

Financial Statements-Consolidated

Beximco Pharmaceuticals Ltd. and Its Subsidiaries
Consolidated Audited Financial Statements
For the Year Ended June 30, 2019

Independent Auditor's Report To the Shareholders of Beximco Pharmaceuticals Limited and its Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Beximco Pharmaceuticals Limited (the "Company"), which comprise the consolidated Statement of Financial Position as at June 30, 2019 and 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 then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

The Financial statements of the same year of the subsidiaries Beximco Pharma API Limited was audited by us and Nuvista Pharma Limited was audited by A. Qasem & Co. Chartered Accountants, who through their report dated August 11, 2019 and October 14, 2019 respectively expressed an unmodified opinion on those statements.

In our opinion, the accompanying consolidated financial statements of the Company give a true and fair view of the consolidated financial position of the Company as at June 30, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (*IFRSs*), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Opinion

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

Key Audit Matters

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

Risk	Our Response to the Risk
Valuation of Property, Plant and Equipment (PPE)	
<p>The carrying value of the PPE was Tk. 34,056,667,212 as at June 30, 2019.</p> <p>Expenditures are capitalized if they create new assets or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the assets or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.</p> <p>The valuation of PPE was identified as a key audit matter due to the significance of this balance to the consolidated financial statements and that there is significant measurement uncertainty involved in this valuation.</p> <p>See Note No. 4 to the consolidated financial statements</p>	<p>Our audit included the following procedure:</p> <ul style="list-style-type: none">• We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent.• We inspected a sample of invoices and L/C documents to determine whether the classification between capital and revenue expenditure was appropriate.• We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice. <p>We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the reclassification from capital work in progress to ready for use, with the date of the act of completion of the work.</p>

Valuation of Inventory

The inventory of Tk. 5,924,031,678 as at June 30, 2019 was held at different locations across the country.

Inventories are carried at the lower of cost and net realizable value. As a result, the management apply judgment in determining the appropriate values for slow-moving or obsolete items.

Since the value of Inventory is significant to the consolidated Financial Statements and there is significant measurement uncertainty involved in this valuation, the valuation of inventory was significant to our audit.

See Note No. 9 to the consolidated financial statements

We verified the appropriateness of management's assumptions applied in calculating the value of the inventory by:

- Evaluating the design and implementation of key inventory controls.
- Attending inventory counts on sample basis and reconciling the count results to the inventory listing to test the completeness of data.
- Reviewing the requirement of inventory provisioning and action there upon by the management.
- Comparing the net realizable value obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories.

Related party transactions

The Company has related party transactions as described in Note No. 36 of the consolidated financial statements.

We focused on identification of related parties and disclosure of related party transactions in accordance with relevant accounting standards.

Our audit procedures amongst others included the following:

- Evaluated the design and tested the operating effectiveness of controls over identification and disclosure of related party transactions.
- Evaluated the transactions among the related parties and tested material accounts balances.
- Evaluated the disclosures in the consolidated financial statements in compliance with IAS 24.

Other Information

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

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

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

If, based on such work we perform, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Company in accordance with IFRSs, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, The Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, 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 purposes of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) The company's consolidated Statement of Financial Position (Balance Sheet) and consolidated Statement of Profit or Loss and Other Comprehensive Income (Profit & Loss Account) dealt with by this report are in agreement with the books of accounts and;
- d) The expenditures incurred and payment made were for the purpose of the company's business for the year.

Dhaka
October 28, 2019



M. J. Abedin & Co.
Chartered Accountants

Beximco Pharmaceuticals Limited and its Subsidiaries
Consolidated Statement of Financial Position
As at June 30, 2019

	Notes	June 30, 2019	Amount in Taka June 30, 2018
ASSETS			
Non-Current Assets		35,949,930,818	32,394,686,712
Property, Plant and Equipment- Carrying Value	4	34,056,667,212	30,524,692,707
Intangible Assets	5	1,334,921,698	1,280,695,416
Goodwill	6	546,691,213	546,691,213
Investment In Associates	7	-	30,749,850
Other Investment	8	5,329,379	5,757,808
Other Non-current Assets		6,321,316	6,099,718
Current Assets		13,264,161,542	11,344,199,700
Inventories	9	5,924,031,678	5,058,847,681
Spares & Supplies	10	726,127,262	663,911,096
Accounts Receivable	11	3,334,958,905	2,761,509,393
Loans, Advances and Deposits	12	2,309,503,747	2,094,229,902
Advance Income Tax		35,681,115	32,568,508
Short Term Investment	13	323,364,536	339,397,174
Cash and Cash Equivalents	14	610,494,299	393,735,946
TOTAL ASSETS		49,214,092,360	43,738,886,412
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity Attributable to the Owners of the Company		29,588,317,284	27,081,962,616
Issued Share Capital	15	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		1,689,636,958	1,689,636,958
Capital Reserve on Merger		294,950,950	294,950,950
Revaluation Surplus		1,131,853,004	1,159,277,845
Unrealized Gain/(Loss)		2,504,203	4,356,762
Retained Earnings		17,144,333,029	14,608,700,961
Non-Controlling Interest	16	276,006,553	269,874,176
TOTAL EQUITY		29,864,323,837	27,351,836,792
Non-Current Liabilities		6,603,936,369	7,368,863,860
Long Term Borrowings-Net of Current Maturity	17	2,595,607,792	4,017,425,267
Liability for Gratuity and WPPF & Welfare Funds	18	1,860,904,996	1,324,166,498
Deferred Tax Liability		2,147,423,581	2,027,272,095
Current Liabilities and Provisions		12,745,832,154	9,018,185,760
Short Term Borrowings	19	9,272,501,280	5,600,826,635
Long Term Borrowings-Current Maturity	20	1,616,670,549	1,568,989,745
Creditors and Other Payables	21	1,091,809,722	991,712,907
Accrued Expenses	22	590,317,150	418,476,895
Dividend Payable		7,235,215	4,763,126
Income Tax Payable		167,298,238	433,416,452
TOTAL EQUITY AND LIABILITIES		49,214,092,360	43,738,886,412

The Notes are an integral part of the Financial Statements.

