

Audited Financial Statements

For the Year Ended June 30, 2018



Beximco Pharmaceuticals Limited

**Audited Financial Statements
Beximco Pharmaceuticals Ltd
(Consolidated)**

Independent Auditors' Report

To The Shareholders of

Beximco Pharmaceuticals Limited and its Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Beximco Pharmaceuticals Limited, which comprises the Consolidated Statement of Financial Position as at 30 June 2018, the Consolidated Statement of Profit or Loss and other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year from 01 July 2017 to 30 June 2018 then ended and a summary of significant accounting policies and other relevant explanatory notes.

The Financial statements of the same period of the subsidiary Nuvista Pharma Limited was audited by A. Qasem & Co. Chartered Accountants, who through their report dated 13 October 2018 expressed an unmodified opinion on those statements.

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 consolidated financial statements give a true and fair view of the financial position of the Company as at 30 June 2018, 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 Consolidated Statement of Financial Position (Balance Sheet) and Consolidated 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, 2018



M. J. Abedin & Co.
Chartered Accountants

Beximco Pharmaceuticals Limited and its Subsidiary
Consolidated Statement of Financial Position
As at June 30, 2018

	Notes	Amount in Taka
ASSETS		
Non-Current Assets		32,394,686,712
Property, Plant and Equipment- Carrying Value	4	30,524,692,707
Intangible Assets	5	1,280,695,416
Goodwill	6	546,691,213
Investment in Shares	7	36,507,658
Other Non-current Assets	8	6,099,718
Current Assets		11,344,199,700
Inventories	9	5,058,847,681
Spares & Supplies	10	663,911,096
Accounts Receivable	11	2,761,509,393
Loans, Advances and Deposits	12	2,094,229,902
Advance Income Tax		32,568,508
Short Term Investment	13	339,397,174
Cash and Cash Equivalents	14	393,735,946
TOTAL ASSETS		43,738,886,412
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity Attributable to the Owners of the Company		27,081,962,616
Issued Share Capital	15	4,055,564,450
Share Premium		5,269,474,690
Excess of Issue Price over Face Value of GDRs		1,689,636,958
Capital Reserve on Merger		294,950,950
Revaluation Surplus		1,159,277,845
Unrealized Gain/(Loss)		4,356,762
Retained Earnings		14,608,700,961
Non-Controlling Interest	16	269,874,176
TOTAL EQUITY		27,351,836,792
Non-Current Liabilities		7,368,863,860
Long Term Borrowings-Net of Current Maturity	17	4,017,425,267
Liability for Gratuity and WPPF & Welfare Funds	18	1,324,166,498
Deferred Tax Liability		2,027,272,095
Current Liabilities and Provisions		9,018,185,760
Short Term Borrowings	19	5,600,826,635
Long Term Borrowings-Current Maturity	20	1,568,989,745
Creditors and Other Payables	21	991,712,907
Accrued Expenses	22	418,476,895
Dividend Payable		4,763,126
Income Tax Payable		433,416,452
TOTAL EQUITY AND LIABILITIES		43,738,886,412

The Notes are an integral part of the Financial Statements.

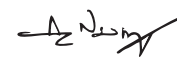
Approved and authorized for issue by the Board of Directors on October 25, 2018 and signed for and on behalf of the Board :



Salman F Rahman
Vice Chairman

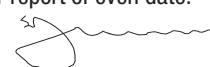


Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

Beximco Pharmaceuticals Limited and its Subsidiary
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year ended June 30, 2018

	Notes	Amount in Taka
Net Revenue	23	17,716,716,855
Cost of Goods Sold	24	(9,430,737,431)
Gross Profit		8,285,979,424
Operating Expenses		(4,259,811,440)
Administrative Expenses	27	(618,675,127)
Selling, Marketing and Distribution Expenses	28	(3,641,136,313)
Profit from Operations		4,026,167,984
Other Income	29	43,757,880
Finance Cost	30	(540,283,443)
Profit Before Contribution to WPPF & Welfare Funds		3,529,642,421
Contribution to WPPF & Welfare Funds		(168,308,290)
Profit Before Tax		3,361,334,131
Income Tax Expenses	31	(828,679,830)
Current Tax		(792,620,241)
Deferred Tax		(36,059,589)
Profit after Tax		2,532,654,301
Profit/(Loss) Attributable to:		
Owners of the Company		2,536,543,948
Non-controlling interest		(3,889,647)
		2,532,654,301
Other Comprehensive Income - Unrealized Gain/(Loss)		481,697
Total Comprehensive Income for the Year		2,533,135,998
Total Comprehensive Income Attributable to:		
Owners of the Company		2,537,025,645
Non-controlling interest		(3,889,647)
		2,533,135,998
Earnings Per Share (EPS)	32	6.25

The Notes are an integral part of the Financial Statements.

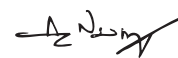
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Salman F Rahman
Vice Chairman



Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

Beximco Pharmaceuticals Limited and its Subsidiary
Consolidated Statement of Changes in Equity
For the Year ended June 30, 2018

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	Equity attributable to the Owners of the Company	Non-Controlling Interest	Total Equity
Balance as on July 01, 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	-	25,072,425,900
Acquisition of Subsidiary	-	-	-	-	-	-	-	-	273,763,823	273,763,823
Total Comprehensive Income:										
Profit/(Loss) for the Year	-	-	-	-	-	-	2,536,543,948	2,536,543,948	(3,889,647)	2,532,654,301
Other Comprehensive Income/(Loss)	-	-	-	-	-	481,697	-	481,697	-	481,697
Transactions with the Shareholders:										
Cash Dividend	-	-	-	-	-	-	(506,945,556)	(506,945,556)	-	(506,945,556)
Adjustment for Depreciation on Revalued Assets	-	-	-	-	(10,382,600)	-	10,382,600	-	-	-
Adjustment for Deferred Tax on Revalued Assets	-	-	-	-	(20,543,373)	-	-	(20,543,373)	-	(20,543,373)
Balance as on June 30, 2018	4,055,564,450	5,269,474,690	1,689,636,958	294,950,950	1,159,277,845	4,356,762	14,608,700,961	27,081,962,616	269,874,176	27,351,836,792
Net Asset Value (NAV) Per Share (Note-33)								66.78		

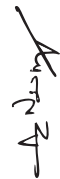
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Vice Chairman



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Managing Director



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Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

Dhaka
October 25, 2018

Beximco Pharmaceuticals Limited and its Subsidiary
Consolidated Statement of Cash Flows
For the Year ended June 30, 2018

	Notes	Amount in Taka
Cash Flows from Operating Activities :		
Receipts from Customers and Others		17,195,399,333
Payments to Suppliers and Employees		(14,113,012,465)
Cash Generated from Operations		3,082,386,868
Interest Paid		(536,570,775)
Interest Received		54,928,425
Income Tax Paid		(781,630,595)
Net Cash Generated from Operating Activities	35	1,819,113,923
Cash Flows from Investing Activities :		
Acquisition of Property, Plant and Equipment		(4,951,352,340)
Intangible Assets		(106,921,036)
Acquisition of Subsidiary		(2,125,186,000)
Disposal of Property, Plant and Equipment		14,114,722
Dividend Received		1,504,092
Decrease in Short Term Investment		547,179,732
Net Cash Used in Investing Activities		(6,620,660,830)
Cash Flows from Financing Activities :		
Net Increase in Long Term Borrowings		1,859,021,877
Net Increase in Short Term Borrowings		3,546,896,539
Dividend Paid		(502,757,959)
Net Cash Generated from Financing Activities		4,903,160,457
Increase in Cash and Cash Equivalents		101,613,550
Cash and Cash Equivalents at Beginning of Year		292,122,396
Cash and Cash Equivalents at End of Year	14	393,735,946
Net Operating Cash Flow Per Share	34	4.49

The Notes are an integral part of the Financial Statements.

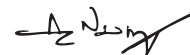
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Managing Director



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Chief Financial Officer

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

Dhaka
October 25, 2018

Beximco Pharmaceuticals Ltd. and its Subsidiary

Notes to the Financial Statements

As at and for the year ended June 30, 2018

1. The Reporting Entity

1.1. Status of 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. Acquisition of Subsidiary

On April 2, 2018 Beximco Pharmaceuticals Ltd. completed acquisition of majority shares (85.22%) of Nuvista Pharma Limited (NPL) - a non-listed public limited company manufacturing pharmaceutical products. Through this acquisition, BPL has become the immediate and ultimate parent company and as of date NPL remains the sole subsidiary of BPL.

1.3. Nature of Business

BPL is engaged in manufacturing and marketing of a wide range of generic pharmaceutical formulation products, life-saving intravenous fluids, therapeutic nutrition products and Active Pharmaceutical Ingredients (APIs). Products of the company are sold in domestic and international markets.

NPL is also engaged in producing various pharmaceutical products including oral contraceptives, hormone, steroid, anti-histamine, anti-fibrinolytic, anti-infective, cardiac, gastrointestinal, musculoskeletal, respiratory, vitamin & mineral supplement and women's health products.

Both BPL and NPL provides contract manufacturing services.

2. Basis of Preparation of Financial Statements

2.1. 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).

2.2. Basis of Measurement

The financial statements have been prepared on Historical Cost basis except for certain Property, Plant and Equipment measured at revalued amount (revaluation carried out in 2008). The Tangible and Intangible Assets and Liabilities of the acquired subsidiary has been reported at their fair values at the date of acquisition. Basis of determination of the fair values has been explained in the notes on accounting policies. Investment in Shares of listed companies have been valued at the year- end quoted prices. Cash flow statement has been prepared on cash basis.

2.3. Reporting Period

Financial year of both Beximco Pharmaceuticals Limited (BPL) and its subsidiary Nuvista Pharma Limited (NPL) begins on July 1 and ends on June 30. However, BPL acquired NPL on April 2, 2018 and as such consolidated financial statements covers full year (July 1, 2017 to June 30, 2018) for BPL and three months (April 2, 2018 to June 30, 2018) period for NPL.

2.4. Comparative Information

The current reporting being the first year of acquisition of the subsidiary, no comparable prior period information is relevant for reporting in the consolidated financial statements.

3. Significant Accounting Policies

3.1. Basis of Consolidation

The financial statements of the subsidiary Nuvista Pharma Limited has been consolidated with those of Beximco Pharmaceuticals Limited in accordance with **IFRS/BFRS 10: Consolidated Financial Statements**.

The Company acquired 85.22% shares of the issued paid up capital of Nuvista Pharma Limited. This ownership interest is adequate enough to establish control over NPL and thus BPL meets the conditions as stated in **IFRS/BFRS 10: Consolidated Financial Statements** to consider NPL as a subsidiary. Consolidation has been done for the period since the date at which the Company obtained control over the subsidiary through completion of the acquisition deal.

3.2. Inter-Company Transactions

Assets, Liabilities, Equity, Income, Expenses and Cash Flows arising out of transactions between the Company and the subsidiary have been eliminated in full in the Consolidated Financial Statements.

3.3. Non-Controlling Interests (NCIs)

Non-Controlling Interests (NCIs) at the date of acquisition has been measured at fair value of the net assets of the acquired company in proportion to the shares of the entitled holders. Profit or Loss and Other Comprehensive Income subsequent to the acquisition, has been allocated to the Owners of the Company and to the NCIs and also disclosed in the financial statements.

3.4. Purchase Consideration

The Company acquired the shares of Nuvista Pharma Limited for cash which consisted of the total negotiated price for the acquisition less any adjustments made as per condition precedence set out in the terms of agreement. The net amount paid or payable, has been accounted for as the Purchase Consideration for the acquisition. This also includes the shares transfer fee paid to the Registrar of Joint Stock Companies and Firms.

3.5. Valuation of Goodwill

Goodwill has been determined in accordance with **IFRS/BFRS 3: Business Combination**. This represents the excess of the aggregate of Purchase Consideration and the acquisition-date fair value of NCI's share in the net assets over the acquisition-date fair value of the net assets of the subsidiary.

3.6. Basis of Estimation of Fair Values at Acquisition

The Company engaged PricewaterhouseCoopers Bangladesh Pvt. Ltd. to provide estimates of the Fair Value for the tangible assets and identified intangible assets as per criteria set out in International Financial Reporting Standards and Bangladesh Financial Reporting Standards 3 (**IFRS/BFRS 3: Business Combination**). Management has considered the report of the said independent firm in allocating the total consideration paid for the acquisition among various classes of acquired assets in compliance of the requirement of **IFRS/BFRS 3**.

Tangible fixed assets other than land were valued using the depreciated replacement cost method. Depreciated replacement costs reflect adjustments for physical deterioration as well as functional and economic obsolescence.

Land was valued at prevailing market price taking into consideration factors like location, size and industrial or other use, availability of infrastructure etc., among others.

The intangible assets relating to Developed Products has been valued using the Multi-period Excess Earning Method while the Trade Name/Trademark has been valued following Relief-from Royalty approach.

The fair value of inventories are determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale.

3.7. Acquisition related Costs

All advisory, accounting, valuation, legal or other professional/consulting fees and general administrative costs related to the acquisition of business has been accounted for as expense.

