB has assigned **AA_3 (Double A Three)** rating in the long term to M. I. Cement Factory Ltd.

Companies rated in this category have very strong capacity to meet financial commitments. These companies are judged to be of very high quality, subject to very low credit risk.

CRAB has performed the present rating assignment based on latest audited financial statement of the second half of 2009 (July - December 2009) and other relevant information provided by the Company. The rating also takes into account business profile, past record and trend of operating performance, balance sheet strength and loan re-payment history of the Company.

Commenced its operation in 2000, MI Cement derives its revenue mainly from manufacturing and selling of Ordinary Portland Cement and Portland Composite Cement in local and foreign (export in India) markets with an installed capacity of 2800MT/day.

The rating reflects the Company's improving leverage and comfortable liquidity. With the completion of its ongoing capacity expansion, likely by the third quarter of 2011, MI will have a significant presence in cement. MI has benefitted from a cyclical upturn in the cement industry over the last two years. CRAB expects that the performance of the cement business to remain strong in FY09-10. MI has chalked out a capital expenditure program of around BDT 2791.00 million for FY09-10 and FY10-11, which is likely to be funded through a combination of debt (around 46%) and equity (around 54%) from internal accruals and additional infusion , if required.

The rating is constrained by MI Cement's presence in cyclical industry. The commodity nature of its business makes its performance susceptible to product price and raw material price volatility.

However, considering the long presence and size of operations (with proposed expansion it would be one of the largest cement manufacturer in Bangladesh) it has financial capability to buy and stock raw material, if required. MI has sufficient expertise in procuring raw material at competitive prices and it is well positioned to buy clinker and other raw material at the right time. The past performance has led to reduce volatility in earnings in the past.

Positive Rating Factors

- Sustained debt reduction
- Clinker price declining
- Improvement in debt coverage indicator particularly gearing
- Stability in earnings directly relating to the expansion
- Further equity injection to improve gearing

Negative Rating Factor

- Capital expenditure plan, particularly funding with debt in addition to that already budgeted
- Sustained slowdown in cement sales that weakened profitability
- Production hampered due to power shortage

2.0 COMPANY PROFILE

M.I. Cement Factory Ltd. was incorporated as a Public Limited Company on 31 December 1994 for manufacturing and marketing Cement and started commercial operation in 2000 through establishing its factory on the north side of river Dhaleshwari at west Mukterpur, Munshigonj on 8.06 acres land owned by the Company. As of 31 December 2009 the authorised capital of the Company was BDT 1,000.00 Million and paid up capital was BDT 700.00 Million. Two leading business groups of the country, namely Molla Group and Jahangir & Other Group, own the Company. The principal activities of the Company throughout the year continued to be manufacturing and marketing of Ordinary Portland Cement (OPC) and Portland Composite Cement (PCC). Initially its production capacity was 600 MT per day and after expanded in 2002 and 2007, present capacity is 2,800 MT per day. The brand name of the cement is "Crown Cement". Reputed audit firm ACNABIN performed external audit of the Company from 2009.

<u>Major Milestones of the Company</u>

1994	: Incorporated
1995-1999	: Under construction
2000	: Started commercial operation with 600 MT per day
2002	: Expansion of production capacity by 800 MT per day; Total capacity reached to 1400 MT per day
2007	: Expansion of production capacity by 1,400 MT per day; Total capacity reached to 2800 MT per day
2008	: Total revenue BDT 1,927.19 million including export revenue of BDT 114.88 Million
2009	: Total revenue BDT 2,290.36 Million including export revenue of BDT 178.31 Million
2009	: Undertook further expansion of 3000 MT per day, expected to be completed by July 2011; aggregate capacity would be 5800 MT per day
2010	: Plan to go into public offering

3.0 ASSOCIATED COMPANIES

Two leading business group of the country, namely Molla Group and Jahangir & Others hold the shares of the Company. Molla Group started its journey in 1965 through trading of construction materials such as Cement, MS Rod, Steel Structure. The sponsors of the Group gradually expanded its business into manufacturing and trading of Construction

Material such as Cement, Mild Steel (MS Rod, MS Bar, MS Angel, Billet etc), CI Sheet, Manufacturing of Iodized Salt and Power Generation.

Mr. Md. Jahangir Alam with his six brothers started trading of construction materials. Gradually the business expanded and these concerns soon converted into limited companies incorporating all the brothers as Directors. The family initiated the following concerns viz. GPH Ispat Ltd., Manufacturer of M S Rod, billet M S Angles and a brokerage house named Chittagong Capital Ltd. At present total turn over of the group would be about BDT 3,600.00 million approximately.

Exhibit 01: Financial Highlights of the concerns of Molla Group

BDT in Million

Name of the companies/Year	Incorporation Year	Business Activities	Total Sales	Total Operating income	Net Profit	Total Debt	Net Worth	Total net Assets	Debt/Equity Ratio	Net Profit Margin
Crown Power Generation Ltd.	2006	Establish & operate captive power plant	Start trial production. Installed 3.61 MW captive power plant.			13.6	4.0	17.6		NA
Crown Polymer Bagging Ltd.	2006	Production of PP woven bag for cement plant	Not yet start operation			NA	1.0	1.0	NA	NA
Crown Mariners Ltd.	2009	Inland and international shipping business	Not yet start operation			NA	2.5	2.5	NA	NA

Exhibit 02: Financial Highlights of the concerns of Jahangir & Others Group

BDT in Million

Name of the companies/Year	Year	Business Activities	Total Sales	Total Operating income	Net Profit	Total Debt	Net Worth	Total net Assets	Debt/Equity Ratio (x)	Net Profit Margin
M. I. Cement Factory Limited	2009 (1st Half)	Cement Manufacturing and Marketing	1,361	210	112	339	1,104	1,782	.31	8%
Do	2009	Cement Manufacturing and Marketing	2,290	401	188	499	740	1,521	.67	8%
Do	2008	Cement Manufacturing and Marketing	1,927	201	95	877	553	1,607	1.59	5%
Do	2007	Cement Manufacturing and Marketing	1,434	107	55	367	373	745	.98	4%
GPH Ispat Ltd	2009	Manufacturing of Ispat, Iron Road	1,277	17	12	1,793	31	1,824	57.84	1%
Do	2008		-	-	2	736	1	737	736.0	N/A
Do	2007		-	-	-	85	1	87	85.0	N/A
GPH Power Generation Limited	2008	Power Generation	28	7	7	499	6	505	83.17	25%
Do	2007		-	-	-	325	1	326	325.0	N/A
Chittagong Capital Limited	2009	Brokerage House	12	2	12	32	9	35	3.56	100%
Do	2008		7	1	1	12	5	15	2.4	11%
Do	2007		3	0	0	15	0	16		7%
Jahangir & Others Limited	2009	Trading	1,070	27	22	44	110	155	.40	2%
Do	2008		1,036	33	21	34	82	116	.41	2%
Do	2007		988	32	23	38	70	107	.54	2%
Total			11,433	1,038	1,044	6,200	3,087	9,580	2.01	9%