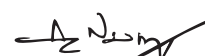
Approved and authorised for issue by the Board of Directors on October 28, 2019 and signed for and on behalf of the Board :



Salman F Rahman
Vice Chairman

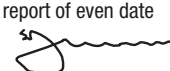


Nazmul Hassan
Managing Director



Mohammad Ali Nawaz
Chief Financial Officer

Per our report of even date



M.J. Abedin & Co.
Chartered Accountants

Beximco Pharmaceuticals Limited and its Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year ended June 30, 2019

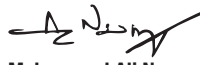
		Amount in Taka	
	Notes	July 2018 - June 2019	July 2017 - June 2018
Net Revenue	23	22,816,629,795	17,716,716,855
Cost of Goods Sold	24	(12,196,286,770)	(9,430,737,431)
Gross Profit		10,620,343,025	8,285,979,424
Operating Expenses		(5,554,169,458)	(4,259,811,440)
Administrative Expenses	27	(752,944,182)	(618,675,127)
Selling, Marketing and Distribution Expenses	28	(4,801,225,276)	(3,641,136,313)
Profit from Operations		5,066,173,567	4,026,167,984
Other Income	29	139,917,665	43,757,880
Finance Cost	30	(1,029,762,542)	(540,283,443)
Share of Loss of Associates	7	(29,325,720)	-
Profit Before Contribution to WPPF & Welfare Funds		4,147,002,970	3,529,642,421
Contribution to WPPF & Welfare Funds		(200,937,234)	(168,308,290)
Profit Before Tax		3,946,065,736	3,361,334,131
Income Tax Expenses	31	(905,662,782)	(828,679,830)
Current Tax		(803,760,846)	(792,620,241)
Deferred Tax		(101,901,936)	(36,059,589)
Profit After Tax		3,040,402,954	2,532,654,301
Profit/(Loss) Attributable to:			
Owners of the Company		3,033,402,333	2,536,543,948
Non-controlling interest		7,000,621	(3,889,647)
		3,040,402,954	2,532,654,301
Other Comprehensive Income-Unrealized Gain/(Loss)		(1,852,559)	481,697
Total Comprehensive Income for the Period		3,038,550,395	2,533,135,998
Total Comprehensive Income Attributable to:			
Owners of the Company		3,031,549,774	2,537,025,645
Non-controlling interest		7,000,621	(3,889,647)
		3,038,550,395	2,533,135,998
Earnings Per Share (EPS)	32	7.48	6.25

The Notes are an integral part of the Financial Statements.

Approved and authorised for issue by the Board of Directors on October 28, 2019 and signed for and on behalf of the Board :


Salman F Rahman
Vice Chairman


Nazmul Hassan
Managing Director


Mohammad Ali Nawaz
Chief Financial Officer

Per our report of even date



M.J. Abedin & Co.
Chartered Accountants

Dhaka
October 28, 2019

Beximco Pharmaceuticals Limited and its Subsidiaries
Consolidated Statement of Changes in Equity
For the Year Ended June 30, 2019

										Amount in Taka
As at June 30, 2019										
	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 Owners of the Company	Non-Controlling Interests	Total Equity
Balance as on July 01, 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
Total Comprehensive Income:										
Share Capital Beximco Pharma API Ltd.									100	100
Profit/(Loss) for the Period	-	-	-	-	-	-	3,033,402,333	3,033,402,333	7,000,621	3,040,402,954
Other Comprehensive Income/(Loss)	-	-	-	-	-	(1,852,559)	-	(1,852,559)	-	(1,852,559)
Transactions with the Shareholders:										
Cash Dividend							(506,945,556)	(506,945,556)	(868,344)	(507,813,900)
Adjustment for Depreciation on Revalued Assets					(9,175,291)		9,175,291	-		-
Adjustment for Deferred Tax on Revalued Assets	-	-	-	-	(18,249,550)	-	-	(18,249,550)		(18,249,550)
Balance as on June 30, 2019	4,055,564,450	5,269,474,690	1,689,636,958	294,950,950	1,131,853,004	2,504,203	17,144,333,029	29,588,317,284	276,006,553	29,864,323,837
Net Asset Value (NAV) Per Share (Note-33)								72.96		

As at June 30, 2018


	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 Owners of the Company	Non-Controlling Interests	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 Period	-	-	-	-	-	-	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		

The Notes are an integral part of the Financial Statements.

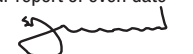
Approved and authorised for issue by the Board of Directors on October 28, 2019 and signed for and on behalf of the Board :


Salman F Rahman
Vice Chairman


Nazmul Hassan
Managing Director


Mohammad Ali Nawaz
Chief Financial Officer

Per our report of even date


M.J. Abedin & Co.
Chartered Accountants

Dhaka
October 28, 2019

Beximco Pharmaceuticals Limited and its Subsidiaries
Consolidated Statement of Cash Flows
For the Year ended June 30, 2019

		Amount in Taka
	Notes	
	July 2018- June 2019	July 2017- June 2018
Cash Flows from Operating Activities :		
Receipts from Customers and Others	22,463,550,299	17,195,399,333
Payments to Suppliers and Employees	(17,434,690,241)	(14,113,012,465)
Cash Generated from Operations	5,028,860,058	3,082,386,868
Interest Paid	(1,032,409,014)	(536,570,775)
Interest Received	36,457,527	54,928,425
Income Tax Paid	(1,072,991,667)	(781,630,595)
Net Cash Generated from Operating Activities	35 2,959,916,904	1,819,113,923
Cash Flows from Investing Activities :		
Acquisition of Property, Plant and Equipment	(4,416,446,385)	(4,951,352,340)
Intangible Assets	(128,619,282)	(106,921,036)
Investment in Subsidiary	-	(2,125,186,000)
Disposal of Property, Plant and Equipment	17,540,625	14,114,722
Dividend Received	1,491,901	1,504,092
Decrease in Short Term Investment	16,032,638	547,179,732
Net Cash Used in Investing Activities	(4,510,000,503)	(6,620,660,830)
Cash Flows from Financing Activities :		
Net Increase /(Decrease) in Long Term Borrowings	(1,412,334,115)	1,859,021,877
Net Increase in Short Term Borrowings	3,684,312,230	3,546,896,539
Share capital	100	-
Dividend Paid	(505,351,881)	(502,757,959)
Net Cash Generated from Financing Activities	1,766,626,334	4,903,160,457
Increase in Cash and Cash Equivalents	216,542,735	101,613,550
Cash and Cash Equivalents at Beginning of Year	14 393,735,946	292,122,396
Effect of exchange rate changes on Cash and Cash Equivalents	215,618	-
Cash and Cash Equivalents at End of Year	610,494,299	393,735,946
Net Operating Cash Flow Per Share	34 7.30	4.49

The Notes are an integral part of the Financial Statements.