4. Property Plant and Equipment

Amount in Taka

Particulars	Land	Building and Other Constructions	Plant, Machinery and Equipment	Furniture and Fixtures	Transport and Vehicle	Office Equipment	Total
Cost							
Opening/Acquisition Date Balance	3,619,350,155	7,037,804,285	13,133,864,081	269,672,548	960,330,806	537,364,295	25,558,386,170
Additions	-	3,463,060	155,457,707	22,239,265	155,989,774	30,219,844	367,369,650
Acquisition Date Fair Value Adjustment of Subsidiary's Assets	448,479,441	67,524,731	105,565,171	-	-	-	621,569,343
Disposal during the Year	-	-	(32,991,791)	-	(45,718,653)	(490,560)	(79,201,004)
Cost at June 30, 2018	4,067,829,596	7,108,792,076	13,361,895,168	291,911,813	1,070,601,927	567,093,579	26,468,124,159
Accumulated Depreciation							
Opening/Acquisition Date Balance	-	1,664,333,450	5,178,994,005	112,592,339	542,833,310	318,073,803	7,816,826,907
Depreciation Charged	-	162,282,667	519,464,247	13,935,986	73,085,485	32,946,807	801,715,192
Adjustment for Assets disposed off	-	-	(31,078,661)	-	(30,236,317)	(244,365)	(61,559,343)
Accumulated Depreciation at June 30, 2018	-	1,826,616,117	5,667,379,591	126,528,325	585,682,478	350,776,245	8,556,982,756
Net Book Value June 30, 2018	4,067,829,596	5,282,175,959	7,694,515,577	165,383,488	484,919,449	216,317,334	17,911,141,403
Capital Work in Progress							12,613,551,304
Carrying Value as on June 30, 2018							30,524,692,707

Amount in Taka

5. Intangible Assets

(a) This is arrived at as follows:

Balance as at July 1, 2017	462,968,347
Addition during the Year	106,921,036
Acquisition date fair value of Intangibles	755,000,000
	1,324,889,383
Less amortized during the year	(44,193,967)
Balance as at June 30, 2018	1,280,695,416

(b) This consists of as follows:

Product Development, Developed Products, Licensing and Marketing Rights	1,079,247,566
Trade names and Trademarks	54,000,000
ERP Project	147,447,850
	1,280,695,416

6. Goodwill

(a) Value of Goodwill is arrived at as follows:

Purchase Consideration*	2,125,186,000
Share of Non-controlling Interest at the date of acquisition - Note 16 (b)	273,763,823
	2,398,949,823
Less: Acquisition date Fair Value of Identifiable Net Assets	(1,852,258,610)
	546,691,213

*Purchase Consideration includes share transfer fee of Taka 31,136,000 paid to the Registrar of Joint Stock Companies and Firms.

(b) Further to Notes 3.6 - Acquisition date Fair Value of Identifiable Net Assets is arrived at as follows:

Amount in Taka

Assets:

Land	724,088,154
Building & Other Construction	270,298,219
Plant, Machinery and Equipments	795,191,413
Furniture & Fixture	22,769,014
Office Equipment	7,034,990
Transport & Vehicle	83,342,293
Capital Work in Progress	17,505,125
Developed Products	701,000,000
Trade Names and Trademarks	54,000,000
Other Assets	541,854,735
Total Assets (A)	3,217,083,943

Less Liabilities:

Long Term Loan	195,457,741
Deferred liability - Gratuity Payable	149,421,538
Deferred tax liabilities	118,003,165
Current liabilities	901,942,889
Total Liabilities (B)	1,364,825,333

Fair Value of Identifiable Net Assets (A-B)

1,852,258,610

7. Investment in Shares

(a) Investment Details (Taka)

(i) Bangladesh Export Import Co. Ltd.	4,188,358
(ii) Central Depository Bangladesh Ltd. (CDBL)	1,569,450
(iii) Biocare Manufacturing SDN.BHD. , Malaysia- note (e)	30,749,850
	36,507,658

(b) Number of Shares:

(i) Bangladesh Export Import Co. Ltd.	159,861
(ii) Central Depository Bangladesh Ltd. (CDBL)	571,182
(iii) Biocare Manufacturing SDN.BHD., Malaysia- note (e)	1,500,000

(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 2017-18 was Tk. 26.20 in both Dhaka and Chittagong Stock Exchanges.

(d) Shares of Central Depository Bangladesh Ltd. (CDBL) are not traded.

(e) Biocare Manufacturing SDN.BHD., Malaysia:

This represents 1,500,000 Ordinary Shares of Malaysian Ringgit (RM) 1 each issued to Beximco Pharmaceuticals Ltd. by BioCare Manufacturing SDN.BHD. ("BioCare"), Malaysia. Beximco Pharmaceuticals Ltd. has been issued 30% of the equity share of the Malaysian based company for providing full technical support to set up a manufacturing facility in Seri Iskandar Pharmaceutical Park, Perak, Malaysia and to produce specialized pharmaceutical products.

8. Other Non-current Assets

This represents car loan and other long-term loan given to the employees of the Nuvista Pharma Ltd.

9. Inventories

Amount in Taka

This consists of as follows :

Finished Goods	864,137,218
Work in Process	262,723,223
Raw Materials	2,183,474,721
Packing Materials	971,119,763
Laboratory Chemicals	27,979,741
Physician Samples	82,714,044
R&D Materials	324,655
Materials in Transit	666,374,316
	<u>5,058,847,681</u>

10. Spares & Supplies

This consists of as follows :

Spares & Accessories	545,032,936
Stock of Stationery	10,936,969
Laboratory Consumables	330,437
Spares in Transit	614,603
Literature & Promotional Materials	106,477,464
Miscellaneous Item	518,687
	<u>663,911,096</u>

11. Accounts Receivable

This includes receivable of Tk. 596,463,606 equivalent to US\$ 7,190,640 against export sales. Part of the export sales receivables are against Letter of Credit while the rest are unsecured but considered good.

Accounts Receivable also includes Tk. 2,011,958,959 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. 2,071,859,759 on 31 May, 2018.

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.

12. Loans, Advances and Deposits

This is unsecured, considered good and consists of as follows :

Clearing & Forwarding	162,932,842
VAT	219,639,030
Claims Receivable	19,642,831
Security Deposit & Earnest Money	50,467,768
Lease Deposit	17,600,613
Capital Expenditure/ Project Expenses	108,792,585
	133,241,320
Bank Guarantee Margin	27,004,835
Loan to Employees	120,493,363
Rent Advance	13,309,579
Motor Cycle	180,739,474
Raw & Packing Material	735,793,984
Prepaid Insurance	202,499,308
Overseas Liaison Office	32,698,675
Others	69,373,695
	<u>2,094,229,902</u>

- (a) 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.
- (b) Prepaid insurance 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 portion of the prepaid insurance has been capitalized.

13. 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.

14. Cash and Cash Equivalents

	Amount in Taka
This consists of as follows :	
(a) Cash in Hand (including Imprest Cash)	192,159,614
(b) Cash at Bank :	
(i) Current & FC Account	167,102,855
(ii) FDR Account	34,473,477
	393,735,946

15. Issued Share Capital

A. Authorized :

500,000,000 Ordinary Shares of Tk. 10 each	5,000,000,000
41,000,000 Fully Convertible, 5% Preference Shares of Tk. 100 each	4,100,000,000
	9,100,000,000

B. Issued, Subscribed and Paid-up :

51,775,750 shares of Tk. 10 each fully paid-up in cash	517,757,500
316,538,298 Bonus Shares of Tk. 10 each	3,165,382,980
5,951,250 Shares of Tk. 10 each issued in Exchange of Shares of Beximco Infusions Ltd.	59,512,500
31,291,147 Shares issued on conversion of Preference Shares	312,911,470
	4,055,564,450

5,951,250 ordinary shares of Tk. 10 each were issued to the shareholders of Beximco Infusions Ltd. on its merger with Beximco Pharmaceuticals Ltd. in 2005.

41,000,000 fully convertible 5% preference shares of Tk. 100 each were issued in 2009. 50% of the preference shares were converted into 16,169,191 ordinary shares of Tk. 10 each on February 1, 2010. The rest 50% were converted into 15,121,956 ordinary shares of Tk. 10 each on May 2, 2010.

C. Composition of Shareholding of Ordinary Shares:

	No. of shares	% of Share Capital
Sponsors:		
A S F Rahman	8,235,353	2.03
Salman F Rahman	8,254,632	2.04
Other Directors and Associates	36,999,784	9.12
	53,489,769	13.19
Public Issue:		
GDRs- London Stock Exchange (AIM)	90,943,627	22.42
Foreign Investors' Shareholdings (DSE/CSE)	74,469,959	18.36
Institutions (ICB, ICB Investors' Accounts & Others)	119,603,843	29.49
Individual Shareholders	67,049,247	16.54
	352,066,676	86.81
	405,556,445	100.00

16. Non-controlling Interest

Amount in Taka

(a) Non-controlling Interest as on June 30, 2018:

Non-controlling Interest at the date of acquisition	273,763,823
Proportionate profit/(loss) subsequent to acquisition	(3,889,647)
	<u>269,874,176</u>

(b) Non-controlling Interest at the date of acquisition is arrived at as follows:

Fair value of Identifiable net assets	1,852,258,610
Proportionate holdings of NClS at acquisition date	14.78%
	<u>273,763,823</u>

17. Long Term Borrowings - Net of Current Maturity

(a) This is arrived at as follows :

Project Loan - ODDO BHF Aktiengesellschaft, Frankfurt, Germany	2,809,556,317
Obligation Under Finance Leases	280,596,178
AB Bank	759,326,232
Dhaka Bank Ltd.	167,946,540
	<u>4,017,425,267</u>

(b) Obligation Under Finance Leases

Gross Finance Lease - minimum lease Liability:	
Within one year	260,426,903
Within two to five years	336,141,714
Total	596,568,617
Less future finance charges on finance lease liability	(114,965,180)
Present Value of Finance Lease liability	<u>481,603,437</u>

This consists of as follows:

Within one year	201,007,259
Within two to five years	280,596,178
Present Value of Finance Lease liability	<u>481,603,437</u>

(C) AB Bank

This loan is payable in quarterly installments and is secured by paripassu hypothecation along with Janata Bank on all fixed and floating assets of the Company excepting the machineries and equipments financed by ODDO BHF Aktiengesellschaft, Frankfurt, Germany.

18. Liability for Gratuity and WPPF & Welfare Funds

Gratuity Payable	759,708,531
Workers Profit Participation and Welfare Fund	564,457,967
	<u>1,324,166,498</u>

19. Short Term Borrowings

Janata Bank Ltd. - Cash Credit-Hypothecation Loan	3,897,681,180
Liability for UPAS Letter of Credit	1,064,417,066
Dhaka Bank Ltd	617,381,902
The City Bank Ltd.	2,507,475
Mutual Trust Bank Ltd.	18,839,012
	<u>5,600,826,635</u>

20. Long Term Borrowings-Current Maturity

Amount in Taka

This consists of as follows :

Project Loan - ODDO BHF Aktiengesellschaft, Frankfurt, Germany	852,470,599
Obligation Under Finance Leases	201,007,259
AB Bank	400,341,697
Dhaka Bank Ltd.	115,170,190
	1,568,989,745

21. Creditors and Other Payables

Goods & Services	621,334,927
Provident Fund	188,151,262
Advance Against Sales	43,576,730
Others	138,649,988
	991,712,907

22. Accrued Expenses

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

For Expenses	251,493,606
Workers' Profit Participation and Welfare Funds - current year's expense (net off interim payments)	166,983,289
	418,476,895

23. Net Revenue

Domestic Sales	16,237,454,376
Export	1,476,977,889
Toll Income	2,284,590
	17,716,716,855

24. Cost of Goods Sold

This is made-up as follows :

Work-in-Process - Opening /at the date of acquisition	155,553,707
Materials Consumed (Note: 25)	7,236,638,335
Factory Overhead (Note: 26)	2,554,986,926
Total Manufacturing Cost	9,947,178,968
Work-in-Process (Closing)	(262,723,223)
Cost of Goods Manufactured	9,684,455,745
Finished Goods - Opening /at the date of acquisition	803,975,989
Finished Goods available	10,488,431,734
Cost of Physician Sample transferred to Sample Stock	(193,557,085)
Finished Goods (Closing)	(864,137,218)
	9,430,737,431

25. Materials Consumed

This is made-up as follows :

Opening Stock	1,920,966,484
Purchase	8,498,246,076
Closing Stock	(3,182,574,225)
	7,236,638,335

26. Factory Overhead	Amount in Taka
Salary & Allowances	904,509,549
Repairs and Maintenance	216,587,905
Insurance Premium	22,801,790
Municipal Tax & Land Revenue	4,508,685
Advertisement	196,960
Registration & Renewals	13,724,885
Travelling & Conveyance	9,764,755
Entertainment	1,821,636
Research and Development	222,652,875
Printing & Stationery	22,091,508
Telephone, Internet & Postage	9,211,158
Toll Expense	207,961,293
Electricity, Gas & Water	144,124,432
Training & Conference	4,961,417
Plant Certification and Regulatory Approvals	26,780,147
Depreciation	720,995,025
Other Expenses	22,292,906
	<u>2,554,986,926</u>

27. Administrative Expenses	
Salary & Allowances	314,685,553
Rent	13,754,553
Repairs and Maintenance	49,638,421
Registration & Renewals	8,507,108
Travelling & Conveyance	26,470,642
Entertainment	6,829,212
Printing & Stationery	6,021,432
Audit Fee	1,628,750
Local Authority Taxes	913,142
Insurance Premium	153,958
Bank Charges	33,534
Telephone, Internet & Postage	6,245,040
Electricity, Gas & Water	13,246,325
Legal & Consultancy	8,659,820
Business Acquisition Cost	12,619,081
Company Secretarial, Regulatory Fee and AGM Expense	32,250,219
Advertisement	413,705
Training & Conference	10,279,328
Depreciation	28,060,048
Board Meeting Attendance Fee	603,564
Other Expenses	77,661,692
	<u>618,675,127</u>

28. Selling, Marketing and Distribution Expenses

Amount in Taka

Salary & Allowances	1,262,270,771
Rent	78,267,019
Repairs and Maintenance	8,958,993
Travelling & Conveyance	440,145,550
Entertainment	53,419,672
Printing & Stationery	40,877,932
Telephone, Internet & Postage	20,542,289
Electricity, Gas & Water	9,364,325
Market Research & New Products	49,081,984
Training & Conference	100,398,454
Insurance Premium	32,264,432
Sample Expense	263,875,222
Sales & Market Promotion Expenses	428,361,958
Pharmacovigilance	10,893,311
Literature/News Letter	128,243,083
Registration & Renewals	55,008,186
Export Insurance, Freight and C&F Expenses	120,383,504
Distribution Commission	234,392,430
Delivery Expense	179,142,387
Depreciation & Amortization	96,854,086
Other Expenses	28,390,725
	3,641,136,313

29. Other Income

Interest Income	54,928,425
Dividend Income	1,504,092
Royalty Income	6,093,728
Technology Transfer Income - Biocare Manufacturing SDN. BHD., Malaysia	18,145,620
Income From sale of Product Dossier	4,959,000
Distribution Commission	4,266,424
Exchange Rate Fluctuation Gain / (Loss)	(42,662,242)
Sale of Miscellaneous Item	49,772
Profit/(Loss) on Sale of Fixed Assets	(3,526,939)
	43,757,880

30. Finance Cost

Interest on Working Capital Loan	378,949,336
Interest on Long Term Loan*	(10,909,700)
Interest on Lease Finance	73,787,122
Interest on Loan from PF, WPPF & Welfare Fund	85,080,425
Other Bank Charges	13,376,260
	540,283,443

*Net of interest rebate received as per the terms of the sanction letter of the loan for the timely repayment of all the installments.