Exhibit 03: Liability Position of the Jahangir & Others Group as on 31 March 2010 in million BDT

SI. No.	Name of the Company	Name of the Bank	Branch	Nature of Credit	Sanction Limit(million)	Outstanding as on
1.	GPH Ispat Limited	AB Bank Limited	Khatungonj	Term Loan	280.00	196.76
		AB Bank Limited	Khatungonj	LTR	540.00	50.921 836
		AB Bank Limited	Khatungonj	RTL-1		328.56
		AB Bank Limited	Khatungonj	RTL-2	35.00	
		AB Bank Limited	Khatungonj	Over Draft	25.00	14.94
		Trust Bank Ltd.	CDA Avenue	Term Loan	180.00	131.80
		Trust Bank Ltd.	CDA Avenue	LTR	450.00	151.69
		Trust Bank Ltd.	CDA Avenue	Time Loan		57.45
		Jamuna Bank Ltd.	Khatungonj	LTR	Case to Case	34.86
		Pubali Bank Ltd.	Khatungonj	LTR	Case to Case	256.92
		Pubali Bank Ltd.:	Khatungonj	Lease	Case to Case	34.43
		State Bank of India	Agrabad	LTR	150.00	150.61
		NCC Bank Ltd.	Khatungonj	LTR	Case to Case	97.80
		UCB	Khatungonj	CC	50.00	37.59
		UCB	Khatungonj	LTR	200.00	164.15
		One Bank Ltd.	Khatungonj	TR/Time Loan	150.00	89.67
		One Bank Ltd.	Khatungonj	Term Loan	3.30	2.34
		DBBL	Khatungonj	LTR	Case to case	23.28
						1,849.43
2.	GPH Power Gene	Pubali Bank Ltd.	Khatungonj	Lease	Case to case	216.46
					216.46	
3.	Jahangir & Other	Mutual Trust Bank Ltd	Khatungonj, Ctg	LTR	80.00	73.22
		Standard Bank Ltd.	Agrabad, Ctg.	LTR	150.00	73.98
		Eastern Bank Ltd.	Agrabad, Ctg.	Demand Loan	290.00	271.00
		Pubali Bank Ltd.:	Khatungonj	LTR	Case to case	15.53
		Bank Asia Ltd	Andarkilla	LTR	Case to case	74.58
					508.31	

Exhibit 04: Liability Position of Molla Group as on 31 March 2010 in million BDT

SL No	Company Name	Bank Name	Branch Name & Location	Nature of Loan	Limit Position in BDT	Outstanding Position in BDT	Date of Exp
2	Molla & Brothers Co.	Prime Bank Ltd	Motijheel Branch	CC(Hyp)	120.00	69.84	
				BG	18.50		
2	Molla Salt (Triple Refined) Ind. Ltd.	Mercantile Bank Ltd	Main Branch, Dhilkusa, Dhaka	Hire Purchase	194.00	122.54	14.08.2013
				House Building	50.60	33.92	07.11.2013
				Machinery	8.20	6.03	03.01.2014
				Hire Purchase	6.00	4.02	11.08.2013
				CC(Hyp)	150.00	71.82	12.05.09
				Hire Purchase	1.50	1.16	22.04.2012
		Prime Bank Ltd	Motijheel Branch, Dhaka	Hire Purchase	2.52	0.17	25.05.2010
				Hire Purchase	0.68	0.12	31.10.2010
				Hire Purchase	4.50	2.66	26.10.2011
	Total				622.50	312.56	

4.0 INDUSTRY ANALYSIS

Cement has an important role to play in the national economy of any country. Per capita consumption of cement is considered as one of the parameters of progress and development of a country. The global demand for cement is forecasted to grow by 4.7 percent per year to 3.5 billion metric ton in 2012. Demand is also projected to expand more than the total amount of cement currently used annually in the two largest markets - India and the US combined. Bangladesh cement industry has registered a CAGR of around 12.10% over the last three years. The amount of cement now annually consumed in the country is about 9 million MT. The per capita consumption of 56.11 kg compared to 800kg in China and 189 kg in India, the two rising economies of Asia, underlines the scope of growth for Bangladesh cement industry in the long term.

Exhibit 5: Cement Industry at a Glance

- Total production capacity: 21 million tones
- Total consumption: 8 million tonnes (2007)
- Total factories registered: 123
- Factories started operation: 70
- Currently only 30-35 plants are in operation
- Retail price of top premium brands (MNCs): BDT 355-370 per bags
- Local companies' top brands: BDT 350-360 per bag, while normal brands BDT 330-340 per bag

Consumption as well as demand for cement depends on activities of construction sector, which comprises of two factors, namely, the performance of public sector development under Annual Development Program (ADP) of the government and private sector expenditure on housing and industrial enterprises. During the year 2002 to 2006, construction works increased at the rate of 10 to 12 percent annually. But, in 2007, due to overheating of global economy the cost of all commodities along with the rising fuel price around the globe continued to increase substantially which are recently showing declining trend. These have resulted in exorbitant rise in price of all construction materials. Now as the prices of all construction materials are falling down the construction industry is expected to bounce back to its own rhythm. While in line with its manifesto, it can well be anticipated that the new political government is going to take some measures to stimulate the economic activities of all sorts. The present government is anticipated to undertake large infrastructural projects such as Four Lane Dhaka-Chittagong Road, Elevated Highway, and Proposed Padma Bridge etc., which are expected to increase the demand for cement substantially. Therefore, the consumption of cement for household buildings, real estate constructions and other development works will continue to grow in the days to come.

Although 123 cement companies were registered with the Board of investment only 73 came into operation. Currently only 30-35 plants are in operation. Total production capacity is 21 million tons against which only 9 million tons are consumed. The major market share is captured by largest MNCs like Lafarge, Holcim, Cemex and Heidelberg and local large incumbents like Shah Cement, Seven Circles, Crown, Fresh, Premier Cement etc. According to Bangladesh Cement Manufacturers Association (BCMA), most of the factories in Mongla, Khulna, Jessore and North Bengal areas have been shut down because of their financial inability to compete with big market players in the face of rising production cost, transportation cost and insufficient power supply.