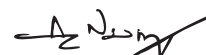
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Salman F Rahman
Vice Chairman



Nazmul Hassan
Managing Director



Mohammad Ali Nawaz
Chief Financial Officer

Per our report of even date



M.J. Abedin & Co.
Chartered Accountants

Dhaka
October 28, 2019

Beximco Pharmaceuticals Limited and its Subsidiaries

Notes to the Financial Statements

As at and for the year ended June 30, 2019

1. The Reporting Entity

1.1 About the Company

Beximco Pharmaceuticals Limited (BPL/ the Company) was incorporated as a public limited company in Bangladesh in 1976 and commenced its manufacturing operation in 1980. It is a leading manufacturer of pharmaceutical formulations and Active Pharmaceutical Ingredients (APIs). 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 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). In 2018, BPL acquired 85.22% shares of Nuvista Pharma Limited – a non-listed pharmaceutical company in Bangladesh specializing in hormones and steroid drugs and took over control of its management. 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. The manufacturing facilities of the Company are certified by leading global regulatory authorities including United States Food and Drug Administration (USFDA).

1.2 The Subsidiaries

Nuvista Pharma Limited (NPL)

Nuvista Pharma, formerly Organon (Bangladesh) Ltd., was a subsidiary of Netherlands based Organon International. It was originally incorporated as a private limited company. In 2006 the foreign holding of the company was sold out to Bangladeshi management and was renamed as Nuvista Pharma Limited. The Company through amendments to its memorandum of association in 2011 converted it into a public limited company. In April 2018, Beximco Pharmaceuticals Limited acquired majority shareholdings in Nuvista Pharma Limited (NPL) and through this acquisition BPL has become the immediate and ultimate parent of the company.

Beximco Pharma API Limited

Beximco Pharma API Limited was formed as a private limited company in December 2017 with a paid up capital of Taka 20 million divided into 2 million shares of Taka 10 each, fully held by BPL. The company intends to set up a facility at API Industrial Park to manufacture Active Pharmaceutical Ingredients (APIs) for domestic and international markets. The company is still in the initial phase of establishment.

1.3 Nature of Business

BPL is engaged in manufacturing and marketing of generic pharmaceuticals formulation products covering a wide range of therapeutic categories. It offers products in different dosage forms including Solid, Liquid, Cream and Ointment, Suppositories, Metered Dose Inhaler, Dry Powder Inhaler, Nasal Spray, Sterile, Lyophilized Injectable, Large Volume Intravenous Fluids. Besides formulation products BPL also manufactures Active Pharmaceutical Ingredients (APIs) and renders contract manufacturing services to other companies. Products of the company are sold in domestic and international markets.

NPL 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.

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).

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. 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 Beximco Pharmaceutical Limited (BPL) and its subsidiaries Nuvista Pharma Limited (NPL) and Beximco Pharma API Limited begins on July 1 and ends on June 30.

2.4 Comparative Information

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

3. Significant Accounting Policies

3.1 Basis of Consolidation

The financial statements of the subsidiaries-Nuvista Pharma Limited and Beximco Pharma API Limited, have been consolidated with those of Beximco Pharmaceuticals Limited in accordance with **IFRS 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 10: Consolidated Financial Statements** to consider NPL as a subsidiary.

Beximco Pharma API Limited (BPAL) was formed with a paid up capital of Tk.20,000,000 divided into 2,000,000 shares of Tk.10 each, all of which excepting 10 shares are held by Beximco Pharmaceuticals Ltd (BPL). Beximco Pharma API Ltd thus meets the conditions stated in **IFRS 10: Consolidated Financial Statements** to consider it as a subsidiary.

Beximco Pharma API Limited (BPAL) is being consolidated for the first time in this financial statement since its date of incorporation.

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 Valuation of Goodwill

Goodwill has been determined in accordance with **IFRS 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.

3.5 Investment in Associates

Investment in Associates has been accounted for using the Equity method as per **IAS 28: Investment in Associates and Joint Ventures**

4. Property Plant and Equipment

Amount in Taka

As on June 30, 2019

Particulars	Land	Building and Other Constructions	Plant and Machinery	Furniture and Fixtures	Transport and Vehicle	Office Equipment	Total
Cost							
Opening July 01, 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
Additions	-	8,283,847	1,512,921,753	21,230,703	96,447,490	26,888,067	1,665,771,860
Transferred in & Capitalized	-	703,230,227	905,532,878	1,252,298	-	1,096,397	1,611,111,800
Disposal during the Year	-	-	(21,845,168)	-	(22,146,945)	(102,600)	(44,094,713)
Cost at June 30, 2019	4,067,829,596	7,820,306,150	15,758,504,631	314,394,814	1,144,902,472	594,975,443	29,700,913,106
Accumulated Depreciation							
Opening at July 01, 2018	-	1,826,616,117	5,667,379,591	126,528,325	585,682,478	350,776,245	8,556,982,756
Depreciation Charged	-	159,884,245	537,243,713	16,367,039	107,546,037	35,312,845	856,353,879
Fair Value Depreciation	-	2,363,364	9,652,060	-	-	-	12,015,424
Adjustment for Assets disposed off	-	-	(8,555,677)	-	(19,354,938)	(81,519)	(27,992,134)
Accumulated Depreciation at June 30, 2019	-	1,988,863,726	6,205,719,687	142,895,364	673,873,577	386,007,571	9,397,359,925
Net Book Value June 30, 2019	4,067,829,596	5,831,442,424	9,552,784,944	171,499,450	471,028,895	208,967,872	20,303,553,181
Capital Work in Progress							13,753,114,031
Carrying Value as on June 30, 2019							34,056,667,212
Carrying Value as on June 30, 2018							30,524,692,707

5. Intangible Assets

Particulars	Product development, Licensing and Marketing Rights	ERP Project	Trade Name & Trade Marks	Total
Cost				
As on July 01, 2018	1,210,988,617	147,447,850	54,000,000	1,412,436,467
Addition During the year	108,963,430	19,655,852	-	128,619,282
As on June 30, 2019	1,319,952,047	167,103,702	54,000,000	1,541,055,749
Amortization				
As on July 01, 2018	131,741,051	-	-	131,741,051
Amortized During the year	72,233,000	-	2,160,000	74,393,000
As on June 30, 2019	203,974,051	-	2,160,000	206,134,051
Balance as on June 30, 2019	1,115,977,996	167,103,702	51,840,000	1,334,921,698
Balance as on June 30, 2018	1,079,247,566	147,447,850	54,000,000	1,280,695,416

6. Goodwill

This is carried forward from the previous year and relates to acquisition of Nuvista Pharma Limited (Note 3.4). There has been no indication of impairment of goodwill during the period.