31. Income Tax Expenses

This consists of as follows :

(a) Current Tax	792,620,241
(b) Deferred Tax Expense	36,059,589
	828,679,830

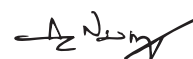
32. Earnings Per Share (EPS)	Amount in Taka
(a) Earnings attributable to the Owners of the Company	2,536,543,948
(b) Weighted average number of Shares outstanding during the year	405,556,445
Earnings Per Share (EPS)	6.25
33. Net Asset Value (NAV) Per Share	
Total Assets	43,738,886,412
Less Total Liabilities	(16,387,049,620)
Less Non-controlling Interest	(269,874,176)
Equity Attributable to the Owners of the Company	27,081,962,616
Number of Shares at Financial Position date	405,556,445
Net Asset Value (NAV) Per Share	66.78
34. Net Operating Cash Flow Per Share (NOCFPS)	
Net Cash Generated from Operating Activities	1,819,113,923
Number of Shares at Financial Position date	405,556,445
Net Operating Cash Flow Per Share (NOCFPS)	4.49
35. Reconciliation of Net Profit with Cash Flows from Operating Activities	
Profit after Tax	2,532,654,301
Adjustment to reconcile net profit to net cash provided by operating activities :	
(a) Non-cash Expenses :	970,984,130
Depreciation	801,715,192
Amortization	44,193,967
Gratuity & WPPF	57,650,531
Technology Transfer Income - Biocare Manufacturing SDN. BHD., Malaysia	(18,145,620)
Exchange rate fluctuation loss on Bank Loan in Foreign Currency	49,510,471
Deferred Tax	36,059,589
(b) Non-operating Items	2,022,847
Dividend Income	(1,504,092)
Loss on sale of Fixed Assets	3,526,939
(c) Changes in working Capital	(1,686,547,355)
(Increase)/Decrease in Inventories	(1,192,022,631)
(Increase)/Decrease in Spares and Supplies	(18,678,378)
(Increase)/Decrease in Accounts Receivable	(566,040,570)
(Increase) in Loans, Advances & Deposits	(365,849,712)
Increase/(Decrease) in Creditors and Other Payables	403,748,186
Increase/(Decrease) in Accrued Expenses	41,306,104
Increase/(Decrease) in Income Tax Payable	10,989,646
Net cash Generated from Operating Activities	1,819,113,923



Salman F Rahman
Vice Chairman



Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

**Audited Financial Statements
Beximco Pharmaceuticals Ltd**

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 2018, the Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year from 01 July 2017 to June 30 2018 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 June 30 2018, 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.



Beximco Pharmaceuticals Limited
Statement of Financial Position
As at June 30, 2018

Amount in Taka

	Notes	June 30, 2018	June 30, 2017
ASSETS			
Non-Current Assets		31,332,493,872	24,953,316,701
Property, Plant and Equipment- Carrying Value	4 (a)	28,645,104,798	24,472,468,013
Intangible Assets	5	525,695,416	462,968,347
Investment in Subsidiary	6	2,125,186,000	-
Investment in Shares	7	36,507,658	17,880,341
Current Assets		10,832,521,567	9,130,816,169
Inventories	8	4,665,449,461	3,468,089,061
Spares & Supplies	9	654,781,270	636,102,892
Accounts Receivable	10	2,736,944,147	2,167,339,867
Loans, Advances and Deposits	11	2,066,840,961	1,697,679,418
Short Term Investment	12	339,397,174	886,576,906
Cash and Cash Equivalents	13	369,108,554	275,028,025
TOTAL ASSETS		42,165,015,439	34,084,132,870
EQUITY AND LIABILITIES			
Shareholders' Equity		27,104,389,931	25,072,425,900
Issued Share Capital	14	4,055,564,450	4,055,564,450
Share Premium		5,269,474,690	5,269,474,690
Excess of Issue Price over Face Value of GDRs	15	1,689,636,958	1,689,636,958
Capital Reserve on Merger		294,950,950	294,950,950
Revaluation Surplus	4(b)	1,159,277,845	1,190,203,818
Unrealized Gain/(Loss)		4,356,762	3,875,065
Retained Earnings		14,631,128,276	12,568,719,969
Non-Current Liabilities		6,963,764,382	5,605,667,422
Long Term Borrowings-Net of Current Maturity	16	3,849,478,727	2,635,907,025
Liability for Gratuity and WPPF & Welfare Funds	17	1,224,462,270	1,117,094,429
Deferred Tax Liability	18	1,889,823,385	1,852,665,968
Current Liabilities and Provisions		8,096,861,126	3,406,039,548
Short Term Borrowings	19	4,962,098,246	1,485,432,660
Long Term Borrowings-Current Maturity	20	1,453,819,555	715,790,200
Creditors and Other Payables	21	939,538,235	538,163,779
Accrued Expenses	22	303,447,824	245,375,014
Dividend Payable		4,540,814	353,217
Income Tax Payable	23	433,416,452	420,924,678
TOTAL EQUITY AND LIABILITIES		42,165,015,439	34,084,132,870

The Notes are an integral part of the Financial Statements.

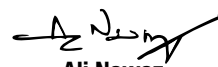
Approved and authorised for issue by the Board of Directors on October 25, 2018 and signed for and on behalf of the Board:



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 Accountant

Beximco Pharmaceuticals Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Year ended June 30, 2018

Amount in Taka

	Notes	July 2017 - June 2018	July 2016 - June 2017
Net Sales Revenue	24	17,380,728,001	15,508,776,972
Cost of Goods Sold	25	(9,255,504,681)	(8,323,895,349)
Gross Profit		8,125,223,320	7,184,881,623
Operating Expenses		(4,143,623,455)	(3,736,675,551)
Administrative Expenses	28	(595,185,629)	(522,396,449)
Selling, Marketing and Distribution Expenses	29	(3,548,437,826)	(3,214,279,102)
Profit from Operations		3,981,599,865	3,448,206,072
Other Income	30	64,973,584	144,852,831
Finance Cost	31	(512,099,369)	(557,003,162)
Profit Before Contribution to WPPF & Welfare Funds		3,534,474,080	3,036,055,741
Contribution to WPPF & Welfare Funds	32	(168,308,290)	(144,574,083)
Profit Before Tax		3,366,165,790	2,891,481,658
Income Tax Expenses	33	(807,194,527)	(664,786,534)
Current Tax		(790,580,483)	(591,982,589)
Deferred Tax Income/ (Expense)		(16,614,044)	(72,803,945)
Profit after Tax for the Year		2,558,971,263	2,226,695,124
Other Comprehensive Income - Unrealized Gain/(Loss)	34	481,697	2,579,507
Total Comprehensive Income for the Year		2,559,452,960	2,229,274,631
Earnings Per Share (EPS)	35	6.31	5.49

The Notes are an integral part of the Financial Statements.

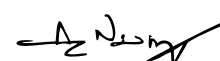
Approved and authorised for issue by the Board of Directors on October 25, 2018 and signed for and on behalf of the Board:



Salman F Rahman
Vice Chairman

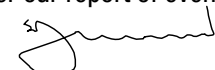


Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountant

Dhaka
October 25, 2018

Beximco Pharmaceuticals Limited
Statement of Changes in Equity

For the Year ended June 30, 2018

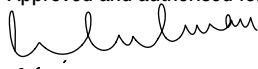
Amount in Taka


	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, 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
Total Comprehensive Income for the Year:								
Profit for the Year	-	-	-	-	-	-	2,558,971,263	2,558,971,263
Other Comprehensive Income	-	-	-	-	-	481,697	-	481,697
Transactions with the Shareholders:								
Cash Dividend	-	-	-	-	-	-	(506,945,556)	(506,945,556)
Adjustment for Depreciation on Revalued Assets	-	-	-	-	(10,382,600)	-	10,382,600	-
Adjustment for Deferred Tax on Revalued Assets	-	-	-	-	(20,543,373)	-	-	(20,543,373)
Balance as on June 30, 2018	4,055,564,450	5,269,474,690	1,689,636,958	294,950,950	1,159,277,845	4,356,762	14,631,128,276	27,104,389,931
Net Asset Value (NAV) Per Share (Note- 36)								66.83

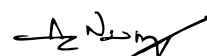
For the Year ended June 30, 2017								
Balance as on July 01, 2016	3,862,442,340	5,269,474,690	1,689,636,958	294,950,950	1,225,100,042	1,295,558	10,716,511,871	23,059,412,409
Total Comprehensive Income for the Year:								
Profit for the Year	-	-	-	-	-	-	2,226,695,124	2,226,695,124
Other Comprehensive Income	-	-	-	-	-	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
Net Asset Value (NAV) Per Share (Note- 36)								61.82

The Notes are an integral part of the Financial Statements.

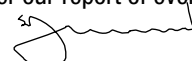
Approved and authorised for issue by the Board of Directors on October 25, 2018 and signed for and on behalf of the Board:


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 Accountant

 Dhaka
October 25, 2018

Beximco Pharmaceuticals Limited
Statement of Cash Flows
For the Year ended June 30, 2018

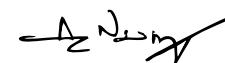
	Notes	July 2017 - June 2018	Amount in Taka July 2016 - June 2017
Cash Flows from Operating Activities :			
Receipts from Customers and Others		16,851,875,991	15,028,477,642
Payments to Suppliers and Employees		(13,768,549,304)	(11,726,003,260)
Cash Generated from Operations		3,083,326,687	3,302,474,382
Interest Paid		(512,099,369)	(557,003,162)
Interest Received		54,928,425	161,110,825
Income Tax Paid		(778,088,709)	(518,291,724)
Net Cash Generated from Operating Activities	38	1,848,067,034	2,388,290,321
Cash Flows from Investing Activities :			
Acquisition of Property, Plant and Equipment		(4,947,915,606)	(3,016,391,390)
Intangible Assets		(106,921,036)	(108,998,404)
Investment in Subsidiary		(2,125,186,000)	-
Disposal of Property, Plant and Equipment		1,354,100	22,059,127
Dividend Received		1,504,092	1,427,955
Decrease in Short Term Investment		547,179,732	552,460,907
Net Cash Used in Investing Activities		(6,629,984,718)	(2,549,441,805)
Cash Flows from Financing Activities :			
Net Increase /(Decrease) in Long Term Borrowings		1,902,090,586	32,424,297
Net Increase/(Decrease) in Short Term Borrowings		3,476,665,586	375,788,390
Dividend Paid		(502,757,959)	(193,154,407)
Net Cash Generated from Financing Activities		4,875,998,213	215,058,280
Increase/(Decrease) in Cash and Cash Equivalents		94,080,529	53,906,796
Cash and Cash Equivalents at Beginning of Year		275,028,025	221,121,229
Cash and Cash Equivalents at End of Year	13	369,108,554	275,028,025
Net Operating Cash Flow Per Share	37	4.56	5.89*
* Restated			

The Notes are an integral part of the Financial Statements.

Approved and authorised for issue by the Board of Directors on October 25, 2018 and signed for and on behalf of the Board:


Salman F Rahman
Vice Chairman


Nazmul Hassan
Managing Director


Ali Nawaz
Chief Financial Officer

Dhaka
October 25, 2018

Per our report of even date.


M. J. Abedin & Co.
Chartered Accountant

Beximco Pharmaceuticals Limited

Notes to the Financial Statements

As at and for the year ended June 30, 2018

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, 2018;
- (b) a Statement of Profit or Loss and Other Comprehensive Income for the year ended June 30, 2018;
- (c) a Statement of Changes in Equity for the year ended June 30, 2018;
- (d) a Statement of Cash Flows for the year ended June 30, 2018; 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, 2017 to June 30, 2018. The last audited financial statements were prepared for year ending June 30, 2017. Figures for earlier year 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, 2018.

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 Taxes.

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.

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, 2018

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, 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
Additions	-	3,463,060	153,477,707	22,149,265	155,989,774	27,304,510	362,384,316
Disposal during the Year	-	-	(30,979,553)	-	(3,345,000)	-	(34,324,553)
Cost at June 30, 2018	3,343,741,442	6,794,566,920	12,154,522,473	247,566,170	926,148,671	542,239,692	24,008,785,368
Accumulated Depreciation							
At July 01, 2017	-	1,620,406,516	4,766,780,484	91,105,709	439,348,695	302,679,677	7,220,321,081
Depreciation Charged	-	160,153,048	501,033,877	13,431,120	66,773,574	31,686,750	773,078,369
Adjustment for Assets disposed off	-	-	(29,066,434)	-	(3,057,667)	-	(32,124,101)
Accumulated Depreciation at June 30, 2018	-	1,780,559,564	5,238,747,927	104,536,829	503,064,602	334,366,427	7,961,275,349
Net Book Value June 30, 2018	3,343,741,442	5,014,007,356	6,915,774,546	143,029,341	423,084,069	207,873,265	16,047,510,019
Capital Work in Progress							12,597,594,779
Carrying Value as on June 30, 2018							28,645,104,798

Assets include leasehold assets of Tk. 1,259,514,081 at cost and Tk. 933,624,639 at carrying value.