Bangladesh's cement industry totally depends on imported raw materials, of which clinker is the main one. About 5-6 million tones of clinker is imported annually from China, Thailand, Indonesia, Malaysia and Philippines. Clinker is also imported in small quantity from India by railway. Cement factories are facing strong challenges and closure due to price hike of raw materials. The factories in operation are not able to utilize their full capacity due to lack of adequate power supply and high competition in the local market. Rise in transportation costs following price hike of fuel, loading restriction imposed on vehicles crossing over the Jamuna Bridge and priority movement of vehicles carrying good grain are also causing problem for the industry. However, the present increasing trend in cement consumption in private sector and expected growing demand due to government activities along with increasing cement export may eventually expose the cement industry as prospective sector and inspire the existing companies to raise their production.

5.0 BOARD & MANAGEMENT

MI Cement, part of Molla Group and Jahangir & Others, is one of the major cement manufacturers of the country. Mr. Md. Jahangir Alam is the Chairman of the Company and Alhaj Khabiruddin Molla the Managing Director. Promoters are family members and held 100% stake in the company as on 30 December 2009.

Exhibit 06: Shareholding Position of the Company

SL. No.	Name	Designation	Holding %
1	Md. Jahangir Alam	Chairman	22.15%
2	Alhaj Md. Khabiruddin Molla	Managing Director	20.00%
3	Md. Alamgir Kabir	Director	13.85%
4	Mrs. Al-Haj Rokeya Begum	Share Holder	10.00%
5	Molla Mohammad Maznu	Director	10.00%
6	Md. Mizanur Rahman	Director	10.00%
7	Md. Almas Shimul	Director	7.00%
8	Alhaj Md. Abdur Rouf	Share Holder	2.50%
9	Md. Ashrafuzzaman	Share Holder	2.50%
10	Md. Abdul Ahab	Share Holder	2.00%
	Total		**100.00%**

Mr. Md. Jahangir Alam, 45, is the entrepreneur of several industrial units viz. (1) M. I. Cement Factory Ltd. (2) Crown Power Generation Ltd. (3) GPH Ispat Ltd. (4) Premier Cement Mills Ltd. as Chairman, Chairman and Managing Director and Director respectively. He is also director of Asia Insurance Ltd.

Mr. Md. Khabiruddin Molla, 75, is the Managing Director of the Company. Mr. Molla holds the second highest shareholding of the Company. In addition to M.I. Cement Factory Ltd., he is acting Managing Director of two other companies viz. Crown Power Generation Ltd. and Molla Salt (Triple Refined) Industries Ltd.

Mr. Md. Alamgir Kabir is a Director of M. I. Cement Factory Ltd., Premier Cement Mills Ltd., GPH Ispat Ltd., Crown Power Generation Ltd. He is also running his trading house viz. Brothers Corporation, engaged in trading of cement and other construction materials.

Mr. Molla Mohammed Maznu , 42, is an active partner in running iodized Salt processing units namely M M Salt Industries and Molla Salt Industries and marketing the product in the name of "Molla Salt". He is also a director of M.I. Cement Factory Ltd., Crown Power Generation Ltd. and Molla Salt (Triple Refined) Industries Ltd.

Md. Almas Shimul is a Director of M. I. Cement Factory Ltd., GPH Ispat Ltd. and Crown Power Generation Ltd. He is also the Chairman of Indo Steel Re rolling Mills Ltd. Together with his brothers, he has been carrying out the trading of construction materials like cement, MS Rod, CI Sheet etc.

Md. Mizanur Rahman Molla is a director of M. I. Cement Factory Ltd., Crown Power Generation Ltd. and Molla Salt (Triple Refined) Industries Ltd. He is also active partner4 of Molla Salt Industry and MM Salt Industry.

The Managing Director is supported by two Directors (head office operation and factory operation). Three General Managers report to Director of Head Office. On the other hand, two general managers report to Director of Operation (factory). The Company has total permanent workforce of 548 where 111 are officers including 55 technical people, 252 support staff (below officer to supervisors) and 185 workers. Apart from the requirement for daily basis workers, casual workers and labours varies depending on seasonality. The recruitment for the position junior officer and above are done from Head Office. Employees for other positions are recruited by the factory General Manager who also plays a vital role in case of recruitment in any technical position in the factory. The Company follows board approved service rules.

6.0 Business Overview: Cement

MI Cement produces two kinds of Cement. viz. Ordinary Portland and Composite Portland. MI increased its cement capacity from 420,000 metric tons (MT) to 840,000 MT, effective FY08-09. The full impact of the capacity expansion was felt on last half of FY. MI is one of the major cement manufacturer in the country with a nearly 4.03% market share in Composite Portland segment and 1.73% in Ordinary Portland segment. Though the industry has witnessed consolidation with almost 50% of capacity in the hands of three major players , the remaining capacity remains fragmented with more than 30 players.

With manufacturing plants located on the north side of river Dhaleshwari at west Mukterpur, Munshigonj, MI targets markets in Dhaka, Chittagong, Rajshahi, Sylhet and Barishal region.

Exhibit below shows the performance of the cement business over the last four and half years.

Exhibit 7: Performance of the Cement Business

(Months)	FY09 (6)	FY08-09 (12)	FY07-08 (12)	FY06-07 (12)	FY05-06 (12)
Net Sales (BDT Million)	1360.6	2290.4	1927.2	1434.0	1156.4
Domestic Sales (%)	90.5%	93.1%	94.0%	n.a	n.a
Export Sales (%)	9.5%	6.9%	6.0%	n.a	n.a
EBITDA (BDT Million)	243.42	476.26	240.63	146.72	126.92
EBITDA Margin (%)	17.9%	20.8%	12.5%	10.2%	11.0%
Cement Sales Volumes					
Installed Capacity (MT)	840,000	840,000	420,000	420,000	420,000
Total Production (MT)	245,166	449,714	371,073	327,036	276,850
Total Sales (MT)	245,170	447,209	371,073	327,039	278,444
Capacity Utilisation (%)	58.4%	53.5%	88.4%	77.9%	65.9%
Cement Price per bag (BDT)	251.7	252.13	250.34	n.a	n.a

Around 9.5% of revenue in FY08-09 derived from export in India and the trend reflected improvement from 6.0% in FY07-08. Cement prices have been largely range-bound in the last few years despite a continuous increase in input costs. This was largely because of overcapacity in the industry leading to price undercutting. High competition led to cement price stable and average 16.92% increases in sales volume during the period FY05-06 to FY08-09 partly due to 100% capacity expansion effective in FY08-09 led to a substantial increase in EBITDA in FY08-09. The half yearly performance as reported also showed the improvement trend.

