

Independent Auditors' Report

To The Shareholders of

Beximco Pharmaceuticals Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Beximco Pharmaceuticals Limited, which comprises the Statement of Financial Position as at June 30, 2017 the Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year from July 1, 2016 to June 30, 2017 then ended and a summary of significant accounting policies and other relevant explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), Bangladesh Financial Reporting Standards (BFRSs), and Bangladesh Accounting Standards (BASs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion


In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1994 and the Securities and Exchange Rules 1987, we report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books;
- (c) the Statement of Financial Position (Balance Sheet) and Statement of Profit or Loss and other Comprehensive Income (Profit and Loss Account) dealt with by the report are in agreement with the books of account; and
- (d) the expenditure incurred was for the purposes of the company's business.

Dhaka
October 25, 2017



M.J. Abedin & Co.
Chartered Accountants

Beximco Pharmaceuticals Limited
Statement of Financial Position
As at June 30, 2017

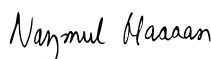
			Amount in Taka
	Notes	June 30, 2017	June 30, 2016
ASSETS			
Non-Current Assets			
Property, Plant and Equipment- Carrying Value	4 (a)	24,472,468,013	22,235,892,802
Intangible Assets	3.3 & 5	462,968,347	380,260,529
Investment in Shares	6 (a)	17,880,341	4,746,834
		9,130,816,169	8,528,007,810
Current Assets			
Inventories	7	3,468,089,061	2,770,331,675
Spares & Supplies	8	636,102,892	614,606,112
Accounts Receivable	9	2,167,339,867	1,680,606,796
Loans, Advances and Deposits	10	1,697,679,418	1,802,304,185
Short Term Investment	11	886,576,906	1,439,037,813
Cash and Cash Equivalents	12	275,028,025	221,121,229
TOTAL ASSETS		<u>34,084,132,870</u>	<u>31,148,907,975</u>
EQUITY AND LIABILITIES			
Shareholders' Equity			
Issued Share Capital	13	4,055,564,450	3,862,442,340
Share Premium		5,269,474,690	5,269,474,690
Excess of Issue Price over Face Value of GDRs	14	1,689,636,958	1,689,636,958
Capital Reserve on Merger		294,950,950	294,950,950
Revaluation Surplus	4(b)	1,190,203,818	1,225,100,042
Unrealized Gain/(Loss)		3,875,065	1,295,558
Retained Earnings		12,568,719,969	10,716,511,871
		5,605,667,422	5,106,928,058
Non-Current Liabilities			
Long Term Borrowings-Net off Current Maturity (Secured)	15	2,635,907,025	2,366,006,599
Liability for Gratuity and WPPF & Welfare Funds	16	1,117,094,429	984,198,459
Deferred Tax Liability	17	1,852,665,968	1,756,723,000
		3,406,039,548	2,982,567,508
Current Liabilities and Provisions			
Short Term Borrowings (Secured)	18	1,239,757,995	1,109,644,270
Long Term Borrowings-Current Maturity (Secured)	19	715,790,200	920,388,531
Creditors and Other Payables	20	783,838,444	453,828,612
Accrued Expenses	21	245,375,014	151,086,775
Dividend Payable		353,217	385,507
Income Tax Payable	22	420,924,678	347,233,813
TOTAL EQUITY AND LIABILITIES		<u>34,084,132,870</u>	<u>31,148,907,975</u>

The Notes are an integral part of the Financial Statements.

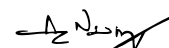
Approved and authorised for issue by the Board of Directors on October 25, 2017 and signed for and on behalf of the Board :



Salman F Rahman
Vice Chairman

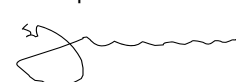


Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

Dhaka
October 25, 2017

Beximco Pharmaceuticals Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Year ended June 30, 2017

Amount in Taka

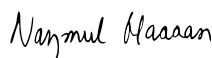
	Notes	July 2016 - June 2017 (12 Months)	January 2015 - June 2016 (18 Months)	January - June 2016 (6 Months)	January - December 2015 (12 Months)
Net Sales Revenue	23	15,508,776,972	20,034,502,592	7,068,995,719	12,965,506,873
Cost of Goods Sold	24	(8,323,895,349)	(10,800,317,358)	(3,835,149,654)	(6,965,167,704)
Gross Profit		7,184,881,623	9,234,185,234	3,233,846,065	6,000,339,169
Operating Expenses		(3,736,675,551)	(4,775,931,931)	(1,626,871,236)	(3,149,060,695)
Administrative Expenses	27	(522,396,449)	(689,337,921)	(240,980,804)	(448,357,117)
Selling, Marketing and Distribution Expenses	28	(3,214,279,102)	(4,086,594,010)	(1,385,890,432)	(2,700,703,578)
Profit from Operations		3,448,206,072	4,458,253,303	1,606,974,829	2,851,278,474
Other Income	29	144,852,831	412,658,923	100,980,597	311,678,326
Finance Cost	30	(557,003,162)	(1,030,182,401)	(321,212,167)	(708,970,234)
Profit Before Contribution to WPPF & Welfare Funds		3,036,055,741	3,840,729,825	1,386,743,259	2,453,986,566
Contribution to WPPF & Welfare Funds	31	(144,574,083)	(182,891,896)	(66,035,393)	(116,856,503)
Profit Before Tax		2,891,481,658	3,657,837,929	1,320,707,866	2,337,130,063
Income Tax Expenses	32	(664,786,534)	(709,784,075)	(326,938,528)	(382,845,547)
Current Tax		(591,982,589)	(736,140,227)	(310,173,315)	(425,966,912)
Deferred Tax Income/ (Expense)		(72,803,945)	26,356,152	(16,765,213)	43,121,365
Profit after Tax for the Period		2,226,695,124	2,948,053,854	993,769,338	1,954,284,516
Other Comprehensive Income - Unrealized Gain/(Loss)	33	2,579,507	(1,013,093)	(661,955)	(351,138)
Total Comprehensive Income for the Period		2,229,274,631	2,947,040,761	993,107,383	1,953,933,378
Earnings Per Share (EPS) / Adjusted EPS	34	5.49	7.27	2.45	4.82
Number of Shares used to compute EPS		405,556,445	405,556,445	405,556,445	405,556,445

The Notes are an integral part of the Financial Statements.

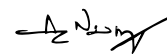
Approved and authorised for issue by the Board of Directors on October 25, 2017 and signed for and on behalf of the Board :



Salman F Rahman
Vice Chairman




Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

Dhaka
October 25, 2017

Beximco Pharmaceuticals Limited
Statement of Changes in Equity
For the Year ended June 30, 2017

Amount in Taka

	Share Capital	Share Premium	Excess of Issue Price over Face Value of GDRs	Capital Reserve on Merger	Revaluation Surplus	Unrealized Gain / (Loss)	Retained Earnings	Total
Balance as on July 01, 2016	3,862,442,340	5,269,474,690	1,689,636,958	294,950,950	1,225,100,042	1,295,558	10,716,511,871	23,059,412,409
Total Comprehensive Income for the Year :								
Profit for the Year	-	-	-	-	-	-	2,226,695,124	2,226,695,124
Other Comprehensive Income/(Loss)	-	-	-	-	-	2,579,507	-	2,579,507
Transactions with the Shareholders:								
5% Final Cash Dividend (January 2015 to June 2016)	-	-	-	-	-	-	(193,122,117)	(193,122,117)
5% Stock Dividend (January 2015 to June 2016)	193,122,110	-	-	-	-	-	(193,122,110)	-
Adjustment for Depreciation on Revalued Assets	-	-	-	-	(11,757,201)	-	11,757,201	-
Adjustment for Deferred Tax on Revalued Assets	-	-	-	-	(23,139,023)	-	-	(23,139,023)
Balance as on June 30, 2017	4,055,564,450	5,269,474,690	1,689,636,958	294,950,950	1,190,203,818	3,875,065	12,568,719,969	25,072,425,900
Number of Shares								405,556,445
Net Asset Value (NAV) Per Share								61.82

For 18 Months Period ended January 1, 2015 - June 30, 2016

Balance as on January 01, 2015	3,678,516,520	5,269,474,690	1,689,636,958	294,950,950	1,299,220,315	2,308,651	8,686,077,241	20,920,185,325
Total Comprehensive Income for the Period :								
Profit for the Period	-	-	-	-	-	-	2,948,053,854	2,948,053,854
Other Comprehensive Income/(Loss)	-	-	-	-	-	(1,013,093)	-	(1,013,093)
Transactions with the Shareholders:								
Cash Dividend for 2014 & 2015 (Interim)	-	-	-	-	-	-	(754,095,886)	(754,095,886)
Stock Dividend for 2014	183,925,820	-	-	-	-	-	(183,925,820)	-
Adjustment for Depreciation on Revalued Assets	-	-	-	-	(20,402,482)	-	20,402,482	-
Adjustment for Deferred Tax on Revalued Assets	-	-	-	-	(53,717,791)	-	-	(53,717,791)
Balance as on June 30, 2016	3,862,442,340	5,269,474,690	1,689,636,958	294,950,950	1,225,100,042	1,295,558	10,716,511,871	23,059,412,409
Number of Shares								386,244,234
Net Asset Value (NAV) Per Share								59.70

The Notes are an integral part of the Financial Statements.