As on June 30, 2017

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

Capital Work in Progress is arrived at as follows:

	June 30, 2018	Amount in Taka June 30, 2017
Opening Balance	8,012,063,489	5,956,586,824
Addition during the year	4,585,531,290	2,598,531,112
	12,597,594,779	8,555,117,936
Transferred & Capitalized	-	(543,054,447)
Building and Other Constructions	-	(61,530,227)
Plant & Machinery	-	(481,524,220)
Closing balance at end of year	12,597,594,779	8,012,063,489

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	1,190,203,818	1,225,100,042
Adjustment for depreciation on revalued assets	(10,382,600)	(11,757,201)
Adjustment for Deferred Tax on revalued assets	(20,543,373)	(23,139,023)
	1,159,277,845	1,190,203,818

5. Intangible Assets

Particulars	Product development, Licensing and Marketing Rights	ERP Project	Total
Cost			
As on July 01, 2017	432,821,781	117,693,650	550,515,431
Addition During the year	77,166,836	29,754,200	106,921,036
As on June 30, 2018	509,988,617	147,447,850	657,436,467
Amortization			
As on July 01, 2017	87,547,084	-	87,547,084
Amortized During the year	44,193,967	-	44,193,967
As on June 30, 2018	131,741,051	-	131,741,051
Balance as on June 30, 2018	378,247,566	147,447,850	525,695,416

6. Investment in Subsidiary

(a) The Company acquired 10,013,474 shares of Nuvista Pharma Ltd (NPL) representing 85.22% of the Paid Up Capital of NPL. The acquisition was completed on April 2, 2018. The investment in subsidiary represents the Purchase Consideration paid for the aforesaid acquisition and includes an amount of Tk. 31,136,000 paid as share transfer fee to the Registrar of Joint Stock Companies and Firms.

(b) As per the audited financial statements of Nuvista Pharma Ltd the accumulated profit (Retained Earnings) of NPL after deduction of net loss of Tk. 94,729,874 incurred for the year ended June 30, 2018 stands at Tk. 133,936,896. This has been carried forward to the next year's account of the said subsidiary and has not been dealt within or for the purpose of preparation of this financial statements.

7. Investment in Shares

(a) Investment Details (Taka) :

	Balance July 01, 2017	Addition/ Adjustment during the Year		Balance June 30, 2018
		New Investment	Unrealized Gain/(Loss)	
(i) Bangladesh Export Import Co. Ltd. (Note-c)	5,130,791	-	(942,433)	4,188,358
(ii) Central Depository Bangladesh Ltd. (CDBL)	1,569,450	-	-	1,569,450
(iii) Biocare Manufacturing SDN.BHD. , Malaysia-Note (e)	11,180,100	18,145,620	1,424,130	30,749,850
	17,880,341	18,145,620	481,697	36,507,658

(b) Number of Shares:

	Balance July 01, 2017	Addition/ Adjustment during the Year		Balance June 30, 2018
		Stock Dividend	New Issue	
(i) Bangladesh Export Import Co. Ltd.	152,249	7,612	-	159,861
(ii) Central Depository Bangladesh Ltd. (CDBL)	571,182	-	-	571,182
(iii) Biocare Manufacturing SDN.BHD. , Malaysia-Note (e)	600,000	-	900,000	1,500,000

(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 2017-18 was Tk. 26.20 (In 2016-17 Tk. 33.70) in both Dhaka and Chittagong Stock Exchanges. The amount of Tk.942,433 represents fair value loss.

(d) Shares of Central Depository Bangladesh Ltd. (CDBL) are not traded.

(e) Biocare Manufacturing SDN.BHD., Malaysia:

This represents 1,500,000 Ordinary Shares of Malaysian Ringgit (RM) 1 each issued to Beximco Pharmaceuticals Ltd. by BioCare Manufacturing Sdn Bhd ("BioCare"), Malaysia. Beximco Pharmaceuticals Ltd. has been issued 30% of the equity share of the Malaysian based company for providing full technical support to set up a manufacturing facility in Seri Iskandar Pharmaceutical Park, Perak, Malaysia and to produce specialized pharmaceutical products. The amount of Tk.1,424,130 represents exchange fluctuation gain.

8. Inventories

Amount in Taka

This consists of as follows :

	June 30, 2018	June 30, 2017
Finished Goods	744,138,733	648,654,846
Work in Process	205,169,517	110,263,528
Raw Materials	2,040,109,375	1,078,181,712
Packing Materials	939,299,203	666,980,097
Laboratory Chemicals	4,001,948	464,291
Physician Samples	82,714,044	93,819,210
R & D Materials	324,655	-
Materials in Transit	649,691,986	869,725,377
	4,665,449,461	3,468,089,061

9. Spares & Supplies

This consists of as follows :

Spares & Accessories	537,366,837	521,797,051
Stock of Stationery	10,936,969	8,784,791
Literature & Promotional Materials	106,477,464	105,521,050
	654,781,270	636,102,892

10. Accounts Receivable

This includes receivable of Tk. 596,463,606 equivalent to US\$ 7,190,640 as on June 30 2018 (on 30-06-2017 Tk. 289,820,128 equivalent to US\$ 3,618,229) against export sales. Part of the export sales receivables are against Letter of Credit while the rest are unsecured but considered good.

Accounts Receivable also includes Tk. 2,011,958,959 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. 2,071,859,759 on 31 May, 2018.

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.

11. Loans, Advances and Deposits

Amount in Taka

This is unsecured, considered good and consists of as follows :	June 30, 2018	June 30, 2017
Clearing & Forwarding	162,932,842	95,439,989
VAT	188,082,567	210,808,752
Claims Receivable	19,642,831	19,221,466
Security Deposit & Earnest Money	47,836,614	45,208,648
Lease Deposit	17,600,613	18,069,093
Capital Expenditure/ Project	108,792,585	110,361,635
Expenses	131,833,344	122,591,882
Bank Guarantee Margin	27,004,835	8,487,574
Advance against Salary	116,813,989	101,975,696
Rent Advance	11,608,729	14,821,748
Motor Cycle	180,739,474	166,342,342
Raw & Packing Material	735,793,984	469,339,126
Prepaid Insurance	197,698,816	221,417,599
Overseas Liaison Office	32,698,675	24,780,081
Others	87,761,063	68,813,787
	<u>2,066,840,961</u>	<u>1,697,679,418</u>

(a) The maximum amount due from the employees during the year was Tk. 119,172,863 on 31 January 2018.

(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) Prepaid Insurance 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 portion of the prepaid insurance has been capitalized.

12. 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.

13. Cash and Cash Equivalents

	June 30, 2018	June 30, 2017
This consists of as follows:		
(a) Cash in Hand (including Imprest Cash)	191,916,333	107,253,933
(b) Cash at Bank :		
(i) Current & FC Account	142,718,744	134,814,500
(ii) FDR Account	34,473,477	32,959,592
	<u>369,108,554</u>	<u>275,028,025</u>

14. Issued Share Capital

Amount in Taka

A. Authorized :	June 30, 2018	June 30, 2017
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 of Tk. 10 each	3,165,382,980	3,165,382,980
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>4,055,564,450</u>

5,951,250 Ordinary Shares of Tk. 10 each were issued to the shareholders of Beximco Infusions Ltd on its merger with Beximco Pharmaceuticals Ltd. in 2005.

41,000,000 fully convertible 5% preference shares of Tk. 100 each were issued in 2009. 50% of the preference shares were converted into 16,169,191 ordinary shares of Tk. 10 each on February 1, 2010. The rest 50% were converted into 15,121,956 ordinary shares of Tk. 10 each on May 2, 2010.

C. Composition of Shareholding of Ordinary Shares:

	June 30, 2018		June 30, 2017	
	No. of shares	% of Share Capital	No. of shares	% of Share Capital
Sponsors:				
A S F Rahman	8,235,353	2.03	8,235,353	2.03
Salman F Rahman	8,254,632	2.04	8,254,632	2.04
Other Directors and Associates	36,999,784	9.12	36,979,784	9.12
	53,489,769	13.19	53,469,769	13.19
Public Issue:				
GDRs- London Stock Exchange (AIM)	90,943,627	22.42	90,943,627	22.42
Foreign Investors' Shareholdings (DSE/CSE)	74,469,959	18.36	77,141,361	19.02
Institutions (ICB, ICB Investors' Accounts & Others)	119,603,843	29.49	98,140,873	24.20
Individual Share Holders	67,049,247	16.54	85,860,815	21.17
	352,066,676	86.81	352,086,676	86.81
	405,556,445	100	405,556,445	100

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, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
1 to 499	43,579	46,907	75.16%	74.76%	6,030,643	6,389,847	1.49%	1.58%
500 to 5,000	12,360	13,387	21.32%	21.34%	18,111,978	19,743,510	4.47%	4.87%
5,001 to 10,000	969	1,132	1.67%	1.80%	6,952,640	8,165,206	1.71%	2.01%
10,001 to 20,000	478	576	0.82%	0.92%	6,834,127	8,339,317	1.69%	2.06%
20,001 to 30,000	147	183	0.25%	0.29%	3,629,536	4,615,416	0.89%	1.14%
30,001 to 40,000	72	84	0.12%	0.13%	2,493,725	2,954,786	0.61%	0.73%
40,001 to 50,000	60	82	0.10%	0.13%	2,724,479	3,772,353	0.67%	0.93%
50,001 to 100,000	116	166	0.20%	0.26%	8,267,895	12,083,693	2.04%	2.98%
100,001 to 1,000,000	163	183	0.28%	0.29%	48,891,611	53,639,190	12.06%	13.23%
Over 1,000,000	38	41	0.07%	0.07%	301,619,811	285,853,127	74.37%	70.47%
Total	57,982	62,741	100%	100%	405,556,445	405,556,445	100%	100%

E. Market Price of Ordinary Shares:

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

		June 30 , 2018	June 30 , 2017
Dhaka	Tk.	93.90	113.00
Chittagong	Tk.	94.70	113.00
AIM	GBP	0.510	0.605

F. Option on unissued Ordinary Shares:

There is no option on unissued shares as on 30.06.2018.

15. 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.

16. Long Term Borrowings - Net of Current Maturity

(a) This is arrived at as follows :

	June 30, 2018	Amount in Taka June 30, 2017
Project Loan - ODDO BHF Aktiengesellschaft, Frankfurt, Germany	2,809,556,317	1,167,114,340
Obligation Under Finance Leases	280,596,178	350,296,702
AB Bank	759,326,232	1,118,495,983
	<u>3,849,478,727</u>	<u>2,635,907,025</u>

(b) 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. It carries interest @ 6 month's USD LIBOR plus 2.25% per annum.

(c) Obligation Under Finance Leases

Gross Finance Lease - minimum lease Liability:

	June 30, 2018	June 30, 2017
Within one year	260,426,903	238,426,406
Within two to five years	336,141,714	413,213,083
Total	596,568,617	651,639,489
Less future finance charges on finance lease liability	(114,965,180)	(132,529,673)
Present Value of Finance Lease liability	481,603,437	519,109,816

This consists of as follows:

Within one year	201,007,259	168,813,114
Within two to five years	280,596,178	350,296,702
Present Value of Finance Lease liability	481,603,437	519,109,816

(d) AB Bank

This loan is payable in quarterly installments and is secured by paripassu hypothecation along with Janata Bank on all fixed and floating assets of the Company excepting the machineries and equipments financed by ODDO BHF Aktiengesellschaft, Frankfurt, Germany.

17. 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

	June 30, 2018	June 30, 2017
(a) Gratuity Payable		
Opening Balance	529,565,300	445,226,921
Provisions during the year	155,686,017	100,578,000
	685,251,317	545,804,921
Paid during the year	(25,247,014)	(16,239,621)
Closing balance at end of the Year	660,004,303	529,565,300
(b) Workers Profit Participation and Welfare Fund	564,457,967	587,529,129
	1,224,462,270	1,117,094,429

18. Deferred Tax Liability

Opening Balance	1,852,665,968	1,756,723,000
Addition during the Year :		
Deferred Tax on Assets (cost basis)-Note : 33 (b)	16,614,044	72,803,945
Deferred Tax on revalued amount	20,543,373	23,139,023
Closing Balance at end of the Year	1,889,823,385	1,852,665,968

19. Short Term Borrowings

Janata Bank Ltd. - Cash Credit-Hypothecation Loan	3,897,681,180	1,239,757,995
Liability for UPAS Letter of Credit	1,064,417,066	245,674,665
	4,962,098,246	1,485,432,660

20. Long Term Borrowings-Current Maturity

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

Project Loan - Local Banks	-	96,418,429
Project Loan - ODDO BHF Aktiengesellschaft, Frankfurt, Germany	852,470,599	84,706,841
Obligation Under Finance Leases	201,007,259	168,813,114
AB Bank	400,341,697	365,851,816
	1,453,819,555	715,790,200

21. Creditors and Other Payables

Goods & Services	569,160,255	140,880,215
Provident Fund	188,151,262	275,950,713
Advance Against Sales	43,576,730	57,922,126
Others	138,649,988	63,410,725
	939,538,235	538,163,779

22. Accrued Expenses

Amount in Taka

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

	June 30, 2018	June 30, 2017
For Expenses	136,464,535	102,140,931
Workers' Profit Participation and Welfare Funds - current year's expense (net off interim payments)	166,983,289	143,234,083
	<u>303,447,824</u>	<u>245,375,014</u>

23. Income Tax Payable

Opening Balance	420,924,678	347,233,813
Provision for the year	790,580,483	627,764,437
Short / (Excess) Provision for previous year	-	(35,781,848)
	1,211,505,161	939,216,402
AIT & Treasury deposits during the year	(778,088,709)	(518,291,724)
	<u>433,416,452</u>	<u>420,924,678</u>

24. Net Sales Revenue

This consists of as follows :

Amount in Taka

	July 2017 - June 2018	July 2016 - June 2017
Domestic	15,903,750,112	14,430,304,971
Export *	1,476,977,889	1,078,472,001
	<u>17,380,728,001</u>	<u>15,508,776,972</u>

* Equivalent US Dollar 17,953,810 for 2017-18 as against US Dollar 13,672,099 for 2016-17.