Cement prices may slightly move up in FY09-10 due to narrowing of the demand-supply gap. A slowdown in capacity additions in the last few years coupled with a demand growth (led by housing and road construction sectors) of about 8-10% may lead to higher utilization levels in the industry, depending on the improvement in power supply.

MI cement has announced a BDT 2791.00 Million cement capacity expansion which involves technological upgrade and installation of balancing equipment in all its cement units. The expanded capacity of 3000 MT/day (aggregate capacity after expansion would be 5800 MT/day) is expected to be commissioned by the third quarter of 2011.

This business remains highly sensitive to cement prices, since a BDT 10 –per-bag variation in realization translates into a cash flow variation of about BDT84.99 million.

6.1 Raw Materials

Exhibit 7: Raw Material Composition (including bags)

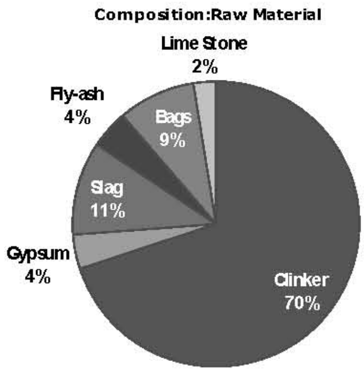
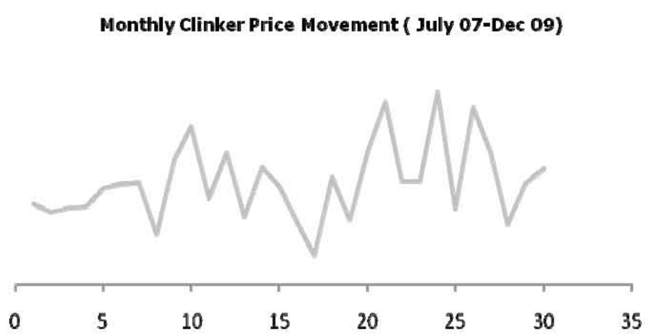


Exhibit 8:



The prices of clinker, constituted around 70% of raw material, imported from Japan, Indonesia, Thailand, Malaysia and Korea affects the manufacturing cost. The prices of raw material movement over the last two and half years as depicted in the exhibit below indicated that clinker price dropped by around 20.0% from FY07-08 to FY09 (July-Dec). Although price changes of Gypsum, Slag, Fly ash and Limestone, all procured locally, showed mixed trend from FY07-08 to FY08-09, but in FY09 (July-Dec) uptrend of prices except clinker was observed.

Exhibits below shows the changes in raw material prices and raw material sources:

Exhibit 9: Raw Material Price Changes

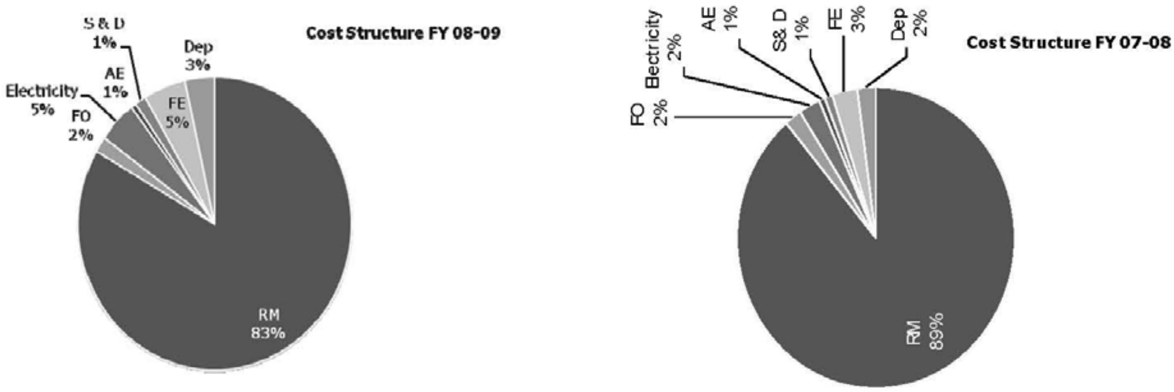
Changes in price from FY07-08		
Raw Material	**FY08-09**	**FY09 (July-Dec)**
Clinker	-15.40%	-19.80%
Gypsum	-11.37%	29.90%
Slag	11.97%	38.30%
Fly-ash	7.67%	43.50%
Lime Stone	-19.54%	102.60%

Amount in Million BDT

Particulars	**FY08-09**	**FY07-08**	**FY06-07**	**FY05-06**
Imports	1478.95	1751.29	1243.03	975.98
(% of total)	89.79%	91.66%	88.78%	91.69%
Domestic	168.25	159.37	157.09	88.41
(% of total)	10.21%	8.34%	11.22%	8.31%
Total	**1647.2**	**1910.66**	**1400.12**	**1064.39**

As an aggregate impact, cost of goods sold as a percentages of net revenue dropped to 82.5% in FY09 (July-Dec) from 89.1% in FY07-08, resulted in an improvement in gross margin.

Exhibit 10: Cost Structure



Raw material constituted nearly 83% of total expenses in FY08-09 which was around 89% in FY07-08, the overall decrease in raw material prices impacted the cost structure. In FY08-09 cost structure, energy cost contributed 5% of total cost which was only 2% in the previous year. Electricity cost increased to BDT 93.89 million from BDT45.12 million, just doubled, against 21.19% growth in production and production continued in peak hours, the rate of which was double than the off-peak hour. Raw material price tends to fluctuate across seasons. The timing of purchase, thus, becoming important, as it adds directly to the company's bottom line.

Considering the long presence of MI in this industry and size of operations (with proposed expansion it would be one of the largest cement manufacturer in Bangladesh), it has the financial capability to buy and stock raw material, if required. MI has sufficient expertise in procuring raw material at competitive prices and it is well positioned to buy clinker and other raw material at the right time as well.

Admin and Selling & Distribution expenses were quite low and remained stable over the period, however increase in depreciation allowances indicated its capacity expansion.