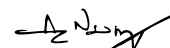
Approved and authorised for issue by the Board of Directors on October 25, 2017 and signed for and on behalf of the Board :



Salman F Rahman
Vice Chairman




Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

Dhaka
October 25, 2017

Beximco Pharmaceuticals Limited

Statement of Cash Flows

For the Year ended June 30, 2017

	July 2016 - June 2017 (12 Months)	January 2015 - June 2016 (18 Months)
Amount in Taka		
Cash Flows from Operating Activities :		
Receipts from Customers and Others	15,028,477,642	19,756,621,890
Payments to Suppliers and Employees	(11,480,328,595)	(15,204,763,705)
Cash Generated from Operations	3,548,149,047	4,551,858,185
Interest Paid	(557,003,162)	(1,030,182,401)
Interest Received	161,110,825	404,847,333
Income Tax Paid	(518,291,724)	(757,245,805)
Net Cash Generated from Operating Activities	2,633,964,986	3,169,277,312
Cash Flows from Investing Activities :		
Acquisition of Property, Plant and Equipment	(3,016,391,390)	(2,975,250,144)
Intangible Assets	(108,998,404)	(165,351,713)
Disposal of Property, Plant and Equipment	22,059,127	9,583,953
Dividend Received	1,427,955	1,427,955
Decrease in Short Term Investment	552,460,907	1,035,989,018
Net Cash Used in Investing Activities	(2,549,441,805)	(2,093,600,931)
Cash Flows from Financing Activities :		
Net Increase /(Decrease) in Long Term Borrowings	32,424,297	55,519,429
Net Increase/(Decrease) in Short Term Borrowings	130,113,725	(378,148,721)
Dividend Paid	(193,154,407)	(754,165,099)
Net Cash Generated from Financing Activities	(30,616,385)	(1,076,794,391)
Increase/(Decrease) in Cash and Cash Equivalents	53,906,796	(1,118,010)
Cash and Cash Equivalents at Beginning of Period	221,121,229	222,239,239
Cash and Cash Equivalents at End of Period	275,028,025	221,121,229
Net Operating Cash Flow Per Share	6.49	8.21
Number of Shares used to compute Net Operating Cash Flow Per Share	405,556,445	386,244,234

The Notes are an integral part of the Financial Statements.

Approved and authorised for issue by the Board of Directors on October 25, 2017 and signed for and on behalf of the Board :

Salman F Rahman
Vice Chairman

Nazmul Hassan
Managing Director

Ali Nawaz
Chief Financial Officer

Per our report of even date.

Dhaka
October 25, 2017

M. J. Abedin & Co.
Chartered Accountants

Beximco Pharmaceuticals Limited
Notes to the Financial Statements
As at and for the year ended June 30, 2017

1. Reporting entity

1.1 About the company

Beximco Pharmaceuticals Limited (BPL/ the Company) was incorporated as a public limited company in Bangladesh in 1976. It commenced its manufacturing operation in 1980. The company was listed with Dhaka Stock Exchange in 1985 and with Chittagong Stock Exchange on its debut in 1995. In 2005, BPL took over Beximco Infusions Ltd., a listed company of the Beximco Group engaged in manufacturing and marketing of intravenous fluids and got enlisted with the Alternative Investment Market (AIM) of the London Stock Exchange through issuance of Global Depository Receipts (GDRs). Shares of the Company are traded in Dhaka and Chittagong Stock Exchanges of Bangladesh and its GDRs in AIM of the London Stock Exchange.

The registered office of the company is located at House No. 17, Road No. 2, Dhanmondi R/A, Dhaka. The industrial units are located at Tongi and Kaliakoir of Gazipur district – vicinities close to the capital city Dhaka.

1.2 Nature of Business

The company is engaged in manufacturing and marketing of generic pharmaceuticals formulation products including life saving intravenous fluids, Therapeutic Nutrition Products and Active Pharmaceutical Ingredients (APIs). Products of the company are sold in domestic and international markets. The company also provides contract manufacturing services.

2. Basis of Preparation of Financial Statements

2.1 Basis of Measurement

The financial statements have been prepared on Historical Cost Basis except land, building and plant & machinery being revalued on 31 December 2008, investment in shares of listed company being valued at year end quoted price and the cash flow statement being prepared on cash basis.

2.2 Statement of Compliance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, the Securities & Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable and in accordance with the International Financial Reporting Standards (IFRSs), and Bangladesh Financial Reporting Standards (BFRSs).

2.3 Presentation of Financial Statements

The presentation of the financial statements is in accordance with the guidelines provided by IAS 1: Presentation of Financial Statements.

The financial statements comprises of:

- (a) a Statement of Financial Position as at the end of the year June 30, 2017;
- (b) a Statement of Profit or Loss and Other Comprehensive Income for the year ended June 30, 2017;
- (c) a Statement of Changes in Equity for the year ended June 30, 2017;
- (d) a Statement of Cash Flows for the year ended June 30, 2017; and
- (e) notes, comprising summary of significant accounting policies and explanatory information.

2.4 Reporting Period and Comparative Information

The Financial statements cover 12 months period starting from July 1, 2016 to June 30, 2017. The last audited financial statements were prepared for a period of 18 months ending June 30, 2016 as per direction of Bangladesh Securities and Exchange Commission (BSEC) to facilitate the adoption of reporting period of July to June in compliance to the requirement of the National Board of Revenue (NBR).

Therefore the financial statements for the current year (July 1, 2016 to June 30, 2017) are not entirely comparable.

Figures for earlier periods have been re-arranged wherever considered necessary to ensure better comparability with the current year.

2.5 Authorisation for issue

The financial statements have been authorised for issue by the Board of Directors October 25, 2017.

2.6 Functional and Presentation Currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency. All financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

2.7 Use of Estimates and Judgments

The preparation of financial statements in conformity with the IFRSs including IASs require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and for contingent assets and liabilities that require disclosure, during and at the date of the financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, the key areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include depreciation, inventory valuation, accrued expenses, others payable and deferred liability for gratuity.

3. Significant Accounting Policies

The accounting principles and policies in respect of material items of financial statements set out below have been applied consistently to all periods presented in these financial statements.

3.1 Revenue Recognition

In compliance with the requirements of IAS 18: Revenue, revenue receipts from customers against sales is recognized when products are dispatched to customers, that is, when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from sales is exclusive of VAT.

Cash dividend income on investment in shares is recognized on approval of said dividend in the annual general meeting. Stock dividend income (Bonus Shares) is not considered as revenue.

3.2 Property, Plant and Equipment**3.2.1 Recognition and Measurement**

This has been stated at cost or revalued amount less accumulated depreciation in compliance with the requirements of IAS 16: Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

3.2.2 Maintenance Activities

The company incurs maintenance costs for all its major items of property, plant and equipment. Repair and maintenance costs are charged as expenses when incurred.