Sales represents:

Product Category	Quantity		
	Unit	July 2017 - June 2018	July 2016 - June 2017
Tablet, Capsule, Suppository & DPI	Million pcs.	4,520.25	4,008.10
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectible and Inhaler	Million pcs.	97.08	87.65
Diet Care Products	Pcs	21,566	36,193
Active Pharmaceutical Ingredients	Kg	141,374	177,737
Liquid Nitrogen	Liter	437,986	388,917

25. Cost of Goods Sold

Amount in Taka

This is made-up as follows :

	July 2017 - June 2018	July 2016 - June 2017
Work-in-Process (Opening)	110,263,528	194,155,965
Materials Consumed (Note: 26)	7,174,927,962	6,126,293,944
Factory Overhead (Note: 27)	2,462,809,815	2,287,126,449
Total Manufacturing Cost	9,748,001,305	8,607,576,358
Work-in-Process (Closing)	(205,169,517)	(110,263,528)
Cost of Goods Manufactured	9,542,831,788	8,497,312,830
Finished Goods (Opening)	648,654,846	639,923,877
Finished Goods available	10,191,486,634	9,137,236,707
Cost of Physician Sample transferred to Sample Stock	(191,843,220)	(164,686,512)
Finished Goods (Closing)	(744,138,733)	(648,654,846)
	<u>9,255,504,681</u>	<u>8,323,895,349</u>

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

Stock as June 30, 2018	Unit	Quantity	Value (Tk.)
Tablet, Capsule, Suppository & DPI	Million pcs.	419.50	438,495,650
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable and Inhaler	Million pcs.	7.20	276,721,452
Active Pharmaceutical Ingredients	Kg	9,592	26,362,126
Diet Care Products	Pcs	4,918	2,559,505
			<u>744,138,733</u>

Stock as June 30, 2017	Unit	Quantity	Value (Tk.)
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>

26. Materials Consumed

	July 2017 - June 2018	July 2016 - June 2017
This is made-up as follows:		
Opening Stock	1,745,626,100	1,252,454,731
Purchase	8,412,712,388	6,619,465,313
Closing Stock	(2,983,410,526)	(1,745,626,100)
	<u>7,174,927,962</u>	<u>6,126,293,944</u>

27. Factory Overhead

Amount in Taka

	July 2017 - June 2018	July 2016 - June 2017
Salary & Allowances	861,570,554	723,627,956
Repairs and Maintenance	204,042,376	189,600,074
Insurance Premium	22,183,717	18,389,627
Municipal Tax & Land Revenue	2,508,685	3,003,485
Advertisement	196,960	74,602
Registration & Renewals	13,724,885	11,136,097
Travelling & Conveyance	9,364,755	7,337,312
Entertainment	1,799,806	1,622,407
Research and Development	216,131,607	236,318,682
Printing & Stationery	22,062,770	20,824,317
Telephone, Internet & Postage	9,211,158	8,054,456
Toll Expense	211,932,071	201,710,308
Electricity, Gas & Water	135,414,774	129,746,397
Training & Conference	4,961,417	6,230,654
Plant Certification and Regulatory Approvals	26,780,147	24,852,026
Depreciation	699,635,924	684,144,850
Other Expenses	21,288,209	20,453,199
	<u>2,462,809,815</u>	<u>2,287,126,449</u>

(a) Salary and allowances include Company's Contribution to provident fund amounting to Tk. 15,775,182.

(b) Repairs and maintenance includes maintenance of office, premises, vehicles, building, equipment and other infrastructures. Also included therein imported stores and spares that has been consumed during the year.

(c) Other expenses does not include any item exceeding 1% of total revenue.

28. Administrative Expenses

Salary & Allowances	299,668,418	268,697,454
Rent	11,320,578	10,340,260
Repairs and Maintenance	48,306,306	44,592,453
Registration & Renewals	8,507,108	4,749,077
Travelling & Conveyance	26,412,385	24,757,331
Entertainment	6,605,694	5,588,149
Printing & Stationery	5,965,303	4,333,150
Audit Fee	1,600,000	1,500,000
Telephone, Internet & Postage	6,036,768	5,747,696
Electricity, Gas & Water	12,688,120	11,520,307
Legal & Consultancy	8,104,405	7,499,601
Business Acquisition Cost	12,619,081	-
Company Secretarial, Regulatory Fee and AGM Expense	32,250,219	35,852,501
Advertisement	413,705	318,031
Training & Conference	9,504,679	7,038,537
Depreciation	27,057,743	26,458,640
Board Meeting Attendance Fee	468,564	268,338
Other Expenses	77,656,553	63,134,924
	<u>595,185,629</u>	<u>522,396,449</u>

- (a) Salary and allowances include Company's Contribution to provident fund amounting to Tk. 6,887,331.
 (b) Repairs and maintenance includes maintenance of office, premises, vehicles, building, equipment and other infrastructures.
 (c) Remuneration is paid to the Directors for attending Board and Audit Committee Meetings.

29. Selling, Marketing and Distribution Expenses

Amount in Taka

	July 2017 - June 2018	July 2016 - June 2017
Salary & Allowances	1,212,995,091	1,072,107,395
Rent	77,134,110	70,979,649
Repairs and Maintenance	8,301,461	7,877,136
Travelling & Conveyance	424,569,958	399,446,059
Entertainment	53,216,266	46,529,440
Printing & Stationery	40,282,407	35,775,940
Telephone, Internet & Postage	17,357,357	15,623,145
Electricity, Gas & Water	9,364,325	9,046,220
Market Research & New Products	48,764,784	43,233,034
Training & Conference	96,624,078	88,446,315
Insurance Premium	30,946,509	23,542,254
Sample Expense	261,921,844	254,732,956
Sales & Market Promotion Expenses	421,085,672	408,729,153
Pharmacovigilance	10,893,311	11,585,795
Literature/News Letter	128,227,175	132,709,374
Registration & Renewals	54,760,086	51,017,650
Export Insurance, Freight and C&F Expenses	120,383,504	55,435,614
Distribution Commission	234,392,430	218,636,233
Delivery Expense	179,142,387	172,852,703
Depreciation & Amortization	90,578,669	71,648,256
Other Expenses	27,496,402	24,324,781
	3,548,437,826	3,214,279,102

- (a) Salary and allowances include Company's Contribution to provident fund amounting to Tk. 28,035,404.
 (b) Distribution commission on local sales of Formulation and IV Fluid products were 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 expenses.

30. Other Income

Interest Income	54,928,425	161,110,825
Dividend Income	1,504,092	1,427,955
Royalty	6,093,728	-
Technology Transfer Income*	18,145,620	10,554,000
Income From sale of Product Dossier	4,959,000	-
Distribution Commission	22,851,313	-
Exchange Rate Fluctuation Gain / (Loss) **	(42,662,242)	(26,444,057)
Profit/(Loss) on Sale of Fixed Assets (Note 40)	(846,352)	(1,795,892)
	64,973,584	144,852,831

* Equity shares were issued by Biocare Manufacturing SDN. BHD. Malaysia against transfer of technologies.

**This is arrived after netting off exchange rate fluctuation loss amounting Tk. 49,510,471 on account of outstanding foreign currency loan from ODDO BHF Aktiengesellschaft, Frankfurt, Germany translated at exchange rate prevailing on Financial Position date.

31. Finance Cost

Amount in Taka

	July 2017 - June 2018	July 2016 - June 2017
Interest on Working Capital Loan	361,626,873	303,316,773
Interest on Project / Consortium Loan *	(21,183,793)	13,904,256
Interest on Lease Finance	73,199,604	111,145,912
Interest on Loan from PF, WPPF & Welfare Fund	85,080,425	107,554,563
Other Bank Charges	13,376,260	21,081,658
	512,099,369	557,003,162

* Net of Interest rebate received as per the terms of the Sanction letter of the loan for the timely repayment of all the installments.

32. 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).

33. Income Tax Expenses

This consists of as follows :

(a) Current Tax

(i) Tax provision for current Year (Note 3.9)	790,580,483	627,764,437
(ii) Short/(Excess) Provision for earlier year	-	(35,781,848)
	<u>790,580,483</u>	<u>591,982,589</u>

(b) Deferred Tax Expense

	<u>16,614,044</u>	<u>72,803,945</u>
	807,194,527	664,786,534

Deferred Tax Expense is arrived at as follows :

Property, Plant & Equipment (Difference in book value & Tax base)	8,219,297,841	7,940,229,171
Deferred Liability (Gratuity)	(660,004,303)	(529,565,300)
Temporary Difference	7,559,293,538	7,410,663,871
Tax Rate	25%	25%
Deferred Tax Liability at end of the Year	1,889,823,385	1,852,665,968
Deferred Tax Liability at beginning of the Year	1,852,665,968	1,756,723,000
Change in Deferred Tax Liability	37,157,417	95,942,968
Deferred Tax on Revaluation Surplus	(20,543,373)	(23,139,023)
Deferred Tax charged to Profit or Loss and Other Comprehensive Income	16,614,044	72,803,945

34. Other Comprehensive Income/(Loss)

Fair Value Gain/(Loss) on Investment in Listed Shares	(942,433)	1,953,407
Exchange Rate Fluctuation Gain on Investment in Biocare Manufacturing	1,424,130	626,100
	<u>481,697</u>	<u>2,579,507</u>

35. Earnings Per Share (EPS)

(a) Earnings attributable to the Ordinary Shareholders	Tk.	2,558,971,263	2,226,695,124
(b) Weighted average number of Shares outstanding during the year (Note 3.15)		405,556,445	405,556,445
Earnings Per Share (EPS)	Tk.	6.31	5.49

36. Net Asset Value (NAV) Per Share

Amount in Taka

	July 2017 - June 2018	July 2016 - June 2017
Total Assets	42,165,015,439	34,084,132,870
Less Total Liabilities	(15,060,625,508)	(9,011,706,970)
Net Assets	27,104,389,931	25,072,425,900
Number of Shares at Financial Position date	405,556,445	405,556,445
Net Asset Value (NAV) Per Share	66.83	61.82

37. Net Operating Cash Flow Per Share (NOCFPS)

Net Cash Generated from Operating Activities	1,848,067,034	2,388,290,321
Number of Shares at Financial Position date	405,556,445	405,556,445
Net Operating Cash Flow Per Share (NOCFPS)	4.56	5.89*

*Restated

38. Reconciliation of Net Profit with Cash Flows from Operating Activities

Profit after Tax	2,558,971,263	2,226,695,124
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Adjustment to reconcile net profit to net cash provided by operating activities :

Non-cash Expenses:	972,619,072	1,010,275,459
Depreciation	773,078,369	755,961,160
Amortization	44,193,967	26,290,586
Gratuity & WPPF	107,367,841	132,895,970
Technology Transfer Income -Biocare Manufacturing SDN. BHD., Malaysia	(18,145,620)	(10,554,000)
Exchange rate fluctuation loss on Bank Loan - Foreign Currency	49,510,471	32,877,798
Deferred Tax	16,614,044	72,803,945
Non-operating items:	(657,740)	367,937
Dividend Income	(1,504,092)	(1,427,955)
Loss on Sale of Fixed Assets	846,352	1,795,892
Changes in working Capital	(1,682,865,561)	(849,048,199)
(Increase)/Decrease in Inventories	(1,197,360,400)	(697,757,386)
(Increase)/Decrease in Spares & Supplies	(18,678,378)	(21,496,780)
(Increase)/Decrease in Accounts Receivable	(569,604,280)	(486,733,071)
(Increase)/Decrease in Loans, Advances & Deposits	(369,161,543)	104,624,767
Increase/(Decrease) in Creditors and Other Payables	401,374,456	84,335,167
Increase/(Decrease) in Accrued Expenses	58,072,810	94,288,239
Increase/(Decrease) in Income Tax Payable	12,491,774	73,690,865
Net cash Generated from Operating Activities	1,848,067,034	2,388,290,321

39. Related Party Disclosures

Amount in Taka

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	19,075,349,798 234,392,430	2,011,958,959
(b) Bangladesh Export Import Co. Ltd.	Short Term Investment & Interest there on	547,179,732	339,397,174
(C) Nuvista Pharma Ltd.	Toll Expense Distribution Commission Income	3,970,778 18,584,888	2,313,836 18,584,888

40. Particulars of Disposal of Property, Plant and Equipment

The following assets were disposed off during the year ended June 30, 2018:

Particulars of Assets	Cost	Accumulated Depreciation	Written Down Value	Sales Price	Profit / (Loss)	Mode of Disposal	Name of Parties
Plant & Machinery	30,979,553	29,066,434	1,913,119	782,650	(1,130,469)	Negotiation	Different Individuals
Transport & Vehicle	3,345,000	3,057,667	287,333	571,450	284,117	Negotiation	Different Individuals
Tk.	34,324,553	32,124,101	2,200,452	1,354,100	(846,352)		

41. 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 2017 - June 2018
Remuneration	228,156,894
Gratuity	10,407,588
Contribution to Provident Fund	10,187,070
Bonus	25,467,675
Medical	5,438,661
Others	6,705,192
Total	286,363,080

(b) The above includes salary, allowances, and perquisites amounting Tk.41,244,135 paid to the Managing Director.