7. Investment in Associates

As at June 30,
2019

Balance as on June 30, 2018	30,749,850
Adjustment during the Year	(1,424,130)
	29,325,720
Less Share of accumulated loss	(29,325,720)
Balance as on June 30, 2019	-

a. Beximco Pharmaceuticals Ltd. received 1,500,000 Ordinary Shares of Malaysian Ringgit (RM) 1 each representing 30% of the equity share of BioCare Manufacturing Sdn Bhd ("BioCare"), Malaysia. BPL provided full technical support to set up a manufacturing facility in Seri Iskandar Pharmaceutical Park, Perak, Malaysia and to produce specialized pharmaceutical products. BioCare is considered to be an associate of BPL as per **IAS 28: Investment in Associates and Joint Ventures**.

b. Accounting year of BioCare ends on December 31 which is different from the date of preparation of this Consolidated Statement of Financial Positions. BioCare has provided unaudited interim financial statements as of June 30, 2019. Total accumulated loss as on that date stands at RM 7,686,821 equivalent to BDT 155,504,389. An amount of Tk 29,325,720 being part of accumulated loss of BioCare has been accounted for in this consolidated financial statement. Beximco Pharma has not recognized an amount of Tk. 17,325,597 being remaining of the 30% share of accumulated loss of the BioCare following **IAS 28: Investment in Associates and Joint Ventures** as the company has no obligation for any liability beyond the value of its investment in associates.

c. The unrealized exchange fluctuation gain accounted for in previous financial statements has been reversed to arrive at cost value of investment.

8. Other Investments

Amount in Taka

a. Investment Details (Taka)

	Balance July 01, 2018	Addition/ Adjustment	Balance June 30, 2019
		Unrealised Gain/(Loss)	
(i) Bangladesh Export Import Co. Ltd.	4,188,358	(428,429)	3,759,929
(ii) Central Depository Bangladesh Ltd. (CDBL)	1,569,450	-	1,569,450
	5,757,808	(428,429)	5,329,379

b. Number of Shares:

	Balance July 01, 2018	Addition/ Adjustment	Balance June 30, 2019
		Stock Dividend	
(i) Bangladesh Export Import Co. Ltd.	159,861	7,993	167,854
(ii) Central Depository Bangladesh Ltd. (CDBL)	571,182	-	571,182

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 2018-2019 was Tk. 22.40 (2017-2018: Tk.26.20). The amount of Tk. 428,429 represents fair value loss.

d. Shares of Central Depository Bangladesh Ltd. are not traded .

9. Inventories

	Amount in Taka	
	June 30, 2019	June 30, 2018
This consists of as follows :		
Finished Goods	1,255,181,983	864,137,218
Work in Process	455,530,899	262,723,223
Raw Materials	2,710,825,646	2,183,474,721
Packing Materials	1,098,348,379	971,119,763
Laboratory Chemicals	44,838,125	27,979,741
Physician Samples	85,135,960	82,714,044
R&D Materials	12,004,065	324,655
Materials in Transit	262,166,621	666,374,316
	5,924,031,678	5,058,847,681

10. Spares & Supplies

This consists of as follows :

Spares & Accessories	579,021,056	545,032,936
Stock of Stationery	13,100,977	10,936,969
Laboratory Consumables	321,244	330,437
Spares in Transit	783,091	614,603
Literature & Promotional Materials	132,797,157	106,477,464
Miscellaneous Item	103,737	518,687
	726,127,262	663,911,096

11. Accounts Receivable

This is net off provision for bad debts of Tk. 2,894,595. Accounts receivable includes an amount of Tk. 771,731,426 (equivalent USD 9,214,704 as on June 30, 2019 (June 30, 2018: Tk. 596,463,606, USD 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. 2,335,457,132 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. 2,348,527,632 on May 31, 2019.

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

Amount in Taka

	June 30, 2019	June 30, 2018
This is unsecured, considered good and consists of as follows :		
Clearing & Forwarding	159,119,478	162,932,842
VAT	329,321,836	219,639,030
Claims Receivable	6,320,466	19,642,831
Security Deposit & Earnest Money	67,972,220	50,467,768
Lease Deposit	10,821,850	17,600,613
Capital Expenditure/ Project	224,723,000	108,792,585
Expenses	255,058,852	133,241,320
Bank Guarantee Margin	37,773,704	27,004,835
Loan to Employees	155,890,739	120,493,363
Rent Advance	13,420,366	13,309,579
Motor Cycle	199,755,875	180,739,474
Raw & Packing Material	592,000,065	735,793,984
Prepaid Insurance	163,840,275	202,499,308
Overseas Liaison Office	35,318,373	32,698,675
Others	58,166,648	69,373,695
	2,309,503,747	2,094,229,902

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 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.

14. Cash and Cash Equivalents

This consists of as follows :		
(a) Cash in Hand (including Imprest Cash)	235,292,449	192,159,614
(b) Cash at Bank :		
(i) Current & FC Account	338,805,413	167,102,855
(ii) FDR Account	36,396,437	34,473,477
	610,494,299	393,735,946

15. Issued Share Capital

Amount in Taka

June 30, 2019**June 30, 2018****A. Authorized :**

1,000,000,000 Ordinary Shares of Tk. 10/- each, (500,000,000 shares in June 2018)	10,000,000,000	5,000,000,000
50,000,000 fully convertible 5 % Preference Shares of Tk. 100/- each, (41,000,000 shares in June 2018)	5,000,000,000	4,100,000,000
	15,000,000,000	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	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
	4,055,564,450	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:

	June 30, 2019		June 30, 2018	
	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 Director and Associates	37,019,789	9.13	36,999,784	9.12
	53,509,774	13.19	53,489,769	13.19
Public Issue:		-		
GDRs- AIM of London Stock Exchange	90,943,627	22.42	90,943,627	22.42
Foreign Investors' Shareholdings (DSE/CSE)	60,060,586	14.81	74,469,959	18.36
Institutions (ICB, ICB Investors Accounts & Others)	136,573,957	33.68	119,603,843	29.49
Individual Shareholders	64,468,501	15.90	67,049,247	16.53
	352,046,671	86.81	352,066,676	86.81
	405,556,445	100.00	405,556,445	100.00