3.2.3 Depreciation

Depreciation is provided to amortise the cost of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of IAS 16: Property, Plant and Equipment. Depreciation is provided at the following rates on reducing balance basis:

Building and Other Construction	2 %- 10%
Plant and Machinery	5% -15%
Furniture & Fixtures	10%
Transport & Vehicle	20%
Office Equipment	10% -15%

3.2.4 Retirements and Disposals

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

3.3 Intangible Assets

Intangible assets are stated at cost less provisions for amortization and impairments. Licenses, patents, know-how and marketing rights acquired are amortized over their estimated useful lives, using the straight line basis, from the time they are available for use. The cost of acquiring and developing computer software for internal use and internet sites for external use are capitalized as intangible fixed assets where the software or site supports a significant business system and the expenditure leads to the creation of a durable asset. Also, the research and development expenditures that are definite to yield benefit to the company are capitalized.

3.4 Leased Assets

In compliance with the IAS 17: Leases, cost of assets acquired under finance lease along with related obligation has been accounted for as assets and liabilities respectively of the company, and the interest element has been charged as expenses. Lease payments made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liability.

3.5 Financial Instruments

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

3.5.1 Financial assets

Financial assets of the company include cash and cash equivalents, accounts receivable and other receivables. The company initially recognizes receivable on the date they are originated. All others financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the transaction. The company derecognizes a financial asset when, and only when the contractual rights or probabilities of receiving the cash flows from the asset expire or it transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred.

3.5.1(a) Accounts Receivable

Accounts receivable are created at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account aging, previous experience and general economic conditions. When an accounts receivable is determined to be uncollected it is written off, firstly against any provision available and then to the profit and loss account. Subsequent recoveries of amounts previously provided for are credited to the profit and loss account.

3.5.1(b) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, in transit and with banks on current and deposit accounts which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

3.5.1(c) Investment in Shares

Investment in shares of listed company is valued at a price quoted in the stock exchange at year end. Investment in other shares is valued at cost.

3.5.2 Financial Liability

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Finance liabilities include payable for expenses, liability for capital expenditure and other current liabilities.

3.6 Impairment**(a) Financial Assets**

Accounts receivable and other receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effects on the estimated future cash flows of that asset, that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy etc.

(b) Non-Financial Assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impairment loss if, and only if, the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognized immediately in profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

3.7 Inventories

Inventories are carried at the lower of cost and net realizable value as prescribed by IAS 2: Inventories. Cost is determined on weighted average cost basis. The cost of inventories comprises of expenditure incurred in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

3.8 Provisions

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

3.9 Income Tax Expense

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the Statement of Profit or Loss and Other Comprehensive Income and accounted for in accordance with the requirements of IAS 12: Income Tax.

Current Tax

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of previous years. The company qualifies as a "Publicly Traded Company"; hence the applicable Tax Rate is 25%.

Deferred Tax

The company has recognized deferred tax using balance sheet method in compliance with the provisions of IAS 12: Income Taxes. The company's policy of recognition of deferred tax assets/ liabilities is based on temporary differences (Taxable or deductible) between the carrying amount (Book value) of assets and liabilities for financial reporting purpose and its tax base, and accordingly, deferred tax income/expenses has been considered to determine net profit after tax and earnings per shares (EPS).

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

3.10 Interest Income

Interest income is recognized on accrual basis.

3.11 Borrowing Cost

Borrowing costs are recognized as expenses in the period in which they are incurred unless capitalization of such is allowed under IAS 23: Borrowing Costs.

3.12 Employee Benefits

The company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

The company has accounted for and disclosed employee benefits in compliance with the provisions of IAS 19: Employee Benefits.

The cost of employee benefits is charged off as revenue expenditure in the period to which the contributions relate.

The company's employee benefits include the following:

(a) Defined Contribution Plan (Provident Fund)

The company has a registered provident fund scheme (Defined Contribution Plan) for employees of the company eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrevocable trust. All permanent employees contribute 10% of their basic salary to the provident fund and the company also makes equal contribution.

The company recognizes contribution to defined contribution plan as an expense when an employee has rendered services in exchange for such contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

(b) Defined Benefit Plan (Gratuity)

This represents unfunded gratuity scheme for its permanent employees.

Though no valuation was done to quantify actuarial liabilities as per the IAS 19: Employee Benefits, such valuation is not likely to yield a result significantly different from the current provision.

(c) Short-term employee benefits

Short-term employee benefits include salaries, bonuses, leave encashment, etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

(d) Contribution to Workers' Profit Participation and Welfare Funds

This represents 5% of net profit before tax contributed by the company as per provisions of the Bangladesh Labor (amendment) Act 2013 and is payable to workers as defined in the said law.

(e) Insurance Scheme

Employees of the company are covered under insurance schemes.

3.13 Share Premium

The Share Premium shall be utilized in accordance with the provisions of the Companies Act, 1994 and as per direction of the Securities and Exchange Commission in this respect.

3.14 Proposed Dividend

The amount of proposed dividend is not accounted for but disclosed in the notes to the accounts in accordance with the requirements of the International Accounting Standard (IAS) 1: Presentation of Financial Statements. Also the proposed dividend is not considered as liability in accordance with the requirement of International Accounting Standard (IAS) 10: Events After The Reporting Period, because no obligation exists at the time of approval of accounts and recommendation of dividend by the board of Directors.

3.15 Earnings per Share (EPS)

This has been calculated in compliance with the requirements of IAS 33: Earnings Per Share by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

Current year (July 2016 to June 2017)

The Bonus Shares issued during the current year were treated as if they always had been in issue. Hence, in computing the Basic EPS of Current year, the total number of shares including the said bonus shares has been considered as the Weighted Average Number of Shares outstanding during the Current year.

Earlier Periods

The number of shares outstanding before the bonus issue has been adjusted for the proportionate change in the number of shares outstanding as if the bonus issue had occurred at the beginning of the earliest periods reported, and accordingly, in calculating the adjusted EPS of earlier periods, the total number of shares including the subsequent bonus issued in current year has been considered as the Weighted Average number of Shares outstanding during the earlier periods. The basis of computation of number of shares as stated above is in line with the provisions of IAS 33: Earnings per Share. The logic behind this basis, as stated in the said IAS is that the bonus Shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources.

Diluted Earnings per Share

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

3.16 Foreign Currency Transactions

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date.

The monetary assets and liabilities, if any, denominated in foreign currencies at the financial position date are translated at the applicable rates of exchanges ruling at that date. Exchange differences are charged off as revenue expenditure in compliance with the provisions of IAS 21: The Effects of Changes in Foreign Exchange Rates.

3.17 Statement of Cash Flows

The Statement of Cash Flow has been prepared in accordance with the requirements of IAS 7: Statement of Cash Flows. The cash generated from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 1987 and as the benchmark treatment of IAS 7, whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

3.18 Events after The Reporting Period

Events after the reporting period that provide additional information about the company's position at the date of Statement of Financial Position or those that indicate that the going concern assumption is not appropriate are reflected in the financial statements. Events after reporting period that are not adjusting events are disclosed in the notes when material.

4 (a). Property, Plant and Equipment

As on June 30, 2017

Amount in Taka

Particulars	Land	Building and Other Constructions	Plant and Machinery	Furniture and Fixtures	Transport and Vehicle	Office Equipment	Total
Cost							
At July 01, 2016	3,343,741,442	6,712,175,196	11,324,017,693	217,643,441	700,012,107	502,149,436	22,799,739,315
Additions	-	17,398,437	272,763,088	17,467,673	81,215,320	29,015,760	417,860,278
Transferred in & Capitalized	-	61,530,227	481,524,220	-	-	-	543,054,447
Disposal during the Year	-	-	(46,280,682)	(9,694,209)	(7,723,530)	(16,230,014)	(79,928,435)
Cost at June 30, 2017	3,343,741,442	6,791,103,860	12,032,024,319	225,416,905	773,503,897	514,935,182	23,680,725,605
Accumulated Depreciation							
At July 01, 2016	-	1,457,270,234	4,311,357,470	85,738,805	382,120,522	283,946,306	6,520,433,337
Depreciation Charged	-	163,136,282	484,468,330	12,982,614	63,234,970	32,138,964	755,961,160
Adjustment for Assets disposed off	-	-	(29,045,316)	(7,615,710)	(6,006,797)	(13,405,593)	(56,073,416)
Accumulated Depreciation at June 30, 2017	-	1,620,406,516	4,766,780,484	91,105,709	439,348,695	302,679,677	7,220,321,081
Net Book Value June 30, 2017	3,343,741,442	5,170,697,344	7,265,243,835	134,311,196	334,155,202	212,255,505	16,460,404,524
Capital Work in Progress							8,012,063,489
Carrying Value as on June 30, 2017							24,472,468,013

Assets include leasehold assets of Tk. 1,318,330,554 at cost and Tk.1,011,423,637 at carrying value.