6.2 Production Process and Process Loss

Exhibit 11: Production Process

Name of the Process	Input material name	Input material quantity	Output material	Output material quantity	Process loss
Ordinary Portland Cement	Clinker, Gypsum,	95%+ 5%	OPC	91.2%+4.8%	4%
Portland Composite Cement	Clinker, Gypsum, Limestone, Slag, Fly Ash	72%+4%+4%+8%+12%	PCC	68.4%+3.8%+3.8%+7.6%+11.4%	5%

As presented in the exhibit above, the process loss was within the industry norm

6.3 Quality Control

With qualified and foreign-trained chemists, M.I. Cement performs pre-import and post-import tests. Chemists perform hourly tests of the cements produced in the factory. For quality assurance, cement is tested on various stages. Chemists of the Company conducts the comprehensive strength test making concrete mortar cubes of different test age- 3 days, 7 days and 28 days as per ASTM C-150 or other international methods at its own laboratory. Recently more equipment is brought for testing purpose in accordance with European norms EN procedure. Presently it follows Bangladesh Standard & Testing Institution (BSTI) method of BDS-EN 197-1:2003 in testing Crown Cement.

6.4 Utilities

The factory of the Company is connected to HT (11 KV & 33 KV) power line with connected load of 7.00 MW. The Company has applied to the power supply authority for permission of additional load connection. Besides, the Company is expecting to get 3.61 MW Power from a gas-based power plant for both the units to meet its requirement during any power supply interruption and for constant use.

The Company requires one million litre of water daily for cooling laboratory and other purpose of the factory, which is met from its own pump of more than two million litre/day capacities.

6.5 Management Information System

M.I. Cement Factory Ltd. is equipped with integrated web based software (ERP). This software is facilitated to maintain all kinds of books of accounts, inventory management system, production, sales management, payroll management, purchase and fixed assets register etc. The Company adopted this software in July 2007.

6.6 Customer and Distribution Profile

MI sells its cement directly to the corporate and retail customers as well as through Agents and Distributors.

Exhibit 12: Selling Channel of the Company

	FY09	FY08-09	FY07-08
Net Sales (BDT Million)	1360.61	2290.36	1927.19
Direct Sales (% of Net Sales)	13.0%	6.5%	2.8%
Sales through Agents/Distributor (% of Net Sales)	87.0%	93.5%	97.2%

Exhibit 12 (a): Major Distributors of the Company

Distributor	Location	FY08-09	FY07-08	Distributor since when
Brothers Corporation	Dhaka	32.8%	29.1%	2000
Jahangir & Others Ltd.	Chittagong	16.4%	24.9%	2000
Mollah & Brothers	Dhaka	50.8%	46.0%	2000

Distribution through its associated companies as mentioned above reflects its distribution strength.

6.7 Marketing Strategy

MI Cement Factory is well equipped with a fleet of more than 40 vehicles consisting of truck, bulk carrier, covered van, cargo vessel, dump truck etc. Geographic position of the factory enabled the Company to distribute its product in the central zone i.e. Dhaka and districts in the neighbourhood of Dhaka, at very competitive distribution cost. Mentionable that central zone consumes around 50% of total national cement consumption. Besides, as the factory is well connected by road as well as river way, it can also distribute its product by road as well as on river ways - which is also a competitive advantage for MI Cement Industry.

The Company has 28 corporate clients, 23 dealers and 3 distributors over the country.

Exhibit 13: Selling Channel of MI

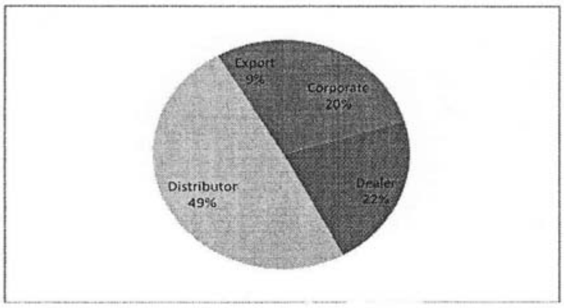


Exhibit 14: Top 10 domestic customers (Amount in BDT million)

Name of Party	Product Type	FY08-09	FY07-08
Mollah & Brothers	PCC	716.34	646.98
Brothers Corporation	PCC	463.64	409.59
Jahangir & Others Ltd.	PCC	232.5	350.77
Salma Traders	PCC	58.37	43.17
Advanced Development & Technology.	PCC	84.16	-
Concord RMC Products Ltd	PCC	45.88	41.73
Rita Traders	PCC	58.55	38.65
Madhabdi Agency	PCC	47.61	36.09
Popular Enterprise	PCC	43.6	32.99
ABC Building Products Ltd.	PCC	34.56	-
Total		**1785.21**	**1599.97**
% of Total Sales		**77.9%**	**83.0%**

Around 78% of sales in FY08-09 derived from the above distributors and corporate customers.

MI's competitive advantage comes from vertical integration (own distribution channel), and tight quality control at every stage. In addition, it has been working with Indian buyers, which is reflected in the improvement of export contribution. Going forward, expansion of capacity with new generation machinery has meant higher productivity levels, lower manual intervention leading to low wage costs as well as derives scale benefits.

7.0 FINANCIAL STRENGTH ANALYSIS

7.1 Earnings and Stability

Exhibit 15: Earning Position of the Company

		FY09	FY08-09	FY07-08	FY06-07	FY05-06
(Months)		(6)	(12)	(12)	(12)	(12)
Net Sales (BDT Million)		1360.6	2290.4	1927.2	1434.0	1156.4
Sales Growth			18.8%	34.4%	24.0%	n.a
CGSD as % of Net Sales		82.5%	82.7%	89.1%	87.7%	87.7%
EBITDA (BDT Million)		243.42	476.26	240.63	146.72	126.92
EBITDA Growth			97.9%	64.0%	15.6%	n.a
EBITDA Margin		17.9%	20.8%	12.5%	10.2%	11.0%
Net Profit after tax (BDT Million)		111.55	187.73	95.31	54.99	36.03
Net profit after tax growth			197%	173%	153%	n.a
CAGR of Sales (FY05-06 to FY08-09)	25.3%					
CAGR of EBITDA (FY05-06 to FY08-09)	54.7%					
CAGR of Net Profit (FY05-06 to FY08-09)	72.4%					

Consistent and stable growth in revenue (CAGR: 25.3% over the last four years) largely due to volume led growth of around 16% over the last four years, outcome of capacity expansion in FY08-09. Stable and high sales growth supported by lowering cost of goods sold due to decline in clinker prices (around 70% of raw material), resulted in a very high EBITDA growth (CAGR: 54.7%). The net profit after tax reached at BDT 187.73 million registering a growth of 197% from previous year. Six months performance (2nd half of FY09) also indicating the same trend as reflected in the past.

Exhibit 16: Profitability Ratio of the Company

	FY09	FY08-09	FY07-08	FY06-07	FY05-06
(Months)	(6)	(12)	(12)	(12)	(12)
Gross Profit Margin	17.5%	17.3%	10.9%	12.3%	12.3%
Operating Profit Margin	15.4%	17.5%	10.4%	7.5%	7.3%
Net Profit Margin	8.2%	8.2%	4.9%	3.8%	3.1%
Return on Asset	6.3%	12.3%	5.9%	7.4%	6.0%
Return on Equity	10.1%	25.4%	17.2%	14.8%	11.5%

The profitability ratios above indicates the healthy and stable profitability level and the level were much higher than industry average.