16. Non-controlling Interest**Non-controlling Interest as on June 30, 2019:**

Non-controlling Interest as on June 30, 2018 (NPL)	269,874,176	273,763,823
Proportionate profit/loss (NPL)	7,000,621	(3,889,647)
Less Cash Dividend (NPL)	(868,344)	-
Share Capital Beximco Pharma API Ltd. (API)	100	-
	276,006,553	269,874,176

17. Long Term Borrowings - Net of Current Maturity

Amount in Taka

(a) This is arrived at as follows :

	June 30, 2019	June 30, 2018
Project Loan - ODDO BHF Aktiengesellschaft, Frankfurt, Germany	1,974,611,879	2,809,556,317
Obligation Under Finance Leases	247,375,215	280,596,178
AB Bank	330,410,281	759,326,232
Dhaka Bank Ltd.	43,210,417	167,946,540
	2,595,607,792	4,017,425,267

(b) Obligation Under Finance Leases

Gross Finance Lease - minimum lease Liability:

Within one year	217,547,491	260,426,903
Within two to five years	296,239,401	336,141,714
Total	513,786,892	596,568,617
Less future finance charges on finance lease liability	(100,645,414)	(114,965,180)
Present Value of Finance Lease liability	413,141,478	481,603,437

This consists of as follows:

Within one year	165,766,263	201,007,259
Within two to five years	247,375,215	280,596,178
	413,141,478	481,603,437

18. Liability for Gratuity and WPPF & Welfare Funds

Gratuity Payable	1,040,022,968	759,708,531
Workers Profit Participation and Welfare Fund	820,882,028	564,457,967
	1,860,904,996	1,324,166,498

19. Short Term Borrowings

Janata Bank Ltd. - Cash Credit-Hypothecation Loan	5,336,101,392	3,897,681,180
AB Bank	2,491,112,625	-
Liability for UPAS Letter of credit	873,810,482	1,064,417,066
Dhaka Bank Ltd	571,476,781	617,381,902
The City Bank Ltd.	-	2,507,475
Mutual Trust Bank Ltd.	-	18,839,012
	9,272,501,280	5,600,826,635

20. Long Term Borrowings-Current Maturity**This consists of as follows:**

Project Loan - ODDO BHF Aktiengesellschaft, Frankfurt, Germany	860,104,664	852,470,599
Obligation Under Finance Leases	165,766,263	201,007,259
AB Bank	462,991,847	400,341,697
Dhaka Bank Ltd	127,807,775	115,170,190
	1,616,670,549	1,568,989,745

21. Creditors and Other Payables

	Amount in Taka	
	June 30, 2019	June 30, 2018
Goods & Services	573,345,769	621,334,927
Provident Fund	403,722,991	188,151,262
Advance Against Sales	23,952,936	43,576,730
Others	90,788,026	138,649,988
	1,091,809,722	991,712,907

22. Accrued Expenses

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

For Expenses	389,379,916	251,493,606
Workers' Profit Participation and Welfare Funds - current year's expense	200,937,234	166,983,289
	590,317,150	418,476,895

23. Net Revenue

	July 2018- June 2019	July 2017- June 2018
Domestic Sales	20,300,942,074	16,237,454,376
Export	2,502,632,517	1,476,977,889
Toll Income	13,055,204	2,284,590
	22,816,629,795	17,716,716,855

24. Cost of Goods Sold

This is made-up as follows :

Work-in-Process - Opening /at the date of acquisition	262,723,223	155,553,707
Materials Consumed (Note: 25)	9,840,645,571	7,236,638,335
Factory Overhead (Note: 26)	3,165,298,448	2,554,986,926
Total Manufacturing Cost	13,268,667,242	9,947,178,968
Work-in-Process (Closing)	(455,530,899)	(262,723,223)
Cost of Goods Manufactured	12,813,136,343	9,684,455,745
Finished Goods - Opening /at the date of acquisition	864,137,218	803,975,989
Finished Goods available	13,677,273,561	10,488,431,734
Cost of Physician Sample transferred to Sample Stock	(225,804,808)	(193,557,085)
Finished Goods (Closing)	(1,255,181,983)	(864,137,218)
	12,196,286,770	9,430,737,431

25. Materials Consumed

This is made-up as follows :

Opening Stock	3,182,574,225	1,920,966,484
Purchase	10,512,083,496	8,498,246,076
Closing Stock	(3,854,012,150)	(3,182,574,225)
	9,840,645,571	7,236,638,335

26. Factory Overhead

	Amount in Taka	
	July 2018- June 2019	July 2017- June 2018
Salary & Allowances	1,188,378,116	904,509,549
Repairs and Maintenance	357,815,843	216,587,905
Insurance Premium	31,563,027	22,801,790
Municipal Tax & Land Revenue	2,340,256	4,508,685
Advertisement	39,992	196,960
Registration & Renewals	12,214,261	13,724,885
Travelling & Conveyance	13,607,099	9,764,755
Entertainment	2,406,063	1,821,636
Research and Development	284,160,790	222,652,875
Printing & Stationery	30,586,880	22,091,508
Telephone, Internet & Postage	9,563,197	9,211,158
Toll Expense	211,045,966	207,961,293
Electricity, Gas & Water	185,846,861	144,124,432
Training & Conference	5,847,370	4,961,417
Plant Certification and Regulatory Approvals	26,970,395	26,780,147
Depreciation	776,720,982	720,995,025
Security Expenses	19,223,665	15,870,697
Other Expenses	6,967,685	6,422,209
	3,165,298,448	2,554,986,926

27. Administrative Expenses

Salary & Allowances	422,172,373	314,685,553
Rent	21,596,203	13,754,553
Repairs and Maintenance	52,754,516	49,638,421
Registration & Renewals	11,157,571	8,507,108
Travelling & Conveyance	33,292,606	26,470,642
Entertainment	7,452,594	6,829,212
Printing & Stationery	9,623,113	6,021,432
Audit Fee	2,090,000	1,628,750
Local Authority Taxes	1,294,203	913,142
Insurance Premium	420,402	153,958
Bank Charges	14,475	33,534
Telephone, Internet & Postage	8,389,087	6,245,040
Electricity, Gas & Water	15,238,998	13,246,325
Legal & Consultancy	10,931,928	8,659,820
Business Acquisition Cost	2,876,555	12,619,081
Company Secretarial, Regulatory Fee and AGM Expense	27,156,197	32,250,219
Advertisement	72,068	413,705
Training & Conference	12,734,287	10,279,328
Depreciation	29,897,226	28,060,048
Board Meeting Attendance Fee	1,108,950	603,564
Security Expenses	9,011,269	9,619,633
Other Expenses	73,659,561	68,042,059
	752,944,182	618,675,127