As on June 30, 2016

Particulars	Land	Building and Other Constructions	Plant and Machinery	Furniture and Fixtures	Transport and Vehicle	Office Equipment	Total
Cost							
At January 01, 2015	3,343,741,442	6,410,090,320	10,573,115,701	197,001,369	596,845,504	390,013,667	21,510,808,003
Additions- January 2015 to June 2016	-	154,933,066	499,981,926	37,334,604	107,098,489	118,553,280	917,901,365
Transferred in & Capitalized	-	147,151,810	257,977,765	254,013	-	3,298,860	408,682,448
Disposal during the period	-	-	(7,057,699)	(16,946,545)	(3,931,886)	(9,716,371)	(37,652,501)
Cost at June 30, 2016	3,343,741,442	6,712,175,196	11,324,017,693	217,643,441	700,012,107	502,149,436	22,799,739,315
Accumulated Depreciation							
At January 01, 2015	-	1,216,063,103	3,582,516,866	79,383,211	292,067,629	255,418,950	5,425,449,759
Depreciation Charged - January 2015 to June 2016	-	241,207,131	735,361,153	18,344,246	92,584,435	36,711,350	1,124,208,315
Adjustment for Assets disposed off	-	-	(6,520,549)	(11,988,652)	(2,531,542)	(8,183,994)	(29,224,737)
Accumulated Depreciation at June 30, 2016	-	1,457,270,234	4,311,357,470	85,738,805	382,120,522	283,946,306	6,520,433,337
Net Book Value June 30, 2016	3,343,741,442	5,254,904,962	7,012,660,223	131,904,636	317,891,585	218,203,130	16,279,305,978
Capital Work in Progress							5,956,586,824
Carrying Value as on June 30, 2016							22,235,892,802

Capital Work in Progress is arrived at as follows :

	June 30, 2017	June 30, 2016
Opening Balance at beginning of the period	5,956,586,824	4,307,920,493
Addition during the period	2,598,531,112	2,057,348,779
	8,555,117,936	6,365,269,272
Transferred & Capitalized	(543,054,447)	(408,682,448)
Building and Other Constructions	(61,530,227)	(147,151,810)
Plant & Machinery	(481,524,220)	(257,977,765)
Furniture & Fixture	-	(254,013)
Office Equipment	-	(3,298,860)
Closing balance at end of period	<u>8,012,063,489</u>	<u>5,956,586,824</u>

4 (b). Revaluation Surplus

S.F. Ahmed & Co, Chartered Accountants and Valuers revalued the land, building and plant & machinery of the Company as of 31 December 2008, following "Current cost method". Such revaluation resulted into a revaluation surplus aggregating Tk. 1,711,174,747. Current balance is arrived at as follows:

Opening Balance at beginning of the period	1,225,100,042	1,299,220,315
Adjustment for depreciation on revalued assets	(11,757,201)	(20,402,482)
Adjustment for Deferred Tax on revalued assets	(23,139,023)	(53,717,791)
	<u>1,190,203,818</u>	<u>1,225,100,042</u>

5. Intangible Assets

	Balance July 01, 2016	Addition during the Year	Amortized during the year	Balance June 30, 2017
Product development, Licensing and Marketing Rights	288,628,060	81,866,897	(25,220,260)	345,274,697
ERP Project *	90,562,143	27,131,507	-	117,693,650
Other Software	1,070,326	-	(1,070,326)	-
	380,260,529	108,998,404	(26,290,586)	462,968,347

* The Company is implementing ERP solution across the organization. The first phase of the project is expected to be completed by December 31, 2017.

6. Investment in Shares

(a) Investment Details (Taka) :

	Opening July 01, 2016	Addition/ Adjustment during the Year		Closing June 30, 2017
		New Investment	Fair Value Gain/(Loss)	
(i) Bangladesh Export Import Co. Ltd.	3,177,384	-	1,953,407	5,130,791
(ii) Central Depository Bangladesh Ltd. (CDBL)	1,569,450	-	-	1,569,450
(iii) Biocare Manufacturing SDN.BHD., Malaysia- note (e)	-	10,554,000	626,100	11,180,100
	4,746,834	10,554,000	2,579,507	17,880,341

(b) Number of Shares:

	Opening July 01, 2016	Addition/ Adjustment during the Year		Closing June 30, 2017
		New Investment	Stock Dividend	
(i) Bangladesh Export Import Co. Ltd.	132,391	-	19,858	152,249
(ii) Central Depository Bangladesh Ltd. (CDBL)	571,182	-	-	571,182
(iii) Biocare Manufacturing SDN.BHD., Malaysia- note (e)	-	600,000	-	600,000

- (c) The shares of Bangladesh Export Import Co. Ltd. are listed in Dhaka and Chittagong Stock Exchanges. The market value of each share of Bangladesh Export Import Co. Ltd. on last working day of the year was Tk. 33.70 in both Dhaka and Chittagong Stock Exchange Ltd.
- (d) Shares of Central Depository Bangladesh Ltd. are not traded .
- (e) Biocare Manufacturing SDN.BHD., Malaysia : Beximco Pharmaceuticals Ltd. has formed a joint venture (“JV”) with Biocare Manufacturing SDN. BHD (“Biocare”) based in Malaysia. Under the terms of the JV, Beximco Pharma will provide full technical support to Biocare to set up manufacturing facilities in Seri Iskandar Pharmaceutical Park, Perak, Malaysia and to produce specialized pharmaceutical products. Beximco Pharmaceuticals will receive 30% of the equity shares in the JV company. Accordingly, Beximco Pharmaceuticals has been issued 600,000 ordinary Shares of Biocare having par value of Malaysian Ringgit (RM) 1 each.

7. Inventories

	Amount in Taka	
	June 30, 2017	June 30, 2016
Finished Goods	648,654,846	639,923,877
Work in Process	110,263,528	194,155,965
Raw Materials	1,078,181,712	792,484,516
Packing Materials	666,980,097	459,631,224
Laboratory Chemicals	464,291	338,991
Physician Samples	93,819,210	127,674,561
Materials in Transit	<u>869,725,377</u>	<u>556,122,541</u>
	<u>3,468,089,061</u>	<u>2,770,331,675</u>

8. Spares & Supplies

Spares & Accessories	521,797,051	495,625,730
Stock of Stationery	8,784,791	11,624,684
Literature & Promotional Materials	<u>105,521,050</u>	<u>107,355,698</u>
	<u>636,102,892</u>	<u>614,606,112</u>

9. Accounts Receivable

This includes receivable of Tk. 289,820,128 equivalent to US\$ 3,618,229 as on 30 June 2017 (on 30-06-2016 Tk. 107,075,699 equivalent to US\$ 1,372,765) against export sales.

This also includes Tk. 1,730,967,045 due from I & I Services Ltd., who provides distribution service to the Company and a “Related Party”. The maximum amount due from that company during the year was Tk. 1,730,967,045 on June 30, 2017.

Part of the export sales receivables are against Letter of Credit while the rest are unsecured but considered good.

No amount was due from the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person.