7.2 Liquidity

Current ratio and Quick ratio improved from FY07-08 to FY08-09 and half year FY09 due to repayment of short-term loan. However, the full impact could not be materialised due to increase in average collection period from 34.56 days in FY07-08 to 69.43 days in FY09 and inventory pile up period also rose to 54.96 days in FY09 from 25.54 days in FY07-08 resulted in an increase in cash conversation cycle to 95 days from 50 days during the same period.

Exhibit 17: Liquidity Ratio of the Company

	FY09	FY08-09	FY07-08	FY06-07
(Months)	(6)	(12)	(12)	(12)
Current Ratio	1.06	0.91	0.86	38.86
Quick Ratio	0.80	0.63	0.64	32.24
Cash Ratio	7.9%	4.1%	2.8%	68.7%
Net Working Capital to Total Assets	1.9%	-4.0%	-7.3%	33.8%
Accounts Receivable Turnover Ratio	5.26	8.03	10.56	31.85
Average Receivable Collection Period or, DSO (Days)	69.43	45.44	34.56	11.46
Inventory Turnover Ratio	6.64	9.88	14.29	20.53
Average Inventory Processing Period or, DIO (Days)	54.96	36.96	25.54	17.78
Accounts Payable Turnover Ratio	12.49	21.45	38.52	230.00
Average Payable Payment Period or, DPO (Days)	29.22	17.02	9.48	1.59
Cash Conversation Cycle (Days)	95.17	65.38	50.62	27.65

Total current assets of the Company stood at BDT 623.52 million in December 2009, which was BDT 456.37 million in 2008. Repayment of short-term loan to the tune of BDT 424.59 million over the last one and half years, outstanding short term loan as of FY09 December was BDT 295.76 million from BDT 720.35 million in FY07-08,contributed to the improvement in current and quick ratio.

7.9% cash ratio in FY09 meant that cash and bank balance was around 7.9% of current liabilities. In addition, the company enjoyed working capital limit of BDT 760.0 million as of 10 April 2010 against which outstanding amount at the same date was only BDT 184.74 million, left 75.69% unutilised reflected its strong liquidity as well.

7.3 Leverage and capital structure

MI's capital structure has improved significantly. The equity base of the company reached at BDT 1104.42 million as of FY09 from BDT 372.82 million in FY06-07 showed a very high growth on year on year basis and the high growth in equity was from internal accruals. High growth in equity vis a vis repayment of bank loans (bank loans peaked at BDT 903.87 million in FY07-08 with a BDT 564.37 million reduction in debt as of FY09 from the peak) resulted in improvement in Debt to equity (FY09: 0.31x; FY07-08: 1.64x) and Borrowed fund to EBITDA (FY09: 1.39x; FY07-08: 3.76x).

Exhibit 18: Leverage Position

Amount in Million BDT

	FY09	FY08-09	FY07-08	FY06-07
(Months)	(6)	(12)	(12)	(12)
Equity (BDT Million)	1104.42	740.32	552.59	372.82
Borrowed Fund (BDT Million)	339.50	498.71	903.87	365.83
EBITDA (BDT Million)	243.42	476.26	240.63	146.72
Fund Flow from Operation (FFO)	144.00	260.49	134.24	94.63
Cash Flow from Operation (CFO)	148.71	402.84	-256.31	100.56
Retained Cash Flow (RCF)	148.71	402.84	-256.31	100.56
Free Cash Flow (FCF)	144.47	295.69	-591.47	100.56
Ratios				
Debt to Equity (x)	0.31	0.67	1.64	0.98
Borrowed Fund to EBITDA (x)	1.39	1.05	3.76	2.49
FFO/Debt	42.4%	52.2%	14.9%	25.9%
CFO/Debt	43.8%	80.8%	-28.4%	27.5%
RCF/Debt	43.8%	80.8%	-28.4%	27.5%
FCF/Debt	42.6%	59.3%	-65.4%	27.5%

The company was also able to generate free cash flow since FY08-09, the forthcoming capital expenditure program for expansion; MI is likely to use free cash flows.

7.4 Coverage Position

Exhibit 19: Coverage Ratio

	FY09	FY08-09	FY07-08	FY06-07	FY05-06
(Months)	(6)	(12)	(12)	(12)	(12)
EBIT/Interest (x)	6.49	3.91	3.80	2.06	1.74
FCF/Interest (x)	4.45	2.87	-11.14	1.93	1.62
(EBITDA-CAPEX)/Interest (x)	7.36	3.58	-1.78	2.82	2.62
DSCR (x)	2.61	1.23	-	-	-

Due to high growth in EBITDA and free cash flow and repayment of long term and short term loan, the coverage ratio improved significantly, which is shown in the exhibit above.

7.5 Bank Facilities and Credit History

The main bankers of Company are One Bank and Prime Bank. The sponsors of the Company have long relationship with the Bank having satisfactory track record.

MI Cement Factory Limited has banking relation with One Bank from 2000 and with Prime Bank from 2001. From the information provided by the Bankers of the Company it is found that the Company has satisfactory performance from the beginning of relation. The Company repaid principal and interest amount timely and did not have any overdue payment. From the information provided by Bank it is also found that the Company has no history of dishonouring of cheques. As of 10 April of 2010, the Bank's liability was as follows.

Exhibit 20: At present loan position of the Company

Amount in Million BDT

Bank	Limit	Outstanding
One Bank Limited		
Time loan	50.0	9.75
LATR	210.0	72.03
CC (Hypo)	30.0	2.55
Total	**290.0**	**84.33**
Prime Bank Limited		
LATR	350.0	34
CC (Hypo)	20.0	-
Hire purchase	100.0	66.57
Total	**470.0**	**100.4**
Grand Total	**760.0**	**184.73**

7.6 FDR pledged for the Non-funded Loan

Exhibit 21: FDR pledge of the Company

Particulars	Amount of Fixed Deposit pledged (BDT in million) as margin	Date of Maturity of FD and 100% Margin
31.12.2009	17.89	360 days

7.7 Capital Expenditure Plan

MI Cement is implementing a BDT 2791.0 million capital expenditure program, to add 3000MT capacity per day with its existing capacity of 2800MT per day. Land has already been acquired. Civil construction has already started and it is expected that from July 2011 the unit would go for commercial production.