28. Selling, Marketing and Distribution Expenses

Amount in Taka

	July 2018- June 2019	July 2017- June 2018
Salary & Allowances	1,746,110,649	1,262,270,771
Rent	86,475,238	78,267,019
Repairs and Maintenance	12,924,576	8,958,993
Travelling & Conveyance	520,316,148	440,145,550
Entertainment	54,522,468	53,419,672
Printing & Stationery	36,718,700	40,877,932
Telephone, Internet & Postage	31,583,013	20,542,289
Electricity, Gas & Water	9,779,736	9,364,325
Market Research & New Products	49,463,151	49,081,984
Training & Conference	105,829,155	100,398,454
Insurance Premium	32,048,113	32,264,432
Sample Expense	286,686,387	263,875,222
Sales & Market Promotion Expenses	511,507,793	428,361,958
Pharmacovigilance	11,394,312	10,893,311
Literature/News Letter	207,829,781	128,243,083
Registration & Renewals	87,161,934	55,008,186
Export Insurance, Freight and C&F Expenses	273,539,867	120,383,504
Distribution Commission	260,673,378	234,392,430
Delivery Expense	315,948,856	179,142,387
Depreciation & Amortization	136,144,095	96,854,086
Security Expenses	18,179,874	15,870,697
Bad Debts	2,894,595	-
Other Expenses	3,493,457	12,520,028
	<u>4,801,225,276</u>	<u>3,641,136,313</u>

29. Other Income

Interest Income	36,457,527	54,928,425
Dividend Income	1,491,901	1,504,092
Royalty	95,941,689	6,093,728
Technology Transfer Income	-	18,145,620
Income From sale of Product Dossier	-	4,959,000
Distribution Commission	-	4,266,424
Cash Incentive on Export	23,646,180	-
Exchange Rate Fluctuation Gain / (Loss)*	(20,010,341)	(42,662,242)
Sale of Miscellaneous Item	952,663	49,772
Profit/(Loss) on Sale of Fixed Assets	1,438,046	(3,526,939)
	<u>139,917,665</u>	<u>43,757,880</u>

* Exchange rate fluctuation gains has been netted off with the Exchange rate fluctuation losses. An exchange loss of Tk. 25,559,859 has been accounted for the translation of outstanding foreign currency loan from ODDO BHF Aktiengesellschaft, Frankfurt, Germany translated at the exchange rate prevailing on the financial position date.

30. Finance Cost

	Amount in Taka	
	July 2018- June 2019	July 2017- June 2018
Interest on Working Capital Loan	797,139,744	378,949,336
Interest on Long Term Loan	27,718,969	(10,909,700)
Interest on Lease Finance	60,109,947	73,787,122
Interest on Loan from PF, WPPF & Welfare Fund	128,075,983	85,080,425
Other Bank Charges	16,717,899	13,376,260
	1,029,762,542	540,283,443

31. Income Tax Expenses

This consists of as follows :

(a) Current Tax	803,760,846	792,620,241
(b) Deferred Tax Expense	101,901,936	36,059,589
	905,662,782	828,679,830

32. Earnings Per Share (EPS)

(a) Earnings attributable to the Owners of the Company	3,033,402,333	2,536,543,948
(b) Weighted average number of Shares outstanding during the year	405,556,445	405,556,445
Earnings Per Share (EPS)	7.48	6.25

33. Net Asset Value (NAV) Per Share

	June 30, 2019	June 30, 2018
Total Assets	49,214,092,360	43,738,886,412
Less Total Liabilities	(19,349,768,523)	(16,387,049,620)
Less Non-controlling Interest	(276,006,553)	(269,874,176)
Equity Attributable to the Owners of the Company	29,588,317,284	27,081,962,616
Number of Ordinary Shares at Financial Position date	405,556,445	405,556,445
Net Asset Value (NAV) Per Share	72.96	66.78

34. Net Operating Cash Flow Per Share (NOCFPS)

	July 2018- June 2019	July 2017- June 2018
Net Cash Generated from Operating Activities	2,959,916,904	1,819,113,923
Number of Ordinary Shares at Financial Position date	405,556,445	405,556,445
Net Operating Cash Flow Per Share (NOCFPS)	7.30	4.49

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

	Amount in Taka	
	July 2018- June 2019	July 2017- June 2018
Profit after Tax	3,040,402,954	2,532,654,301
Adjustment to reconcile net profit to net cash provided by operating activities :		
(a) Non-cash Expenses :	1,606,962,596	970,984,130
Depreciation	868,369,303	801,715,192
Amortization	74,393,000	44,193,967
Gratuity & WPPF	536,738,498	57,650,531
Technology Transfer Income -BioCare Manufacturing SDN. BHD. , Malaysia	-	(18,145,620)
Exchange rate fluctuation loss on Foreign Currency Bank Loan	25,559,859	49,510,471
Deferred Tax	101,901,936	36,059,589
(b) Non-operating Items	26,190,223	2,022,847
Dividend Income	(1,481,833)	(1,504,092)
Profit on sale of Fixed Assets	(1,438,046)	3,526,939
Effect of exchange rate changes on Cash and Cash Equivalents	(215,618)	-
Share of Loss of Associates	29,325,720	-
(c) Changes in working Capital	(1,713,638,869)	(1,686,547,355)
(Increase)/Decrease in Inventories	(865,183,997)	(1,192,022,631)
(Increase)/Decrease in Spares & Supplies	(62,216,166)	(18,678,378)
(Increase)/Decrease in Accounts Receivable	(573,449,512)	(566,040,570)
(Increase)/Decrease in Advance Income Tax	(3,112,607)	-
(Increase)/Decrease in Loans, Advances & Deposits	(215,273,845)	(365,849,712)
(Increase)/Decrease in Other Non-current Assets	(221,598)	-
Increase/(Decrease) in Creditors and Other Payables	100,096,815	403,748,186
Increase/(Decrease) in Accrued Expenses	171,840,255	41,306,104
Increase/(Decrease) in Income Tax Payable	(266,118,214)	10,989,646
Net cash Generated from Operating Activities	2,959,916,904	1,819,113,923

36. Related Party Disclosures


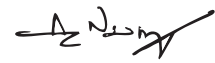
Amount in Taka

a) 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
(i) I & I Services Ltd.	Local Delivery Distribution Commission	22,217,416,177 260,673,378	2,335,457,132
(ii) Bangladesh Export Import Co. Ltd	Short Term Investment & Interest there on	16,032,638	323,364,536

b. Related party transaction between the Company and its subsidiaries have been eliminated in the consolidation.

c. The Companies are subject to common control from same source.