10. Loans, Advances and Deposits

	Amount in Taka	
	June 30, 2017	June 30, 2016
Clearing & Forwarding	95,439,989	83,654,786
VAT	210,808,752	273,720,987
Claims Receivable	19,221,466	20,242,657
Security Deposit & Earnest Money	45,208,648	26,407,411
Lease Deposit	18,069,093	28,691,017
Capital Expenditure/ Project Expenses	110,361,635	97,081,087
Bank Guarantee Margin	122,591,882	198,889,697
Advance against Salary	8,487,574	2,951,066
Rent Advance	101,975,696	88,981,864
Motor Cycle	14,821,748	19,535,002
Raw & Packing Material	166,342,342	157,814,961
Prepaid Expenses	469,339,126	395,386,302
Overseas Liaison Office	221,417,599	322,417,705
Others	24,780,081	19,067,068
	<u>68,813,787</u>	<u>67,462,575</u>
	<u>1,697,679,418</u>	<u>1,802,304,185</u>

- (a) The maximum amount due from the employees during the year was Tk. 122,361,135 on 31 March, 2017.
- (b) No amount was due from the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person, except as stated above.
- (c) No amount was due from any related party.
- (d) Prepaid expense includes the insurance premium paid to German Export Credit Agency Euler Hermes Aktiengesellschaft, Hamburg for guarantee of the loan which is an integral part of the overseas loan financing agreement with ODDO BHF Aktiengesellschaft, Frankfurt, Germany. Expired prepaid insurance has been capitalized.

11. Short Term Investment

This represents the Company's temporary investment with Bangladesh Export Import Company Limited (Beximco Ltd.), carrying interest 1% above bank interest rate. This investment is returnable as and when required by the Company.

12. Cash and Cash Equivalents

	Amount in Taka	
	June 30, 2017	June 30, 2016
(a) Cash in Hand (including Imprest Cash)	107,253,933	2,812,238
(b) Cash at Bank :		
(i) Current & FC Account	134,814,500	186,824,492
(ii) FDR Account	32,959,592	31,484,499
	<u>275,028,025</u>	<u>221,121,229</u>

13. Issued Share Capital

Amount in Taka

	June 30, 2017	June 30, 2016
A. Authorized :		
500,000,000 Ordinary Shares of Tk. 10/- each	5,000,000,000	5,000,000,000
41,000,000 Fully Convertible, 5% Preference Shares of Tk. 100/- each	4,100,000,000	4,100,000,000
	<u>9,100,000,000</u>	<u>9,100,000,000</u>
B. Issued, Subscribed and Paid-up :		
51,775,750 shares of Tk. 10/- each fully paid-up in cash	517,757,500	517,757,500
316,538,298 Bonus Shares (as on June 2016: 297,226,087) of Tk. 10/- each	3,165,382,980	2,972,260,870
5,951,250 Shares of Tk. 10/- each issued in Exchange of Shares of- Beximco Infusions Ltd.	59,512,500	59,512,500
31,291,147 Shares issued on conversion of Preference Shares	312,911,470	312,911,470
	<u>4,055,564,450</u>	<u>3,862,442,340</u>

The movement of Ordinary Shares during the Year ended June 30, 2017 is as follows :

	Number of Shares	Amount in Taka
Balance as on July 01, 2016	386,244,234	3,862,442,340
Bonus Shares issued during the year	19,312,211	193,122,110
Balance as on June 30, 2017	<u>405,556,445</u>	<u>4,055,564,450</u>

C. Composition of Shareholding of Ordinary Shares:

	June 30, 2017		June 30, 2016	
	No. of shares	% of Share Capital	No. of shares	% of Share Capital
Sponsors:				
A S F Rahman	8,235,353	2.03	7,843,194	2.03
Salman F Rahman	8,254,632	2.04	7,861,555	2.04
Associates and Other Directors	36,979,784	9.12	35,218,844	9.12
Foreign Investors	168,084,988	41.45	140,338,026	36.33
ICB & Other Investors Account	46,191,780	11.39	62,590,222	16.20
General Public & Institutions	137,809,908	33.98	132,392,393	34.28
	<u>405,556,445</u>	<u>100</u>	<u>386,244,234</u>	<u>100</u>

D. Distribution Schedule of Ordinary Shares:

Range of Holdings In number of shares	No. of Shareholders		% of Shareholders		Number of Shares		% of Share Capital	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
1 to 499	46,907	50,793	74.76%	75.05%	6,389,847	6,768,689	1.58%	1.75%
500 to 5,000	13,387	14,375	21.34%	21.24%	19,743,510	20,930,046	4.87%	5.42%
5,001 to 10,000	1,132	1,184	1.80%	1.75%	8,165,206	8,441,882	2.01%	2.19%
10,001 to 20,000	576	613	0.92%	0.91%	8,339,317	8,685,273	2.06%	2.25%
20,001 to 30,000	183	201	0.29%	0.30%	4,615,416	5,007,247	1.14%	1.30%
30,001 to 40,000	84	86	0.13%	0.13%	2,954,786	3,010,665	0.73%	0.78%
40,001 to 50,000	82	82	0.13%	0.12%	3,772,353	3,756,886	0.93%	0.97%
50,001 to 100,000	166	150	0.26%	0.22%	12,083,693	10,505,997	2.98%	2.72%
100,001 to 1,000,000	183	167	0.29%	0.25%	53,639,190	47,746,257	13.23%	12.36%
Over 1,000,000	41	28	0.07%	0.04%	285,853,127	271,391,292	70.48%	70.26%
Total	62,741	67,679	100%	100%	405,556,445	386,244,234	100%	100%

E. Market Price of Ordinary Shares :

The shares are listed in the Dhaka and Chittagong Stock Exchanges of Bangladesh and GDRs in the AIM of London Stock Exchange. Price of each Share/GDRs on the last working day of the year were:

		June 30, 2017	June 30, 2016
Dhaka	Tk.	113.00	83.50
Chittagong	Tk.	113.00	83.00
AIM	GBP	0.6050	0.2937

F. Option on unissued Ordinary Shares :

There was no option on unissued shares as on 30.06.2017.

14. Excess of Issue Price over Face Value of GDRs

This represents the issue price of 28,175,750 GDRs at Tk. 2,244,080,670 net off face value of underlying shares against GDRs and GDR issue expenses.

15. Long Term Borrowings - Net off Current Maturity (Secured)

Amount in Taka

	June 30, 2017	June 30, 2016
(a) Project Loan - ODDO BHF Aktiengesellschaft, Frankfurt, Germany	1,167,114,340	469,408,422
(b) Obligation Under Finance Leases	350,296,702	412,250,396
(c) AB Bank	1,118,495,983	1,484,347,781
	<u>2,635,907,025</u>	<u>2,366,006,599</u>

(a) Project Loan - ODDO BHF Aktiengesellschaft, Frankfurt, Germany

This represents part of the foreign currency loan of US\$ 51.559 million sanctioned by ODDO BHF Aktiengesellschaft, Frankfurt, Germany to partially finance the machinery and equipment to be procured for expansion and diversification project being implemented by the company.

The loan has exclusive first charge by way of hypothecation against the machinery and equipment being procured under the finance. The loan is disbursable in phases upon shipment of the Machinery and Equipment. It carries interest @ 6 month's USD LIBOR plus 2.25% per annum. The lender will receive commitment fee @ 0.50% on the undisbursed portion of the loan.

(b) Obligation Under Finance Leases

Gross Finance Lease - minimum lease Liability:

	June 30, 2017	June 30, 2016
Within one year	238,426,406	242,977,536
Within two to five years	413,213,083	513,274,630
Total	651,639,489	756,252,166
Less future finance charges on finance lease liability	(132,529,673)	(186,621,695)
Present Value of Finance Lease liability	<u>519,109,816</u>	<u>569,630,471</u>

This consists of as follows:

Within one year	168,813,114	157,380,075
Within two to five years	350,296,702	412,250,396
Total Present Value of Finance Lease liability	<u>519,109,816</u>	<u>569,630,471</u>

16. Liability for Gratuity and WPPF & Welfare Funds

Liability for gratuity is the amount payable to the permanent employees at the time of separation from the company. The liability for WPPF refers to the undistributed portion of Workers' Profit Participation and Welfare Fund lying with the company.