MI will reap further benefits of economies of scale as these facilities come on-stream. CAPEX will be funded with 54.2% sponsors' equity and 45.8% bank loan.

The company's strong record of profitable growth in the face of continuous expansion and speedy ramp up of new capacities considerably mitigates the project-related risk.

[End of the Report]

Annexure

Income Statement

Particulars	FY09	FY08-09	FY07-08	FY06-07	FY05-06
Net Sales	1,360.62	2,290.36	1,927.19	1,433.98	1,156.37
Cost of Goods Sold	1,121.97	1,893.23	1,717.28	1,257.60	1,014.14
Gross Profit (Loss)	238.65	397.13	209.91	176.38	142.23
Selling & Admin Expense	43.48	54.09	39.53	69.30	57.79
Other Operating Expense (Income)	(14.94)	(57.80)	(30.89)	-	-
Operating Profit (Loss)	210.11	400.85	201.27	107.08	84.44
Interest Expense	32.49	103.14	53.08	52.09	48.42
Net Profit before Tax	178.48	300.37	148.62	54.99	36.03
Income Tax	66.93	112.64	53.31	-	-
Net Profit After Tax	111.55	187.73	95.31	54.99	36.03

Balance Sheet

Particulars	FY09	FY08-09	FY07-08	FY06-07	FY05-06
Assets					
Current Assets	623.52	617.07	744.56	258.56	261.71
Fixed Assets	1,158.61	904.29	862.83	486.60	334.45
Total Assets	**1,782.13**	**1,521.36**	**1,607.39**	**745.16**	**596.16**
Liabilities and Equities					
Short Term Liabilities	590.32	677.29	861.61	6.65	4.42
Long Term Liabilities	87.39	103.75	193.19	365.83	277.33
Total Liabilities	**677.71**	**781.04**	**1,054.80**	**372.48**	**281.75**
Equity					
Share Capital	700.00	200.00	200.00	200.00	200.00
Retained Earning	140.85	427.53	239.79	-	-
Reserve & Surplus	263.57	28.34	28.34	172.82	114.42
Share Money Deposit	-	84.46	84.46	-	-
Total Owners' Equity	1,104.42	740.32	552.59	372.82	314.42
Total Liabilities and Equities	**1,782.13**	**1,521.36**	**1,607.39**	**745.30**	**596.16**

CRAB RATING SCALES AND DEFINITIONS –Long Term (Corporate)

Long Term Rating	Definition
AAA Triple A	Companies rated in this category have extremely strong capacity to meet financial commitments. These companies are judged to be of the highest quality, with minimal credit risk.
AA_1, AA_2, AA_3* Double A	Companies rated in this category have very strong capacity to meet financial commitments. These companies are judged to be of very high quality, subject to very low credit risk.
A_1, A_2, A_3 Single A	Companies rated in this category have strong capacity to meet financial commitments, but are susceptible to the adverse effects of changes in circumstances and economic conditions. These companies are judged to be of high quality, subject to low credit risk.
BBB_1, BBB_2, BBB_3 Triple B	Companies rated in this category have adequate capacity to meet financial commitments but more susceptible to adverse economic conditions or changing circumstances. These companies are subject to moderate credit risk. Such companies possess certain speculative characteristics.
BB_1, BB_2, BB_3 Double B	Companies rated in this category have inadequate capacity to meet financial commitments. Have major ongoing uncertainties and exposure to adverse business, financial, or economic conditions. These companies have speculative elements, subject to substantial credit risk.
B_1, B_2, B_3 Single B	Companies rated in this category have weak capacity to meet financial commitments. These companies have speculative elements, subject to high credit risk.
CCC_1, CCC_2, CCC_3 Triple C	Companies rated in this category have very weak capacity to meet financial obligations. These companies have very weak standing and are subject to very high credit risk.
CC Double C	Companies rated in this category have extremely weak capacity to meet financial obligations. These companies are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
C Single C	Companies rated in this category are highly vulnerable to non-payment, have payment arrearages allowed by the terms of the documents, or subject of bankruptcy petition, but have not experienced a payment default. Payments may have been suspended in accordance with the instrument's terms. These companies are typically in default, with little prospect for recovery of principal or interest.
D (Default)	D rating will also be used upon the filing of a bankruptcy petition or similar action if payments on an obligation are jeopardized.

***Note:** *CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.*

Implementation Schedule – IPO Proceeds

Schedule-I

Sl. No.	Item (s)	March' 10	April' 10	May' 10	June' 10	July'10	Aug'1 0	Sept ' 10	Oct' 10	Nov' 10	Dec' 10	Jan' 11	Feb' 11	Mar' 11	April' 11	May' 11	June' 11	July'11	Aug'1 1	Sept ' 11	Oct' 11	Nov' 11	Dec' 11	Jan' 12	Feb' 12	Mar' 12	April' 12	May' 12
		Implementation Schedule-Month wise																										
A.	LAND																											
	1. Cost of Land & Land Development																											
	2. Regist. + Stamp duty																											
B.	BUILDING																											
2	Cement Grinding with precrusher house																											
3	Cement Packing House																											
4	New Cement Silo with Bucket Elevator Line & Screw conveyor corridor																											
5	Sub-station for 132/33 KVA Power Line																											
6	Clinker Silo : Capacity : 55,000 MT																											
7	Conveyor BL structure for burge loader																											
8	Fly Ash Silo																											
9	Fly Ash unloading Jetty																											
0	Jetty No. 3 for Hydraulic Crane																											
11	Boundary Wall & Dormitory																											
12	Electrification & Sanitation																											
13	Office Building at factory																											
14	Internal Road & Others																											
15	Others																											
C.	FOREIGN MACHINERY:																											
1.	Machinery																											
a.	Machinery for 3000 TPD cement plant (lc oppened for USD																											