(c) This also includes Tk. 468,564 paid to Directors including Independent Directors for attending Board and Audit Committee meetings.

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

42. Production Capacity and Utilization

Item	Unit	Production Capacity		Actual Production		Capacity Utilization	
		July 17 - June 18	July 16 - June 17	July 17 - June 18	July 16 - June 17	July 17 - June 18	July 16 - June 17
Tablet, Capsule, Suppository & DPI	Million Pcs	4349.64	4,241.14	4,741.32	4,140.72	109.00%	97.63%
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable and Inhaler	Million Pcs	94.49	100.71	97.83	87.81	103.53%	87.19%

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

43. Capital Expenditure Commitment

There was no capital expenditure contracted but not incurred or provided for at June 30, 2018.

44. Finance Lease Commitment

At June 30, 2018 the company had annual commitment under finance leases as set out below :

Leases expiring within 1 year	201,007,259
Leases expiring within 2-5 years (inclusive)	280,596,178
Tk.	481,603,437

45. Claim not Acknowledged as Debt

There was no claim against the company not acknowledged as debt as on June 30, 2018.

46. Un-availed Credit Facilities

There is no credit facilities available to the Company under any contract, other than credit available in the ordinary course of business and not availed of as on June 30, 2018.

47. Payments Made in Foreign Currency

	Foreign Currency (Equivalent US\$)	Taka
Import of Machinery, Equipment & Spares	21,905,397	1,789,972,659
Import of Materials	53,674,485	4,391,116,168
Regulatory Fees, Foreign Currency Loan repayment & Other Expenses	12,406,551	1,023,429,971

48. Foreign Exchange Earned / Received

	Foreign Currency (US\$)	Taka
(a) Collection from Export Sales	14,700,850	1,214,290,222
(b) Loan from ODDO BHF Aktiengesellschaft, Germany	33,653,959	2,820,121,650
(c) Royalty and other Income	133,507	11,052,728

49. 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.

50. 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.

51. Events after The Reporting Period

(a) The directors recommended 12.5% cash dividend (i.e. Tk. 1.25 per share) for the year 2017-18. The dividend proposal is subject to shareholders' approval at the forthcoming annual general meeting.

(b) A separate entity named Beximco Pharma API Limited has been formed with a paid up capital of Taka 20,000,000 divided into 2,000,000 shares of Tk. 10 each. Beximco Pharmaceuticals Ltd. holds 1,999,990 shares of the total paid up shares of the company. Beximco Pharma API Limited will setup manufacturing facilities in the API Industrial Park (at Gozaria, Munshiganj)- newly established by the government in order to promote API manufacturing in the country. Two plots measuring 3.27 acres land have been allotted in the name of Beximco Pharmaceuticals Ltd. which are now in the process of being transferred in favour of Beximco Pharma API Limited.

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.

52. 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

52.01 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 June 30, 2018 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.

52.02 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.

52.03 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

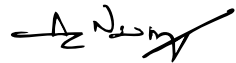
Interest rate risk is the risk that arises due to changes in interest rates on borrowing. The foreign currency loan is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative 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, 2018

Audited Financial Statements
Nuvista Pharma Ltd

AUDITORS' REPORT

To the shareholders of Nuvista Pharma Limited

We have audited the accompanying financial statements of Nuvista Pharma Limited which comprise the statement of financial position as at 30 June 2018 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other 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 Bangladesh Financial Reporting Standards (BFRSs), 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 the financial statements based on our audit. We conducted our audit in accordance with 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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nuvista Pharma Limited as at 30 June 2018 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs), and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof.
- (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 those books.
- (c) The statements of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns.

Nuvista Pharma Limited
Statement of Financial Position

As at 30 June 2018

	Notes	30 June 2018	30 June 2017
		Taka	Taka
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,245,065,897	1,316,345,370
Capital work-in-progress	5	15,956,525	10,752,416
Loan to employees	6	6,099,718	9,794,183
		1,267,122,140	1,336,891,969
Current assets			
Advances, deposits and prepayments	7	42,294,454	14,974,627
Loan to employees	6	3,679,374	3,729,656
Advance income tax net of tax provision	8	32,568,508	21,533,188
Inventories	9	402,528,046	334,192,418
Trade receivables	10	26,879,082	411,329,751
Cash and cash equivalents	11	24,627,392	26,131,694
		532,576,856	811,891,334
Total assets		1,799,698,996	2,148,783,303
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	117,501,600	117,501,600
Reserves and surplus	13	334,874,560	430,784,450
		452,376,160	548,286,050
Non-current liabilities			
Lease obligation - long term portion		-	23,341,735
Long term bank borrowings	14	167,946,540	202,210,694
Deferred liability - gratuity payable	15	99,704,228	148,114,957
Deferred tax liabilities	16	137,448,710	109,160,066
		405,099,478	482,827,452
Current liabilities and provisions			
Lease obligation - current portion		-	16,521,684
Short term bank borrowings	17	753,898,579	805,974,589
Trade payables	18	54,488,508	122,743,736
Liabilities for expenses	19	100,860,014	134,755,028
Other liabilities	20	32,976,257	37,674,764
		942,223,358	1,117,669,801
Total liability		1,347,322,836	1,600,497,253
Total equity and liabilities		1,799,698,996	2,148,783,303

Footnotes:

1. Auditors' Report - page 1
2. The annexed notes 1 to 34 form an integral part of these financial statements.

Nazmul Hossain

Chairman

Rabbur Reza

Managing Director

A. Qasem

Director

As per our report of same date

A. Qasem & Co.

(A. Qasem & Co.)

Chartered Accountants

Nuvista Pharma Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	<u>Notes</u>	<u>30 June 2018</u> <u>Taka</u>	<u>30 June 2017</u> <u>Taka</u>
Revenue	21	1,319,875,856	1,807,232,987
Cost of goods sold	22	(666,021,602)	(941,807,008)
Gross profit		653,854,254	865,425,979
General and administration expenses	23	(120,728,065)	(128,474,244)
Selling and distribution expenses	24	(496,322,557)	(524,355,150)
Profit/(loss) from operations		36,803,632	212,596,585
Non-operating income/(expenses)	25	(2,543,380)	1,340,827
Interest expenses	26	(92,782,227)	(90,276,796)
Profit/(loss) before tax and WPPF		(58,521,975)	123,660,616
Contribution to WPPF		-	(5,888,601)
Profit/(loss) before tax		(58,521,975)	117,772,015
Tax expense			
Current	8	(7,919,255)	(29,480,645)
Deferred	16	(28,288,644)	(25,635,237)
		(36,207,899)	(55,115,882)
Profit/(loss) after tax		(94,729,874)	62,656,133
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(94,729,874)	62,656,133
Earnings Per Share (EPS)		(8.06)	5.33

Footnotes:

1. Auditors' Report - page 1
2. The annexed notes 1 to 34 form an integral part of these financial statements.

Nazmul Hossain

Chairman

Rabbur Raza

Managing Director

A. Qasem & Co.

Director

As per our report of same date

A. Qasem & Co.

(A. Qasem & Co.)
Chartered Accountants

Dhaka, 13 October 2018

Nuvista Pharma Limited
Statement of changes in equity
For the year ended 30 June 2018

Particulars	Share capital	Reserves and surplus						Total
		General reserve	Share premium	Pre-incorporation profit	Revaluation reserve	Retained earnings	Total reserves and surplus	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 July 2016	58,750,800	7,511,991	30,844,170	243,737	162,337,766	167,939,266	368,876,930	427,627,730
Issue of share capital	58,750,800							58,750,800
Dividend paid						(748,613)	(748,613)	(748,613)
Profit after tax for the year ended 30 June 2017	-	-	-	-	-	62,656,133	62,656,133	62,656,133
Balance as at 30 June 2017	117,501,600	7,511,991	30,844,170	243,737	162,337,766	229,846,786	430,784,450	548,286,050
Number of shares								11,750,160
Net assets value per share								46.66
Balance as at 1 July 2017	117,501,600	7,511,991	30,844,170	243,737	162,337,766	229,846,786	430,784,450	548,286,050
Dividend paid						(1,180,016)	(1,180,016)	(1,180,016)
Loss after tax for the year ended 30 June 2018	-	-	-	-	-	(94,729,874)	(94,729,874)	(94,729,874)
Balance as at 30 June 2018	117,501,600	7,511,991	30,844,170	243,737	162,337,766	133,936,896	334,874,560	452,376,160
Number of shares								11,750,160
Net assets value per share								38.50

Najmul Haseen
Chairman

Rabbur Raza
Managing Director

A. N. M. J. J.
Director

As per our report of same date

Dhaka, 13 October 2018

A. Qasem & Co.
(A. Qasem & Co.)
Chartered Accountants

Nuvista Pharma Limited
Statement of cash flows
For the year ended 30 June 2018

	<u>30 June 2018</u> <u>Taka</u>	<u>30 June 2017</u> <u>Taka</u>
A. Cash flows from operating activities		
Cash receipts from customers	1,704,326,525	1,593,417,058
Cash paid to suppliers and employees	(1,421,067,187)	(1,446,813,906)
Cash generated from operation	283,259,338	146,603,152
Interest paid	(95,952,969)	(90,276,796)
Income tax paid	(18,954,575)	(17,254,894)
Net cash generated from operating activities	<u>168,351,794</u>	<u>39,071,462</u>
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(55,549,997)	(186,753,414)
Proceeds from disposal of property, plant and equipment	13,077,500	2,185,252
Net cash used in investing activities	<u>(42,472,497)</u>	<u>(184,568,162)</u>
C. Cash flows from financing activities		
Long term bank borrowings	(34,264,154)	(120,689,044)
Short term bank borrowings	(52,076,010)	241,237,743
Lease finance	(39,863,419)	(14,544,125)
Dividend paid	(1,180,016)	(748,613)
Share Capital	-	58,750,800
Net cash (used in)/from financing activities	<u>(127,383,599)</u>	<u>164,006,761</u>
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	<u>(1,504,302)</u>	<u>18,510,061</u>
E. Opening cash and cash equivalents	<u>26,131,694</u>	<u>7,621,633</u>
F. Closing cash and cash equivalents (D+E)	<u>24,627,392</u>	<u>26,131,694</u>
Net operating cash flow per share	<u>14.33</u>	<u>3.33</u>
Number of shares	<u>11,750,160</u>	<u>11,750,160</u>

Naymul Haasan
Chairman

Rabbur Raza
Managing Director

A. Qasem
Director

As per our report of same date

Dhaka, 13 October 2018

A. Qasem
(A. Qasem & Co.)
Chartered Accountants

Nuvista Pharma Limited
Notes to the financial statements
As at and for the year ended 30 June 2018

1. Reporting entity

1.1 Nuvista Pharma Limited (“the company”) was originally incorporated as a private limited company in 1973 in Bangladesh as Organon (Bangladesh) Limited under the Companies Act 1913. The company in its extra ordinary general meeting of the shareholders held on 02 November 2006 changed the name of the company from “Organon (Bangladesh) Limited” to “Nuvista Pharma Limited” which was approved by the Registrar of Joint Stock Companies and Firms on 29 November 2006.

The company in its extra ordinary general meeting held on 05 May 2011 made some amendments to the Memorandum and Articles of Association with a view to broadening the objects clause of the company (subsequently approved by the High Court on 12 October 2011), converting it into a Public Limited company, increasing its authorized capital, complying with the Companies Act 1994, and eliminating certain redundant provisions in the Articles of Association of the company consequent upon the transfer of Organon International’s shareholding in the Company, which were filed with the Registrar of Joint Stock Companies and Firms, Dhaka.

On 2nd April 2018, Beximco Pharmaceuticals Limited (BPL), a public limited company listed with Dhaka Stock Exchange, Chittagong Stock Exchange and London Stock Exchange has acquired majority shareholdings in Nuvista Pharma Limited (NPL) and through this acquisition BPL has become the immediate and ultimate parent of the company. Current shareholding comprises 85.22% by BPL, 12.92% by Government of Bangladesh and rest by other local shareholders.

1.2 The address of the registered office of the company is Plot no. 107/A, Mascot Plaza (8th floor), Sonargaon Janapath, Sector-7, Uttara C/A, Dhaka-1230, Bangladesh.

1.3 The company produces various pharmaceutical products including oral contraceptives, hormone, steroid, anti-histamine, anti-fibrinolytic, anti-infective, cardiac, gastrointestinal, musculoskeletal, respiratory, vitamin & mineral supplement and women’s health products which are sold in the local market.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Accounting Standards (BASs), International Accounting Standards (IASs), Bangladesh Financial Reporting Standards (BFRSs) and International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except revaluation of certain property, plant and equipment.

2.3 Functional and presentational currency

These financial statements are prepared in Bangladeshi Taka (Taka/Tk.), which is the company’s functional currency. All financial information has been presented in Taka and rounded off to the nearest integer.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgment, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an on going basis.

2.5 Going concern

The company has adequate resources to continue its operation for the foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current resources and credit facilities of the company are sufficient to meet the present requirements of its existing business.

2.6 Statement of cash flows

Statement of cash flows has been prepared in accordance with as per BAS 7: “Statement of cash flows” under direct method.

2.7 Reporting period

These financial statements cover one year from 1 July 2017 to 30 June 2018.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Shareholders' capital - paid-up capital

Paid-up capital represents the total amount of shareholders capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time.

3.2 Lease transactions

All lease transactions have been classified based on the extent to which risks and rewards incident to ownership of leased assets lie with the lessor or lessee. According to this classification, all the lease transactions have been identified as finance lease as per BAS 17: “Leases”, based on the substance of the transactions not merely the legal form.

Finance lease has been recognised as assets and liabilities in the Statement of financial position at amount equal at the inception of lease to the lower of fair value of leased property and present value of minimum lease payments. The interest rate implicit in the lease has been used to calculate the present value of minimum lease payments.