	Amount in Taka	
(a) Gratuity Payable	June 30, 2017	June 30, 2016
Opening Balance	445,226,921	337,652,786
Provisions during the Period	100,578,000	128,134,755
	545,804,921	465,787,541
Paid during the period	(16,239,621)	(20,560,620)
Closing balance	529,565,300	445,226,921
(b) Workers Profit Participation and Welfare Fund	587,529,129	538,971,538
	1,117,094,429	984,198,459

17. Deferred Tax Liability

Opening Balance	1,756,723,000	1,729,361,361
Addition during the Period:		
Deferred Tax on Assets (cost basis)-Note : 32	72,803,945	(26,356,152)
Deferred Tax on revalued amount	23,139,023	53,717,791
Closing balance	1,852,665,968	1,756,723,000

18. Short Term Borrowings (Secured)

Janata Bank Ltd. - Cash Credit-Hypothecation Loan	1,239,757,995	1,109,644,270
	1,239,757,995	1,109,644,270

19. Long Term Borrowings-Current Maturity (Secured)

This consists of as follows and is payable within next twelve months from the Balance Sheet date :

(a) Project Loan - Local Banks	96,418,429	444,621,118
(b) Project Loan - ODDO BHF Aktiengesellschaft, Frankfurt, Germany	84,706,841	41,054,236
(c) Obligation Under Finance Leases	168,813,114	157,380,075
(d) AB Bank	365,851,816	277,333,102
	715,790,200	920,388,531

(a) Project Loan - Local Banks

This loan was sanctioned under the consortium arrangement of Janata Bank Ltd., Sonali Bank Ltd., Agrani Bank Ltd., Rupali Bank Ltd. and United Commercial Bank Ltd. for the US FDA standard oral solid dosage facility of the company. Janata Bank is the lead bank to the consortium.

This Loan is secured against :

- (i) First (registered mortgage) charge on paripassu basis with the participating banks on 1,113 decimals of land at Kathaldia, Aushpara, Tongi of Gazipur along with the building and other constructions thereon; and
- (ii) First paripassu charge by way of hypothecation on all assets of the company excepting the machineries and equipments financed / to be financed by ODDO BHF Aktiengesellschaft, Frankfurt, Germany.
- (iii) This Loan, carrying interest at 13% per annum, is repayable in quarterly installments ending by 2017.

20. Creditors and Other Payables

	Amount in Taka	
	June 30, 2017	June 30, 2016
Goods & Services	386,554,880	144,676,791
Provident Fund	275,950,713	248,809,046
Advance Against Sales	57,922,126	9,097,700
Others	63,410,725	51,245,075
	<u>783,838,444</u>	<u>453,828,612</u>

21. Accrued Expenses

This is unsecured, falling due within one year and consists of as follows :

For Expenses	102,140,931	85,051,382
Workers' Profit Participation and Welfare Funds - current year's expense (net off interim payments)	<u>143,234,083</u>	<u>66,035,393</u>
	<u>245,375,014</u>	<u>151,086,775</u>

22. Income Tax Payable

Opening Balance	347,233,813	368,339,391
Provision for the period	627,764,437	766,053,375
Short / (Excess) Provision for previous period	(35,781,848)	(29,913,148)
	<u>939,216,402</u>	<u>1,104,479,618</u>
AIT & Treasury deposits during the period	<u>(518,291,724)</u>	<u>(757,245,805)</u>
	<u>420,924,678</u>	<u>347,233,813</u>

23. Net Sales Revenue

	July 2016- June 2017 (12 Months)	January 2015- June 2016 (18 Months)	January- June 2016 (6 Months)	January- December 2015 (12 Months)
Local Sales	14,430,304,971	18,806,149,764	6,682,982,389	12,123,167,375
Export *	1,078,472,001	1,228,352,828	386,013,330	842,339,498
	<u>15,508,776,972</u>	<u>20,034,502,592</u>	<u>7,068,995,719</u>	<u>12,965,506,873</u>
* Export Equivalent US\$	\$13,672,099	\$15,809,891	\$4,948,889	\$10,861,002

Sales represents:

Product Category	Unit	Quantity			
		July 2016- June 2017 (12 Months)	January 2015- June 2016 (18 Months)	January- June 2016 (6 Months)	January- December 2015 (12 Months)
Tablet, Capsule, Suppository & DPI	Million pcs.	4,008.10	5,308.62	1,913.93	3,394.69
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable and Inhaler	Million pcs.	87.65	121.46	45.80	75.66
Diet Care Products	Pcs	36,193	16,069	10,157	5,912
Active Pharmaceutical Ingredients	Kg	177,737	282,789	113,953	168,836
Liquid Nitrogen	Liter	388,917	725,260	241,505	483,755

24. Cost of Goods Sold

Amount in Taka

	July 2016- June 2017 (12 Months)	January 2015- June 2016 (18 Months)	January- June 2016 (6 Months)	January- December 2015 (12 Months)
Work-in-Process (Opening)	194,155,965	171,815,679	156,136,258	171,815,679
Materials Consumed (Note: 25)	6,126,293,944	8,002,141,393	2,822,057,040	5,180,084,353
Factory Overhead (Note: 26)	2,287,126,449	3,005,938,728	1,044,381,707	1,961,557,021
Total Manufacturing Cost	8,607,576,358	11,179,895,800	4,022,575,005	7,313,457,053
Work-in-Process (Closing)	(110,263,528)	(194,155,965)	(194,155,965)	(156,136,258)
Cost of Goods Manufactured	8,497,312,830	10,985,739,835	3,828,419,040	7,157,320,795
Finished Goods (Opening)	639,923,877	633,692,189	696,097,273	633,692,189
Finished Goods available	9,137,236,707	11,619,432,024	4,524,516,313	7,791,012,984
Cost of Physician Sample transferred to Sample Stock	(164,686,512)	(179,190,789)	(49,442,782)	(129,748,007)
Finished Goods (Closing)	(648,654,846)	(639,923,877)	(639,923,877)	(696,097,273)
	<u>8,323,895,349</u>	<u>10,800,317,358</u>	<u>3,835,149,654</u>	<u>6,965,167,704</u>

Item wise quantity and value of Finished Goods Stock are as follows :

Stock as July 01, 2016	Unit	Quantity	Value (Tk.)
Tablet, Capsule, Suppository & DPI	Million pcs.	370.24	351,741,050
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable and Inhaler	Million pcs.	6.85	257,318,388
Active Pharmaceutical Ingredients	Kg	7,029	18,650,439
Diet Care Products	Pcs	30,535	12,214,000
			<u>639,923,877</u>
Stock as June 30, 2017			
Tablet, Capsule, Suppository & DPI	Million pcs.	372.34	359,671,620
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable and Inhaler	Million pcs.	6.80	258,260,476
Active Pharmaceutical Ingredients	Kg	11,336	28,958,108
Diet Care Products	Pcs	4,094	1,764,642
			<u>648,654,846</u>

25. Materials Consumed

	July 2016- June 2017 (12 Months)	January 2015- June 2016 (18 Months)	January- June 2016 (6 Months)	January- December 2015 (12 Months)
Opening Stock	1,252,454,731	1,062,093,352	1,374,684,313	1,062,093,352
Purchase	6,619,465,313	8,192,502,772	2,699,827,458	5,492,675,314
Closing Stock	(1,745,626,100)	(1,252,454,731)	(1,252,454,731)	(1,374,684,313)
	<u>6,126,293,944</u>	<u>8,002,141,393</u>	<u>2,822,057,040</u>	<u>5,180,084,353</u>

26. Factory Overhead

Amount in Taka

	July 2016- June 2017 (12 Months)	January 2015- June 2016 (18 Months)	January- June 2016 (6 Months)	January- December 2015 (12 Months)
Salary & Allowances	723,627,956	923,333,723	328,819,767	594,513,956
Repairs and Maintenance	189,600,074	247,729,698	87,928,385	159,801,313
Insurance Premium	18,389,627	22,309,704	9,166,206	13,143,498
Municipal Tax & Land Revenue	3,003,485	4,240,806	2,085,977	2,154,829
Advertisement	74,602	51,116	25,558	25,558
Registration & Renewals	11,136,097	18,495,348	6,208,730	12,286,618
Travelling & Conveyance	7,337,312	10,070,405	3,876,566	6,193,839
Entertainment	1,622,407	2,128,395	742,403	1,385,992
Research and Development	236,318,682	261,058,042	83,158,366	177,899,676
Printing & Stationery	20,824,317	23,889,555	7,742,008	16,147,547
Telephone, Internet & Postage	8,054,456	11,335,263	3,506,239	7,829,024
Toll Expense / (Income)	201,710,308	255,228,012	91,229,382	163,998,630
Electricity, Gas & Water	129,746,397	133,536,151	51,034,264	82,501,887
Training & Conference	6,230,654	8,900,920	1,072,225	7,828,695
Plant Certification and Regulatory Approvals	24,852,026	44,128,992	14,296,005	29,832,987
Depreciation	684,144,850	1,017,408,525	345,415,972	671,992,553
Other Expenses	20,453,199	22,094,073	8,073,654	14,020,419
	<u>2,287,126,449</u>	<u>3,005,938,728</u>	<u>1,044,381,707</u>	<u>1,961,557,021</u>

- (a) Salary and allowances include Company's Contribution to provident fund amounting to Tk.13,816,768.
(b) Repairs and maintenance includes maintenance of office, premises, vehicles, building, equipment and other infrastructures. Also included therein imported stores and spares amounting to Tk. 71,280,238 that has been consumed during the year.
(c) Other expenses does not include any item exceeding 1% of total revenue.