	8486326)
b.	Mother Vessel (45000-50000 MT)
c.	Machinery for Truck loading system (China Origin)USD 1,34,000)
d.	Hydraulic Crane (Dutch Origin) (EURO 685000)
e.	Fly Ash unloading system (USD 750000)
f.	Burge Loading System (Euro 381000)
g.	132/33 Sub station KV equipments 20 MVA
h.	Ready mix plant
2	L/C Commission (0.35%)
3	Marine insurance (1%)
4	Customs duty (3%)
5	Preshipment inspection (1%)
6	Unloading and carrying (0.25%)
D.	<u>LOCAL EQUIPMENT & VEHICLES</u>
1	Non-standard parts
2	M. S. platform, pipes, valves
3	Water pumps.colling tower, strainers, etc
4	Cable
5	Gen. set for raw materials unloading
6	**<u>Vehicles :</u>**
a.	Open Truck- 6

b.	Bulk Carrier - 4
c.	Covered Van - 30
d.	Motor car/micro - 02
e.	Cargo vessel - 10
f.	Dump Truck - 6 (2 for CP+4 for RP)
g.	Pay Loader- 7 (4 for CP+3 for RP)
h.	Motor Cycle - 10
i.	Ready mix vehicle 15
E.	<u>SURVEY, PLAN & DRAWING</u>
1	Surveying & soil testing
2	Plan & drawing
3	Consultant's fees
F.	<u>INSTALLATION, ERECTION & COMMISSION</u>
1	Mechanical
2	Electrical
3	Security deposit with PDB
4	Cost H.T Line for 132/33 KVA power from national grid to factory Site
G.	<u>FURNITURE & FIXTURE</u>
1	Office equipment
2	Furniture & others
H.	<u>OTHER EXPS.</u>
1	Legal & documentation fees
2	Promotional exps.
3	Exps. for foreign Experts
4	Trial Run

Schedule-II

Report on the Projected Financial Information of M.I. Cement Factory Limited in connection with proposed Initial Public Offering

To the Board of Directors of M.I. Cement Factory limited

We have examined certain projected financial information of M/s M.I. Cement Factory Limited for the years ending 30 June 2010, 2011, 2012, and 2013 in accordance with the relevant Standard applicable to the review of prospective financial information. The management of the company is responsible for the projection including the assumptions on which it is based; we didn't assess the reasonableness of the assumptions. This projection has been prepared for the purpose of proposed initial public offering of the company. The projection has been prepared using a set of assumptions that include hypothetical assumptions about future events and management actions that are not necessarily expected to occur. Consequently, readers are cautioned that this projection may not be appropriate for the purposes other than described above.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the projection, assuming that the assumptions made by the management are to take place. Further, in our opinion the projection is properly prepared on the basis of the assumptions.

Even if the events anticipated under the assumptions described above occur, actual results are still likely to be different from the projection since other anticipated events frequently do not occur as expected and variation may be material.

Sd/-

Dhaka,
20 April 2010

ACNABIN
Chartered Accountants

M.I. CEMENT FACTORY LIMITED

Projected Profit and Loss Account
(Earning Forecast)

	2009-2010 Taka	2010-2011 Taka	2011-2012 Taka	2012 -2013 Taka
Local sales	2,834,582,632	3,687,403,375	6,704,994,941	7,293,827,462
Export sales	217,791,065	271,810,647	498,518,683	547,292,009
Total net sales	**3,052,373,697**	**3,959,214,021**	**7,203,513,624**	**7,841,119,471**
Cost of goods sold	2,450,616,697	3,047,779,128	5,755,621,541	6,228,027,682
Gross profit	**601,757,000**	**911,434,893**	**1,447,892,083**	**1,613,091,789**
Other Operating income	44,829,336	67,244,004	100,866,005	151,299,008
Administrative & selling expenses	(85,015,442)	(85,067,366)	(106,709,969)	(112,339,591)
Operating profit	**561,570,894**	**893,611,531**	**1,442,048,120**	**1,652,051,206**
Other non operating income	2,142,982	2,265,112	2,630,602	3,140,483
Financial expenses	(53,376,871)	(1,729,930)	(1,764,529)	(3,564,348)
Net profit before tax	**510,337,005**	**894,146,713**	**1,442,914,193**	**1,651,627,341**
Provision for income tax				
Current tax	166,944,337	323,438,026	526,852,433	602,271,786
Deferred tax	24,432,040	11,866,991	14,240,389	17,088,467
Net profit after tax for the year	**318,960,628**	**558,841,696**	**901,821,370**	**1,032,267,088**
Retained Earnings at beginning for the year	29,303,869	208,264,497	567,106,192	1,268,927,563
Retained earnings available for distribution	348,264,497	767,106,192	1,468,927,563	2,301,194,651
Less: Dividend	140,000,000	200,000,000	200,000,000	200,000,000
Dividend (%)	20%	20%	20%	20%
Accumulated retained earnings	**208,264,497**	**567,106,192**	**1,268,927,563**	**2,101,194,651**
Earning per share	**4.56**	**5.59**	**9.02**	**10.32**

Rational of Major Assumption on Projection

	2009-2010	2010-2011	2011-2012*	2012-2013	Rational
Annual Rated capacity (MT)	840,000	840,000	1,740,000	1,740,000	New unit shall start operation from July 2011
Capacity Utilization	65%	80%	70%	75%	
Sales-Volume (MT)	545,842	669,484	1,207,067	1,303,077	
-Export sales	38,209	46,864	84,495	91,215	
- Export growth	89.53%	22.65%	80.30%	7.95%	
- Local sales	507,633	622,620	1,122,572	1,211,862	
-Growth	18.18%	22.65%	80.30%	7.95%	
Sales Price(Taka/MT)	5,592.05	5,913.83	5,967.78	6,017.39	
Growth in Sales- Amount	9.80%	5.75%	0.91%	0.83%	
-Export sales amount	217,791,065	271,810,647	498,518,683	547,292,009	
- Export growth	22.14%	24.80%	83.41%	9.78%	
- Local sales	2,834,582,632	3,687,403,375	6,704,994,941	7,293,827,462	
-Growth	34.21%	30.09%	81.84%	8.78%	
Cost of Production (TK/MT)	4,489.61	4,552.43	4,768.27	4,779.48	
- Increase/(decrease) %	6.64%	1.40%	4.74%	0.24%	
Administrative and selling overhead	85,015,442	85,067,366	106,709,969	112,339,591	Newly introduction of festival bonus, revised payscale, and recruited new staff for sales & marketing department to cover more area increased administrative and selling overhead in 2009-2010
- Increase/(decrease) %	57.18%	0.06%	25.44%	5.28%	
Funding -Bank loan(mln)	577,267,366	-	-	-	Repayment of entire loan from the proceeds of IPO
-Increase/(decrease)	38.13%	-100.0%	0.00%	0.00%	
Tax Rate	37.50%	27.50%	27.50%	27.50%	Decrease as a listed company
Dividend	20%	20%	20%	20%	Uniform rate assumed

*New unit shall start operation in July 2011, so all revenue and cost would be increase sharply in 2011-2012.

Sd/-	Sd/-	Sd/-
Al-Haj Khabiruddin Molla	Mukter H. Talukder, ACA	Tapan K Podder
Managing Director	Chief Financial Officer	Managing Director
M I Cement Factory Limited	M I Cement Factory Limited	Alliance Financial Services Limited