3.3 Staff gratuity fund

The company operates an unfunded gratuity scheme, provision in respect of which is made annually for all eligible employees. Gratuity payable to all eligible employees at the end of each year is determined on the basis of the existing rules and regulations of the company.

3.4 Employees provident fund

The company subscribes to a contributory provident fund for its permanent employees which is administered by a Board of Trustees.

3.5 Property, plant and equipment

3.5.1 Recognition and measurement

Property, plant and equipment (PPE) is recognised as an asset if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the item can be measured reliably.

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the assets, bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

3.5.2 Subsequent costs

The costs of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its costs can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognised in the Statement of profit or loss and other comprehensive income as incurred.

3.5.3 Depreciation

Depreciation is recognised in the Statement of profit or loss and other comprehensive income on a straight line basis over the estimated useful lives of each item of property, plant and equipment. Depreciation on property, plant and equipment is charged from the month of acquisition. In case of disposals, depreciation is charged up to the immediate previous month of disposal. No depreciation is charged on leasehold land and capital work-in-progress. Depreciation is calculated and charged on all other property, plant and equipment at the following rates on cost or valuation, considering the estimated useful lives of the assets:

Factory building and warehouse	2.5%
Motor cars and vans	20%-25%
Plant, machinery and equipment	5% -15%
Computer and IT equipment	30%
Electric fixtures and fittings	7%
Furniture and fittings	6%

Gain or loss on sale of property, plant and equipment is recognised in the Statement of profit or loss and other comprehensive income as per provision of BAS 16: "Property, plant and equipment".

3.6 Impairment

3.6.1 Recognition

The carrying value of the company's assets, other than inventories, are reviewed at each Statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the Statement of profit or loss and other comprehensive income. For the assets that have indefinite useful life, the recoverable amount is estimated at each Statement of financial position date.

No indication of impairment was observed in the year ending 30 June 2018.

3.6.2 Calculation of recoverable amount

The recoverable amount of an asset is the greater of net selling price and value in use. The estimated future cash flows are discounted to their present value using discount rate that reflects the current market assessment of the time value of money and the risk specific to the asset. For an asset that does not generate significantly independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

3.6.3 Reversal of impairment

An impairment loss recognised in prior periods for an asset shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognised for the asset in prior years.

There was no reversal of impairment in the year ended 30 June 2018.

3.7 Capital work-in-progress

Capital work-in-progress represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that were not ready for use at the year end and these are stated at cost.

3.8 Taxation

Tax on the Statement of profit or loss and other comprehensive income for the year comprises current and deferred tax. Tax is recognised in the Statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

3.8.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of financial position date, and any adjustment to tax payable in respect of previous years.

3.8.2 Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset if there is a legal enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

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

3.9 Inventories

Inventories are valued at the lower of cost and Net Realisable Value (NRV).

Costs of raw materials, chemicals and packing materials are valued at cost.

Costs of semi-finished and work-in-process inventories include cost of materials and allocated manufacturing overhead.

Spare parts, laboratory consumables and miscellaneous items are valued at cost.

3.10 Trade receivables

Trade receivables at the year end are stated at amounts which are considered realisable.

3.11 Foreign currency

3.11.1 Foreign currency transactions

Foreign currency transactions are converted into equivalent Taka at the ruling exchange rates on the respective dates of such transactions and subsequently retranslated using the rate at the date of settlement.

3.11.2 Foreign currency translations

Monetary assets and liabilities denominated in foreign currencies have been converted into Taka at the exchange rate ruling at the year end.

3.11.3 Translation gains and losses

Foreign exchange difference arising on translation are recognised in the Statement of profit or loss and other comprehensive income.

3.12 Provisions

A provision is recognised in the Statement of financial position when the company has a legal or constructive obligation as a result of past events, and 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.

3.13 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and VAT. Revenue is recognised when significant risks 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, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Transfer of risk and rewards occurs for the sale of goods, when the product is delivered to the customers along with dispatch documents and invoices.

Toll income is recognised when the products are manufactured and delivered under a toll agreement with a third party.

3.14 Interest expenses

Interest expense comprises interest expense on overdraft, import loan, demand loan, finance lease and term loan. All interest expenses are recognised in the Statement of profit or loss and other comprehensive income when it accrues.

3.15 Workers' Profit Participation Fund (WPPF)

The company provides 5% of its net profit before tax after charging such expense as WPPF in accordance with Bangladesh Labour Act 2006.

3.16 Events after the reporting date

Events after the reporting date that provide additional information about the company's position at the reporting date are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

3.17 General

Previous year's figures have been rearranged/reclassified wherever considered necessary to conform to current year's presentation.

4. Property, plant and equipment

Particulars	Leasehold land	Factory building	Factory warehouse	Plant and machinery	Motor vehicles	Computer and IT equipment	Equipment and electric fixtures and fittings	Furniture fittings	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Cost or valuation									
As at 1 July 2017	274,301,991	236,790,594	9,909,831	441,775,302	164,158,589	19,783,906	647,445,423	44,255,643	1,838,421,279
Addition during the year	1,306,722			737,796	28,154,300	6,195,829	13,861,241	90,000	50,345,888
Adjustment/disposal					(47,859,633)	(1,125,848)	(2,012,238)	-	(50,997,719)
As at 30 June 2018	275,608,713	236,790,594	9,909,831	442,513,098	144,453,256	24,853,887	659,294,426	44,345,643	1,837,769,448
Accumulated depreciation									
As at 1 July 2017	-	36,479,194	2,831,408	124,907,263	85,928,460	12,623,278	239,330,223	19,976,083	522,075,909
Charge during the year		5,907,364	247,746	23,405,450	29,188,895	4,538,208	40,587,940	2,015,413	105,891,016
Adjustment/disposal					(32,499,479)	(751,668)	(2,012,227)	-	(35,263,374)
As at 30 June 2018	-	42,386,558	3,079,154	148,312,713	82,617,876	16,409,818	277,905,936	21,991,496	592,703,551
Net book value									
As at 30 June 2018	275,608,713	194,404,036	6,830,677	294,200,385	61,835,380	8,444,069	381,388,490	22,354,147	1,245,065,897
As at 30 June 2017	274,301,991	200,311,400	7,078,423	316,868,039	78,230,129	7,160,628	408,115,200	24,279,560	1,316,345,370

4.1 Depreciation charge has been allocated as under:

	<u>30 June 2018</u>	<u>30 June 2017</u>
	<u>Taka</u>	<u>Taka</u>
Conversion cost included in cost of goods sold (Note 22.3)	80,838,538	78,811,500
General and administration expenses (Note 23)	6,735,673	4,747,821
Selling and distribution expenses (Note 24)	18,316,805	15,140,240
	<u>105,891,016</u>	<u>98,699,561</u>

4.2 Disclosure for revalued assets

The leasehold land is stated at revalued amount on the basis of the reports of external surveyor. The surplus on revaluation over the original cost of the assets was credited to revaluation reserve.

Land was revalued in 1976 for the first time. The company once again revalued its land, plant and machinery, and equipment at the time of divestment of Organon (Bangladesh) Limited in 2006. The Company's land was further revalued in 2010.

5. Capital work-in-progress

	<u>As at 1 July 2017</u>	<u>Addition during the year</u>	<u>Transfer to property, plant and equipment</u>	<u>As at 30 June 2018</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Leasehold land	-	1,306,722	1,306,722	-
Plant and machinery	8,985,317	4,629,586	737,796	12,877,107
Motor vehicles	-	28,154,300	28,154,300	-
Electric fixture and fittings	-	847,000	847,000	-
Furniture	-	90,000	90,000	-
Equipment	87,099	16,006,560	13,014,241	3,079,418
Computer and IT equipment	1,680,000	4,515,829	6,195,829	-
Balance as at 30 June	<u>10,752,416</u>	<u>55,549,997</u>	<u>50,345,888</u>	<u>15,956,525</u>

6. Loan to employees

	<u>30 June 2018</u>	<u>30 June 2017</u>
	<u>Taka</u>	<u>Taka</u>
Car loan	7,596,179	11,287,839
General Loan	2,182,913	2,236,000
	9,779,092	13,523,839
Current portion of loan to employees	(3,679,374)	(3,729,656)
Balance as at 30 June	<u>6,099,718</u>	<u>9,794,183</u>

7. Advances, deposits and prepayments

Advance against operating expenses	1,407,976	1,131,079
Rent advance	1,700,850	4,918,950
Security deposits	2,631,154	2,341,154
Lease deposits	-	1,668,003
VAT	31,556,463	122,842
Prepaid insurance	4,800,492	4,670,616
Others	197,519	121,983
Balance as at 30 June	<u>42,294,454</u>	<u>14,974,627</u>

8. Advance income tax, net of tax provision

Balance as at 1 July	21,533,188	33,758,939
AIT and treasury deposits during the year	18,954,575	17,254,894
Provision for the year	(7,919,255)	(17,500,000)
Short provision for earlier years	-	(11,980,645)
Balance as at 30 June	<u>32,568,508</u>	<u>21,533,188</u>

9. Inventories

	<u>30 June 2018</u> Taka	<u>30 June 2017</u> Taka
Stocks		
Finished goods	119,998,485	68,228,503
Semi-finished and Work-in-process	57,553,706	88,832,381
Raw materials	143,365,346	96,328,190
Chemicals	23,977,793	22,431,222
Packing materials	31,820,560	27,566,362
Materials-in-transit	16,682,330	22,724,278
	393,398,220	326,110,936
Stores		
Spare parts	7,666,099	5,914,939
Laboratory consumables	330,437	341,908
Miscellaneous items	518,687	1,597,556
Spares-in-transit	614,603	227,079
	9,129,826	8,081,482
Balance as at 30 June	402,528,046	334,192,418

10. Trade receivables

Ageing of the trade receivables is as follows:

Receivables due over six months	6,284,139	-
Receivables due below six months	20,594,943	411,329,751
Balance as at 30 June	26,879,082	411,329,751

Above receivables are unsecured and considered good.

11. Cash and cash equivalents

Cash in hand	243,281	58,797
Cash at banks		
Eastern Bank Limited	41,669	353,219
HSBC	-	773
The City Bank Limited	1,233,878	26,530
Mutual Trust Bank Limited	644,326	-
Dhaka Bank Limited	194,513	43
BRAC Bank Limited	66,992	25,469,869
IFIC Bank Limited	16,553,213	-
Janata Bank Limited	5,432,489	-
National Bank Limited	217,031	222,463
	24,384,111	26,072,897
Balance as at 30 June	24,627,392	26,131,694

12. Share capital

	<u>30 June 2018</u> Taka	<u>30 June 2017</u> Taka
Authorised		
50,000,000 Ordinary shares of Tk 10 each	500,000,000	500,000,000
Issued, subscribed and paid-up		
11,579,160 Ordinary shares of Tk 10 each issued for cash	115,791,600	115,791,600
171,000 Ordinary shares of Tk 10 each issued for consideration other than cash	1,710,000	1,710,000
11,750,160	117,501,600	117,501,600

Shareholding position

	Nominal value (Taka)		Percentage of holding (%)	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Beximco Pharmaceuticals Limited	100,134,740	-	85.22	-
Government of Bangladesh	15,186,000	15,186,000	12.92	12.92
Mr. Akhter Matin Chaudhury	-	64,961,380	-	55.29
Mr. Kanai Lal Saha	-	14,832,290	-	12.62
Mr. Asif Ahmed	-	14,085,620	-	11.99
Mr. Rahbar Alam Anwar	-	6,133,450	-	5.22
Other shareholders (2018:28; 2017:27)	2,180,860	2,302,860	1.86	1.96
	117,501,600	117,501,600	100	100

12.1 In 2012, the company raised its paid-up capital from Tk. 9,791,800 to Tk. 58,750,800 by issuing 4,895,900 rights share to the existing shareholders on the basis of 5R:1 (i.e. five rights share against one existing share held on the record date). However, the subscription against the rights share (632,750 share of Tk. 10 each) held by the Ministry of Industries, Govt. of Bangladesh was received on 20 June 2013.

12.2 In 2017, the company further raised its paid-up capital from Tk. 58,750,800 to Tk. 117,501,600 by issuing 5,875,080 rights share to the existing shareholders on the basis of 1R:1 (i.e. one rights share against one existing share held on the record date).

13. Reserves and surplus

	<u>30 June 2018</u> Taka	<u>30 June 2017</u> Taka
General reserve	7,511,991	7,511,991
Share premium (Note 13.1)	30,844,170	30,844,170
Pre-incorporation profit	243,737	243,737
Revaluation reserve (Note 13.2)	162,337,766	162,337,766
Retained earnings	133,936,896	229,846,786
Balance as at 30 June	334,874,560	430,784,450

13.1 Share premium

This represents the amount received on 48,959 ordinary shares @ Tk. 630 each issued in 1997.

13.2 Revaluation reserve

This represents revaluation surplus on revaluation of land made during 2006 and 2010.

14. Long term bank borrowings

	<u>30 June 2018</u> Taka	<u>30 June 2017</u> Taka
Dhaka Bank Limited (Note 14.1)	283,116,730	111,087,949
The City Bank Limited	-	237,500,000
Mutual Trust Bank Limited	-	6,271,470
Total long term bank borrowings	283,116,730	354,859,419
Less: Current portion (Note 17)	(115,170,190)	(152,648,725)
Balance as at 30 June	167,946,540	202,210,694

14.1 Dhaka Bank Limited

All loan liabilities outstanding with Mutual Trust Bank Limited and The City Bank Limited and lease finance liabilities with United Finance Limited were taken over by Dhaka Bank Limited with effect from 29 March 2018. Loan liabilities outstanding with Brac Bank Limited was also taken over by Dhaka Bank Limited with effect from 10 May 2015.