Saiman F Rahman
Vice Chairman

Nazmul Hassan
Managing Director

Mohammad Ali Nawaz
Chief Financial OfficerDhaka
October 28, 2019

Financial Statements-Beximco Pharma Stand-alone

Beximco Pharmaceuticals Limited
Audited Financial Statements
For the Year Ended June 30, 2019

Independent Auditor's Report To the Shareholders of Beximco Pharmaceuticals Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Beximco Pharmaceuticals Limited (the "Company"), which comprise the Statement of Financial Position as at 30 June 2019 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (*IFRSs*), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Opinion

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

Key Audit Matters

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

Risk	Our response to the risk
Valuation of Property, Plant and Equipment (PPE)	
<p>The carrying value of the PPE was Tk. 32,209,440,044 as at 30 June, 2019.</p> <p>Expenditures are capitalized if they create new assets or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the assets or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.</p> <p>The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements and that there is significant measurement uncertainty involved in this valuation.</p> <p>See Note No. 4(a) to the financial statements</p>	<p>Our audit included the following procedure:</p> <ul style="list-style-type: none">• We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent.• We inspected a sample of invoices and L/C documents to determine whether the classification between capital and revenue expenditure was appropriate.• We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice. <p>We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the reclassification from capital work in progress to ready for use, with the date of the act of completion of the work.</p>

Valuation of Inventory	
<p>The inventory of Tk. 5,573,549,171 as at 30 June, 2019 was held at different locations across the country.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the management apply judgment in determining the appropriate values for slow-moving or obsolete items.</p> <p>Since the value of Inventory is significant to the Financial Statements and there is significant measurement uncertainty involved in this valuation, the valuation of inventory was significant to our audit.</p> <p>See Note No. 9 to the financial statements.</p>	<p>We verified the appropriateness of management's assumptions applied in calculating the value of the inventory by:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of key inventory controls. • Attending inventory counts on sample basis and reconciling the count results to the inventory listing to test the completeness of data. • Reviewing the requirement of inventory provisioning and action there upon by the management. • Comparing the net realizable value obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories.

Contingent Liabilities	
<p>The Company is subject to a number of claims and litigations. The amounts of claims are significant and estimates of the amounts of provisions or contingent liabilities are subject to management judgement. These claims and regulatory matters are uncertain in timing of resolutions and amount or consequences.</p> <p>These claims and litigation matters were a key audit matter due to the amounts involved, potential consequences and the inherent difficulty in assessing the outcome. The assessment of whether or not a liability should be recognized involves judgement from management.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the company's key controls over the legal provision and contingency processes.</p> <p>We enquired to those charged with governance to obtain their view on the status of the litigations.</p> <p>We enquired of the company's internal legal counsel for the litigation and inspected internal notes and reports. We also reviewed formal confirmations in this regard from external counsel.</p> <p>We also validated the completeness and appropriateness of the related disclosures in Note No. 51 of the financial statements.</p>

Related party transactions	
<p>The Company has related party transactions with its subsidiaries and other related parties as described in Note No. 40 of the financial statements.</p> <p>We focused on identification of related parties and disclosure of related party transactions in accordance with relevant accounting standards.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> • Evaluated the design and tested the operating effectiveness of controls over identification and disclosure of related party transactions. • Evaluated the transactions among the related parties and tested material accounts balances. • Evaluated the disclosures in the financial statements in compliance with IAS 24.

Other Information

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

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

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

If, based on such work we perform, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs, 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding

independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, The Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, 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 purposes of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) The company's Statement of Financial Position (Balance sheet) and Statement of Profit or Loss and Other Comprehensive Income (Profit & Loss Account) dealt with by this report are in agreement with the books of accounts and;
- d) The expenditures incurred and payment made were for the purpose of the company's business for the year.

Dhaka
October 28, 2019



M. J. Abedin & Co.
Chartered Accountants

Beximco Pharmaceuticals Limited
Statement of Financial Position

As at June 30, 2019

Amount in Taka

	Notes	June 30, 2019	June 30, 2018
ASSETS			
Non-Current Assets		34,999,402,741	31,332,493,872
Property, Plant and Equipment- Carrying Value	4 (a)	32,209,440,044	28,645,104,798
Intangible Assets	5	610,121,698	525,695,416
Investment in Subsidiaries	6	2,145,185,900	2,125,186,000
Investment In Associates	7	29,325,720	30,749,850
Other Investment	8	5,329,379	5,757,808
Current Assets		12,793,492,489	10,832,521,567
Inventories	9	5,573,549,171	4,665,449,461
Spares & Supplies	10	715,341,316	654,781,270
Accounts Receivable	11	3,325,890,597	2,736,944,147
Loans, Advances and Deposits	12	2,273,040,821	2,066,840,961
Short Term Investment	13	323,364,536	339,397,174
Cash and Cash Equivalents	14	582,306,048	369,108,554
TOTAL ASSETS		47,792,895,230	42,165,015,439
EQUITY AND LIABILITIES			
Shareholders' Equity		29,600,843,240	27,104,389,931
Issued Share Capital	15	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	16	1,689,636,958	1,689,636,958
Capital Reserve on Merger		294,950,950	294,950,950
Revaluation Surplus	4(b)	1,131,853,004	1,159,277,845
Unrealized Gain/(Loss)		2,504,203	4,356,762
Retained Earnings		17,156,858,985	14,631,128,276
Non-Current Liabilities		6,296,204,472	6,963,764,382
Long Term Borrowings-Net of Current Maturity	17	2,544,732,500	3,849,478,727
Liability for Gratuity and WPPF & Welfare Funds	18	1,748,900,794	1,224,462,270
Deferred Tax Liability	19	2,002,571,178	1,889,823,385
Current Liabilities and Provisions		11,895,847,518	8,096,861,126
Short Term Borrowings	20	8,701,024,499	4,962,098,246
Long Term Borrowings-Current Maturity	21	1,487,254,413	1,453,819,555
Creditors and Other Payables	22	1,037,089,244	939,538,235
Accrued Expenses	23	496,178,291	303,447,824
Dividend Payable		7,002,833	4,540,814
Income Tax Payable	24	167,298,238	433,416,452
TOTAL EQUITY AND LIABILITIES		47,792,895,230	42,165,015,439

The Notes are an integral part of the Financial Statements.