27. Administrative Expenses

	July 2016- June 2017 (12 Months)	January 2015- June 2016 (18 Months)	January- June 2016 (6 Months)	January- December 2015 (12 Months)
Salary & Allowances	268,697,454	342,562,459	120,449,116	222,113,343
Rent	10,340,260	15,223,160	4,984,300	10,238,860
Repairs and Maintenance	44,592,453	55,605,625	18,551,667	37,053,958
Registration & Renewals	4,749,077	5,135,570	1,764,573	3,370,997
Travelling & Conveyance	24,757,331	34,405,438	11,831,723	22,573,715
Entertainment	5,588,149	7,288,932	2,377,334	4,911,598
Printing & Stationery	4,333,150	6,315,776	2,311,214	4,004,562
Audit Fee	1,500,000	2,100,000	700,000	1,400,000
Telephone, Internet & Postage	5,747,696	7,915,115	2,580,651	5,334,464
Electricity, Gas & Water	11,520,307	16,274,881	5,404,326	10,870,555
Legal & Consultancy	7,499,601	9,730,579	3,825,488	5,905,091
Company Secretarial, Regulatory Fee and AGM Expense	35,852,501	53,230,398	14,036,401	39,193,997
Advertisement	318,031	180,296	107,606	72,690
Training & Conference	7,038,537	14,694,117	4,791,483	9,902,634
Depreciation	26,458,640	39,347,290	13,358,628	25,988,662
Board Meeting Attendance Fee	268,338	580,000	260,000	320,000
Other Expenses	63,134,924	78,748,285	33,646,294	45,101,991
	<u>522,396,449</u>	<u>689,337,921</u>	<u>240,980,804</u>	<u>448,357,117</u>

- (a) Salary and allowances include Company's Contribution to provident fund amounting to Tk.6,032,953.
(b) Repairs and maintenance includes maintenance of office, premises, vehicles, building, equipment and other infrastructures.
(c) Remuneration is paid to the Independent Directors for attending Board and Audit Committee Meetings.

28. Selling, Marketing and Distribution Expenses

Amount in Taka

	July 2016- June 2017 (12 Months)	January 2015- June 2016 (18 Months)	January- June 2016 (6 Months)	January- December 2015 (12 Months)
Salary & Allowances	1,072,107,395	1,363,985,413	452,028,002	911,957,411
Rent	70,979,649	69,104,942	27,790,444	41,314,498
Repairs and Maintenance	7,877,136	9,477,978	2,899,223	6,578,755
Travelling & Conveyance	399,446,059	551,506,091	177,257,116	374,248,975
Entertainment	46,529,440	46,440,194	16,523,966	29,916,228
Printing & Stationery	35,775,940	48,418,106	17,825,606	30,592,500
Telephone, Internet & Postage	15,623,145	20,177,209	7,312,050	12,865,159
Electricity, Gas & Water	9,046,220	11,372,077	4,266,008	7,106,069
Market Research & New Products	43,233,034	57,798,871	21,599,701	36,199,170
Training & Conference	88,446,315	81,919,508	18,835,250	63,084,258
Insurance Premium	23,542,254	24,655,215	8,178,450	16,476,765
Sample Expense	254,732,956	258,105,667	92,822,945	165,282,722
Sales & Market Promotion Expenses	408,729,153	580,522,595	195,589,364	384,933,231
Pharmacovigilance	11,585,795	8,636,911	2,176,918	6,459,993
Literature/News Letter	132,709,374	179,138,483	69,074,607	110,063,876
Registration & Renewals	51,017,650	52,596,752	12,926,705	39,670,047
Export Insurance, Freight and C&F Expenses	55,435,614	63,647,883	18,050,363	45,597,520
Delivery Expense	391,488,936	543,786,599	203,307,856	340,478,743
Depreciation & Amortization	71,648,256	87,751,874	28,786,561	58,965,313
Other Expenses	24,324,781	27,551,642	8,639,297	18,912,345
	<u>3,214,279,102</u>	<u>4,086,594,010</u>	<u>1,385,890,432</u>	<u>2,700,703,578</u>

(a) Salary and allowances include Company's Contribution to provident fund amounting to Tk.23,954,297.

(b) Delivery expense includes distribution commission on local sales of Formulation and IV Fluid products paid to I & I Services Ltd., a " Related Party".

(c) Repairs and maintenance includes maintenance of office, premises, vehicles, building, equipment and other infrastructures.

(d) Sample expense includes VAT on sample and related dispatch expense.

29. Other Income

	July 2016- June 2017 (12 Months)	January 2015- June 2016 (18 Months)	January- June 2016 (6 Months)	January- December 2015 (12 Months)
Interest on FDR & Short term Investment	161,110,825	404,847,333	100,525,928	304,321,405
Dividend Income	1,427,955	1,427,955	-	1,427,955
Royalty	-	10,634,016	-	10,634,016
Technology Transfer Income -Biocare Manufacturing SDN. BHD., Malaysia*	10,554,000	-	-	-
Exchange Rate Fluctuation Gain / (Loss)**	(26,444,057)	(5,406,570)	379,817	(5,786,387)
Profit/(Loss) on Sale of Fixed Assets (Note 36)	(1,795,892)	1,156,189	74,852	1,081,337
	<u>144,852,831</u>	<u>412,658,923</u>	<u>100,980,597</u>	<u>311,678,326</u>

*Technology Transfer Income represents equity share received from Biocare Manufacturing SDN. BHD., Malaysia to set up manufacturing facility and to produce specialized pharmaceuticals product under Joint Venture collaboration.

**This is net off exchange rate fluctuation loss amounting Tk. 32,877,798 on account of outstanding foreign currency loan from ODDO BHF Aktiengesellschaft, Frankfurt, Germany translated at exchange rate prevailing on Balance Sheet date.

30. Finance Cost

	Amount in Taka			
	July 2016- June 2017 (12 Months)	January 2015- June 2016 (18 Months)	January- June 2016 (6 Months)	January- December 2015 (12 Months)
Interest on Working Capital Loan	303,316,773	588,417,111	166,656,402	421,760,709
Interest on Project / Consortium Loan	13,904,256	152,835,514	35,067,043	117,768,471
Interest on Lease Finance	111,145,912	149,565,303	71,030,756	78,534,547
Interest on Loan from PF, WPPF & Welfare Fund	107,554,563	98,800,975	37,698,000	61,102,975
Other Bank Charges	21,081,658	40,563,498	10,759,966	29,803,532
	<u>557,003,162</u>	<u>1,030,182,401</u>	<u>321,212,167</u>	<u>708,970,234</u>

31. Contribution To WPPF & Welfare Funds

This represents statutory contribution by the company as per Bangladesh Labour Act (amendment) 2013. The amount is computed @ 5% of net profit before tax (but after charging such contribution).