This also represents amount outstanding against the term loans taken from Dhaka Bank Limited on various dates for setting up the new Oral Solids facility and equipments at the factory.

14.2 Collateral

All loans are secured by a registered mortgage on specific factory land and buildings of the company.

14.3 Security

All loans are also secured with respect to the following:

- Registered (1st charge) hypothecation on present and future plant and machinery, equipment, furniture and fixture of the company.
- Registered (1st charge) hypothecation over all stock, book debts and receivables of the company.
- Shares held by Beximco Pharmaceuticals Ltd. are kept under lien with Dhaka Bank Ltd.
- Corporate guarantee to be issued by Beximco Pharmaceuticals Limited on a later date.

15. Deferred liability - gratuity payable

	<u>30 June 2018</u> Taka	<u>30 June 2017</u> Taka
Balance as at 1 July	148,114,957	137,844,382
Add : Provision made during the year	13,093,910	35,841,729
	<u>161,208,867</u>	<u>173,686,111</u>
Less: Payments made during the year	(61,504,639)	(25,571,154)
Balance as at 30 June	<u><u>99,704,228</u></u>	<u><u>148,114,957</u></u>

16. Deferred tax liabilities

Deferred tax liabilities arrived at as follows:

	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Carrying amount on statement of financial position date</div>	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Tax base</div>	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Taxable/ (deductible) temporary difference</div>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Year: 2017-2018			
Property, plant and equipment	969,457,185	558,893,333	410,563,852
Provision for gratuity (net of payment)	(99,704,228)	-	(99,704,228)
Temporary difference			<u>310,859,624</u>
Applicable tax rate for items recognised in statement of comprehensive income			<u>35%</u>
Applicable tax rate for items recognised in equity			15%
Deferred tax Liabilities (a)			(108,800,869)
Deferred tax liabilities on revaluation surplus			(28,647,841)
Net deferred tax liabilities			<u><u>(137,448,710)</u></u>

	Carrying amount on statement of financial position date	Tax base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
Year: 2016-2017			
Property, plant and equipment	1,042,043,379	663,893,494	378,149,885
Provision for gratuity (net of payment)	(148,114,957)	-	(148,114,957)
Temporary difference			<u>230,034,928</u>
Applicable tax rate for items recognised in statement of comprehensive income			<u>35%</u>
Applicable tax rate for items recognised in equity			15%
Deferred tax Liabilities (b)			(80,512,225)
Deferred tax Liabilities on revaluation surplus			(28,647,841)
Net deferred tax liabilities			<u>(109,160,066)</u>
Deferred tax recognised in the statement of profit or loss and other comprehensive income in 2017-2018 (a-b)			<u>(28,288,644)</u>
Deferred tax recognised in the statement of profit or loss and other comprehensive income in 2016-2017			<u>(25,635,237)</u>

17. Short term bank borrowings

	30 June 2018 Taka	30 June 2017 Taka
Bank overdrafts		
Dhaka Bank Limited (Limit Tk. 180,000,000)	161,151,048	11,432,288
The City Bank Limited	-	31,302,860
Mutual Trust Bank Limited	-	77,461,281
	161,151,048	120,196,429
Short term bank loans		
The City Bank Limited	2,507,475	47,922,189
Mutual Trust Bank Limited	18,839,012	383,335,866
Dhaka Bank Limited	456,230,854	101,871,380
	477,577,341	533,129,435
Current portion of long term loan (Note 14)	115,170,190	152,648,725
	<u>753,898,579</u>	<u>805,974,589</u>

Collateral and security given against short-term finance are a part of overall financing arrangement with Dhaka Bank Limited as indicated in note 14. The interest rate is 9% -12.5% per annum and is payable on quarterly rests.

18. Trade payables

	<u>30 June 2018</u>	<u>30 June 2017</u>
	<u>Taka</u>	<u>Taka</u>
Trade payables	54,488,508	122,743,736
	<u>54,488,508</u>	<u>122,743,736</u>

This represents amount due against purchase of raw, chemical and packing materials.

19. Liabilities for expenses

Promotional expenses, literature, etc.	63,918,269	82,427,795
Leave encashment	3,348,532	3,564,414
Audit fees	638,750	300,000
Legal and professional fees	324,570	725,000
Utilities	4,820,000	3,918,416
Local travelling	6,000,000	6,000,000
Accrued interest	5,043,306	8,214,048
Toll manufacturing cost	-	2,945,564
Accrued expenses	16,766,587	26,659,791
	<u>100,860,014</u>	<u>134,755,028</u>

20. Other liabilities

Salary and allowances	945,243	229,689
Provident fund dues	2,056,929	2,736,376
Workers' profit participation fund	-	5,888,601
Tax deducted at source	1,513,724	2,114,205
VAT deducted at source	746,136	904,151
Tax on salaries	1,247,964	4,315,032
Final settlement of staff	2,279,150	5,177,294
Corporate social responsibility project	1,305,270	8,828,783
Commission payable to ADL	4,074,641	7,269,376
Commission payable to BPL	18,584,888	-
Unpaid dividend	222,312	211,257
	<u>32,976,257</u>	<u>37,674,764</u>

21. Revenue

	<u>30 June 2018</u>	<u>30 June 2017</u>
	<u>Taka</u>	<u>Taka</u>
Net sales revenue	1,300,442,853	1,789,773,306
Toll income	19,433,003	17,459,681
	<u>1,319,875,856</u>	<u>1,807,232,987</u>

Quantitative details of sales

		<u>30 June 2018</u>	<u>30 June 2017</u>
	<u>Unit</u>	<u>Quantity</u>	<u>Quantity</u>
Locally manufactured products	Tabs	187,208,876	260,701,456
	Caps	25,989,669	42,484,568
	Amps & Suspensions	10,149,157	11,423,344

22. Cost of goods sold

	<u>30 June 2018</u> Taka	<u>30 June 2017</u> Taka
Opening stock of finished goods	68,228,503	99,652,236
Cost of production (Note 22.1)	724,888,476	918,678,261
Cost of goods available for sale	793,116,979	1,018,330,497
Cost of physician sample	(7,096,892)	(8,294,986)
Closing stock of finished goods	(119,998,485)	(68,228,503)
	<u>666,021,602</u>	<u>941,807,008</u>

22.1 Cost of production

Opening stock of semi-finished and WIP	88,832,381	61,602,087
Materials consumed (Note 22.2)	314,317,244	570,200,927
Conversion cost (Note 22.3)	379,292,557	375,707,628
	782,442,182	1,007,510,642
Closing stock of semi-finished and WIP	(57,553,706)	(88,832,381)
	<u>724,888,476</u>	<u>918,678,261</u>

22.2 Materials Consumed

Opening stock	146,325,774	124,339,224
Purchase	367,155,169	592,187,477
Closing stock	(199,163,699)	(146,325,774)
	<u>314,317,244</u>	<u>570,200,927</u>

Item wise quantity and value of finished goods stock are as follows :

<u>Stock as July 1, 2017</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value (Tk.)</u>
Tabs	pcs.	35,881,662	45,447,388
Caps	pcs.	4,316,127	9,595,244
Amps & Suspensions	pcs.	715,576	13,185,871
			<u>68,228,503</u>
<u>Stock as June 30, 2018</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value (Tk.)</u>
Tabs	pcs.	45,743,691	68,178,896
Caps	pcs.	9,778,283	21,313,752
Amps & Suspensions	pcs.	1,430,023	30,505,837
			<u>119,998,485</u>

22.3 Conversion cost

	30 June 2018	30 June 2017
	Taka	Taka
Salaries and allowances	134,687,674	131,946,261
Contribution to provident fund	1,958,417	1,975,193
Power and fuel	36,669,889	31,331,568
Factory supplies	16,552,550	17,066,675
Software and hardware support expenses	1,215,860	1,190,967
Canteen expenses	6,808,872	6,993,454
Insurance	2,999,015	3,647,449
Repair and maintenance	18,354,691	17,842,261
Security services	2,655,011	2,389,384
Toll manufacturing charges	16,507,781	19,991,312
Stores materials consumed	29,361,448	30,916,155
Product development cost	18,115,904	18,799,587
Long service award	216,130	728,700
Overseas travelling expenses	3,163,453	3,665,895
Factory staff uniform	1,549,716	1,711,412
Printing and stationery	950,276	1,874,811
Entertainment	338,593	189,494
Vehicle repair, maintenance and running cost	2,468,713	2,585,102
Local authority taxes	2,220,120	526,541
Other expenses	1,659,906	1,523,907
Depreciation (Note 4.1)	80,838,538	78,811,500
	379,292,557	375,707,628

23. General and administration expenses

Salaries and allowances	73,890,013	83,485,562
Directors' fees (Note 28)	390,000	220,800
Contribution to provident fund	2,377,913	2,674,926
Office rent	9,735,900	9,359,850
Overseas travelling expenses	2,411,044	3,817,265
Local travelling expenses	977,100	1,336,673
Entertainment	391,656	616,364
Vehicle repair, maintenance and running cost	2,868,339	3,054,468
Postage, telephone and internet	1,583,087	1,240,300
Printing and stationery	590,564	604,519
Advertisement	234,000	127,087
Repairs and maintenance	898,909	673,820
Office supplies	1,814,488	1,383,598
Software and hardware support expenses	2,794,163	2,696,784
Utilities	1,830,471	1,566,979
Canteen expenses	2,514,497	2,266,552
Local authority taxes	1,476,192	833,250
Medical expenses	1,494,167	1,106,523
Insurance premium	718,178	609,721
Statutory audit fees	325,000	300,000
Legal and professional expenses	1,281,370	1,514,047
Meeting and seminars	1,550,160	2,538,984
Bank charges	863,299	839,885
General expenses	981,882	858,466
Depreciation (Note 4.1)	6,735,673	4,747,821
	120,728,065	128,474,244

24. Selling and distribution expenses

	<u>30 June 2018</u>	<u>30 June 2017</u>
	Taka	Taka
Salaries and allowances	207,039,026	216,405,540
Contribution to provident fund	3,702,016	3,828,922
Overseas travelling expenses	6,612,503	10,354,213
Local travelling expenses	52,279,018	51,698,120
Entertainment	493,441	686,834
Samples	8,096,951	9,503,513
Promotional expenses	50,331,929	51,652,496
Literature, pad and handouts	16,817,775	15,344,812
Conference and workshop	4,662,843	7,214,537
Advertisement	1,794,133	1,915,790
Vehicle repair, maintenance and running cost	3,559,309	2,281,251
Postage, telephone and internet	9,490,821	8,887,014
Printing and stationery	963,632	1,895,553
Books and periodicals	1,245,934	1,690,080
Medical expenses	1,395,300	1,476,056
Training expenses	2,295,924	3,164,806
Prescription survey	917,253	3,571,330
Registration and renewals	613,695	772,201
Insurance premium	4,557,169	5,551,325
Office rent	4,560,136	1,825,391
Trade rebate	-	3,260,944
Meeting and seminars	2,874,359	7,097,673
Distribution commission	92,122,035	97,809,332
General expenses	1,580,550	1,327,177
Depreciation (Note 4.1)	18,316,805	15,140,240
	<u>496,322,557</u>	<u>524,355,150</u>

25. Non-operating income/(expenses)

Gain/(loss) on disposal of property, plant and equipment	(2,656,845)	1,203,869
Sale of miscellaneous items	113,465	136,958
	<u>(2,543,380)</u>	<u>1,340,827</u>

26. Interest expenses

Interest on		
Long term loan	32,695,455	40,292,694
Short term finance	55,468,898	45,012,437
Finance lease	4,617,874	4,971,665
	<u>92,782,227</u>	<u>90,276,796</u>

27. Capacity utilisation

	<u>Installed capacity*</u>	<u>Actual production</u>	<u>Actual Utilisation</u>
	Unit	Unit	%
Amps & Suspensions	19,822,400	12,157,738	61%
Tablet	1,322,390,400	172,314,986	13%
Capsule	56,044,880	30,540,785	54%

28. Remuneration and fees to directors

	30 June 2018	30 June 2017
	Taka	Taka
Remuneration (included in salaries and allowances)	35,628,152	57,043,410
Fees (Note 23)	390,000	220,800
	36,018,152	57,264,210

29. Auditors' remuneration

Statutory audit fees	325,000	300,000
Special audit fees	243,750	-
P.F. audit fees	35,000	35,000
WPPF audit fees	35,000	35,000
	638,750	370,000

30. Related party disclosures

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

Name of related party	Relationship	Nature of transactions	Value of transaction	Balance at year end
Beximco Pharmaceuticals Limited	Immediate and ultimate parent	Toll income	3,970,778	2,313,836
		Distribution commission	18,584,888	18,584,888

31. Payments made in foreign currency:

Particulars	30 June 2018		30 June 2017
	Foreign currency (Equivalent USD)	Taka	Taka
Import of raw, chemicals and packing materials	2,660,212	223,457,810	287,182,664
Import of machinery and spare parts	162,138	13,619,571	45,756,747
		237,077,381	332,939,411

32. Contingent liabilities

32.1 There is a contingent liability of Tk. 75,195,722 in respect of disputed tax claim. This matter has been referred to the High Court for a ruling and is still pending.

32.2 There is additional contingent liabilities in respect of outstanding letters of credit of Tk. 20,778,877 (June 2017: Tk.48,235,423).

33. Number of employees engaged

The number of employees engaged for the whole period or part thereof who received a total remuneration of Tk. 36,000 and above were 954 (June 2017: 1061).

34. Events after reporting date

The Board in its meeting dated 22 October 2018 recommended that a dividend of 5% i.e. Tk. 0.50 per share, totalling Tk. 868,344 be paid for the year ended 30 June 2018 to all shareholders other than Beximco Pharmaceuticals Limited.

Naymul Hasean

Chairman

Robbur Raja

Managing Director

A. N. Islam

Director



Beximco Pharmaceuticals Limited