32. Income Tax Expenses**(a) Current Tax**

	July 2016- June 2017 (12 Months)	January 2015- June 2016 (18 Months)	January- June 2016 (6 Months)	January- December 2015 (12 Months)
(i) Tax provision for current period (Note 3.9)	627,764,437	766,053,375	310,173,315	455,880,060
(ii) Short/(Excess) Provision for earlier period	(35,781,848)	(29,913,148)	-	(29,913,148)
	<u>591,982,589</u>	<u>736,140,227</u>	<u>310,173,315</u>	<u>425,966,912</u>
(b) Deferred Tax Expense / (Income)	<u>72,803,945</u>	<u>(26,356,152)</u>	<u>16,765,213</u>	<u>(43,121,365)</u>
	<u>664,786,534</u>	<u>709,784,075</u>	<u>326,938,528</u>	<u>382,845,547</u>

33. Other Comprehensive Income- Unrealized Gain/(Loss)

Fair Value Gain/(Loss) on Investment in Listed Shares	1,953,407	(1,013,093)	(661,955)	(351,138)
Exchange Rate Fluctuation Gain on- Investment in Biocare Manufacturing	626,100	-	-	-
	<u>2,579,507</u>	<u>(1,013,093)</u>	<u>(661,955)</u>	<u>(351,138)</u>

34. Earnings Per Share (EPS)

(a) Earnings attributable to the Ordinary- Shareholders	Tk.	2,226,695,124	2,948,053,854	993,769,338	1,954,284,516
(b) Weighted average number of Ordinary Shares- outstanding during the year (Note 3.15)	Nos.	405,556,445	405,556,445	405,556,445	405,556,445
Earnings Per Share (EPS) / Adjusted EPS	Tk.	<u>5.49</u>	<u>7.27</u>	<u>2.45</u>	<u>4.82</u>

35. Related Party Disclosures

Following transactions were carried out with related parties in the normal course of business on arms length basis:

Name of Related Parties	Nature of Transactions	Value of Transaction	Balance at year end
(a) I & I Services Ltd.	Local Delivery Distribution Commission	16,340,168,784 218,636,233	1,730,967,045 -
(b) Bangladesh Export Import Co. Ltd.	Short Term Investment & Interest there on	552,460,907	886,576,906

The Companies are subject to common control from same source.

36. Particulars of Disposal of Property, Plant and Equipment

The following assets were disposed off during the year ended June 30, 2017:

Particulars of Assets	Cost	Accumulated Depreciation	Written Down Value	Sales Price	Profit / (Loss)	Mode of Disposal	Name of Parties
Office Equipment	16,230,014	13,405,593	2,824,421	405,245	(2,419,176)	Negotiation	Various Individuals
Plant & Machinery	46,280,682	29,045,316	17,235,366	16,822,853	(412,513)	Negotiation	Various Individuals
Furniture & Fixture	9,694,209	7,615,710	2,078,499	1,973,020	(105,479)	Negotiation	Various Individuals
Transport & Vehicle	7,723,530	6,006,797	1,716,733	2,858,009	1,141,276	Negotiation	Various Individuals
Tk.	79,928,435	56,073,416	23,855,019	22,059,127	(1,795,892)		

37. Payment / Perquisites to Managers and Directors

(a) The aggregate amounts paid to/ provided for the Managers and above of the company is disclosed below :

Amount in Taka

July 2016 - June 2017

Remuneration	203,028,198
Gratuity	7,565,950
Contribution to Provident Fund	9,037,540
Bonus	22,697,850
Medical	5,935,390
Others	6,095,629
Total	<u>254,360,557</u>

(b) The above includes salary, allowances, and perquisites amounting Tk. 40,697,939 paid to the Managing Director.

(c) This also includes Tk. 268,338 paid to Independent Directors for attending Board, Audit Committee and other meetings.

(d) Excepting as stated above (c) no board meeting fee was paid to any directors.

(e) No amount of money was expended by the company for compensating any member of the board for special services rendered.

38. Production Capacity and Utilization

Item	Unit	Production Capacity		Actual Production		Capacity Utilization	
		July 16 to June 17 (12 Months)	2015 (12 Months)	July 16 to June 17 (12 Months)	2015 (12 Months)	July 16 to June 17 (12 Months)	2015 (12 Months)
Tablet, Capsule, Suppository & DPI	Million Pcs	4,241.14	4,160.90	4,140.72	3,664.47	97.63%	88.07%
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable and Inhaler	Million Pcs	100.71	94.46	87.81	75.90	87.19%	80.35%

Production does not include goods manufactured under contract manufacturing arrangement from third parties manufacturing sites.

39. Capital Expenditure Commitment

There was no capital expenditure contracted but not incurred or provided for at June 30, 2017.

40. Finance Lease Commitment

At June 30, 2017 the company had annual commitment under finance leases as set out below :

Leases expiring within 1 year	168,813,114
Leases expiring within 2-5 years (inclusive)	<u>350,296,702</u>
	Tk. 519,109,816

41. Claim not Acknowledged as Debt

There was no claim against the company not acknowledged as debt as on June 30, 2017.

42. Un-availed Credit Facilities

The company has an un-availed foreign currency project loan facility of US\$ 35.232 million sanctioned by ODDO BHF Aktiengesellschaft, Germany to partially finance the machinery and equipment procured for expansion and diversification project being implemented by the company.

43. Payments Made in Foreign Currency :

	Foreign Currency (Equivalent US\$)	Taka
Import of Machinery, Equipment's & Spares	10,541,961	840,166,621
Import of Raw & Packing Material	39,906,053	3,218,024,116
Regulatory Fees, Foreign Currency Loan - repayment & Other Expenses	3,962,532	317,480,421

44. Foreign Exchange Earned / Received :

	Foreign Currency (Equivalent US\$)	Taka
(a) Collection from Export Sales	11,301,661	884,816,379
(b) Loan from ODDO BHF Aktiengesellschaft, Germany	9,756,277	776,188,925

45. Commission / Brokerage to selling agent :

No commission was incurred or paid to any sales agent nor any brokerage or discount other than conventional trade discount was incurred or paid against sales.

46. Contingent Liability

The company has a contingent liability aggregating Tk. 150,788,789 against disputed income tax claims for the year 1999, 2007, 2008 and 2010. The company has filed Income Tax Reference cases with the High Court Division of the supreme court against this claims.

There is also a disputed VAT claim aggregating Tk. 144,113,691 against the company. The Company own the verdict of the Appellate Tribunal in it's favour. The concerned authority filed appeal to the honorable High Court against this verdict. Additionally, there are claims of custom duty aggregating Tk. 22,507,358 against the indemnity bond issued by the company in connection with import of certain plant and machinery. The company has filed writ petitions against these claims.

If any liability arises on disposal of the cases, the company shall provide for such liability in the year of final disposal.

The company also has a contingent liability to the extent of Tk. 148,347,357 for third party corporate guarantee favoring Standard Bank Ltd. Dhanmondi Branch for Beximco Engineering Limited.

47. Events after The Reporting Period

The directors recommended 12.5% cash dividend (i.e. Tk. 1.25 per share) for the year 2016-17. The dividend proposal is subject to shareholders' approval at the forthcoming annual general meeting.

Beximco Pharmaceuticals Ltd. has entered in to a nonbinding Memorandum of Understanding (MoU) under which the company may acquire a majority shareholding in Nuvista Pharma, a leading Pharma Company in Bangladesh specialising in Hormones and Steroid drugs. The proposed acquisition remains subject to due diligence and negotiation and completion of a definitive Sales and Purchase Agreement.

Excepting above, no circumstances have arisen since the date of Statement of Financial Position which would require adjustment to, or disclosure in, the financial statements or notes thereto.

48. Financial Risk Management

The management of company has overall responsibility for the establishment and oversight of the company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks for its use of financial instruments.

Credit risk
Liquidity risk
Market risk

48.01 Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. As at 30 June 2017 substantial part of the receivables are those from its related company and subject to insignificant credit risk. Risk exposures from other financial assets. i.e. Cash at bank and other external receivables are nominal.

48.02 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalent to meet expected operational expenses including financial obligations through preparation of the cash flow forecast with due consideration of time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. In extreme stressed conditions the company may get support from the related company in the form of short term financing.

48.03 Market Risk

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

(a) Currency risk

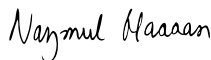
The company is exposed to currency risk on certain revenues and purchases such as revenue from foreign customers and import of raw material, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD and relate to procurement of raw materials, machineries and equipment from abroad. The company have received foreign currency loan which shall be repaid in foreign currency.

(b) Interest rate risk

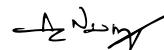
Interest rate risk is the risk that arises due to changes in interest rates on borrowing. The foreign currency loan is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.



Salman F Rahman
Vice Chairman



Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

Dhaka
October 25, 2017