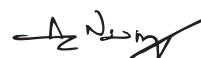
Approved and authorised for issue by the Board of Directors on October 28, 2019 and signed for and on behalf of the Board :



Salman F Rahman
Vice Chairman

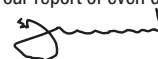


Nazmul Hassan
Managing Director



Mohammad Ali Nawaz
Chief Financial Officer

Per our report of even date



M.J. Abedin & Co.
Chartered Accountants

Dhaka
October 28, 2019

Beximco Pharmaceuticals Limited
Statement of Profit or Loss and Other Comprehensive Income

For the Year ended June 30, 2019

Amount in Taka


	Notes	July 2018 - June 2019	July 2017 - June 2018
Net Sales Revenue	25	21,156,331,039	17,380,728,001
Cost of Goods Sold	26	(11,365,929,686)	(9,255,504,681)
Gross Profit		9,790,401,353	8,125,223,320
Operating Expenses		(4,991,627,668)	(4,143,623,455)
Administrative Expenses	29	(663,362,904)	(595,185,629)
Selling, Marketing and Distribution Expenses	30	(4,328,264,764)	(3,548,437,826)
Profit from Operations		4,798,773,685	3,981,599,865
Other Income	31	245,184,534	64,973,584
Finance Cost	32	(938,074,846)	(512,099,369)
Profit Before Contribution to WPPF & Welfare Funds		4,105,883,373	3,534,474,080
Contribution to WPPF & Welfare Funds	33	(195,518,256)	(168,308,290)
Profit Before Tax		3,910,365,117	3,366,165,790
Income Tax Expenses	34	(886,864,143)	(807,194,527)
Current Tax		(792,365,900)	(790,580,483)
Deferred Tax Income/ (Expense)		(94,498,243)	(16,614,044)
Profit after Tax for the Year		3,023,500,974	2,558,971,263
Other Comprehensive Income - Unrealized Gain/(Loss)	35	(1,852,559)	481,697
Total Comprehensive Income for the Year		3,021,648,415	2,559,452,960
Earnings Per Share (EPS)	36	7.46	6.31

The Notes are an integral part of the Financial Statements.

Approved and authorised for issue by the Board of Directors on October 28, 2019 and signed for and on behalf of the Board :


Salman F Rahman
Vice Chairman


Nazmul Hassan
Managing Director


Mohammad Ali Nawaz
Chief Financial Officer

Per our report of even date

Dhaka
October 28, 2019


M.J. Abedin & Co.
Chartered Accountants

Beximco Pharmaceuticals Limited
Statement of Changes in Equity
For the Year ended June 30, 2019

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, 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
Total Comprehensive Income for the year:								
Profit for the Year	-	-	-	-	-	-	3,023,500,974	3,023,500,974
Other Comprehensive Income/(Loss)	-	-	-	-	-	(1,852,559)	-	(1,852,559)
Transactions with the Shareholders:								
Cash Dividend	-	-	-	-	-	-	(506,945,556)	(506,945,556)
Adjustment for the Depreciation on Revalued Assets	-	-	-	-	(9,175,291)	-	9,175,291	-
Adjustment for Deferred Tax on Revalued Assets	-	-	-	-	(18,249,550)	-	-	(18,249,550)
Balance as on June 30, 2019	4,055,564,450	5,269,474,690	1,689,636,958	294,950,950	1,131,853,004	2,504,203	17,156,858,985	29,600,843,240
Net Asset Value (NAV) Per Share (Note-37)								72.99

For the Year ended June 30, 2018

	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 the 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-37)								66.83

The Notes are an integral part of the Financial Statements.

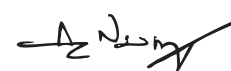
Approved and authorised for issue by the Board of Directors on October 28, 2019 and signed for and on behalf of the Board :



Salman F Rahman
Vice Chairman



Nazmul Hassan
Managing Director



Mohammad Ali Nawaz
Chief Financial Officer

Per our report of even date



M.J. Abedin & Co.
Chartered Accountants

Dhaka
October 28, 2019

Beximco Pharmaceuticals Limited
Statement of Cash Flows

For the Year ended June 30, 2019

Amount in Taka

	Notes	July 2018 - June 2019	July 2017 - June 2018
Cash Flows from Operating Activities :			
Receipts from Customers and Others		20,798,619,790	16,851,875,991
Payments to Suppliers and Employees		(16,112,060,651)	(13,768,549,304)
Cash Generated from Operations		4,686,559,139	3,083,326,687
Interest Paid		(938,074,846)	(512,099,369)
Interest Received		36,457,527	54,928,425
Income Tax Paid		(1,058,484,114)	(778,088,709)
Net Cash Generated from Operating Activities	39	2,726,457,706	1,848,067,034
Cash Flows from Investing Activities :			
Acquisition of Property, Plant and Equipment		(4,337,220,303)	(4,947,915,606)
Intangible Assets		(128,619,282)	(106,921,036)
Investment in Subsidiary		(19,999,900)	(2,125,186,000)
Disposal of Property, Plant and Equipment		17,267,628	1,354,100
Dividend Received		1,491,901	1,504,092
Decrease in Short Term Investment		16,032,638	547,179,732
Net Cash Used in Investing Activities		(4,451,047,318)	(6,629,984,718)
Cash Flows from Financing Activities :			
Net Increase /(Decrease) in Long Term Borrowings		(1,296,871,228)	1,902,090,586
Net Increase/(Decrease) in Short Term Borrowings		3,738,926,253	3,476,665,586
Dividend Paid		(504,483,537)	(502,757,959)
Net Cash Generated from Financing Activities		1,937,571,488	4,875,998,213
Increase/(Decrease) in Cash and Cash Equivalents		212,981,876	94,080,529
Cash and Cash Equivalents at Beginning of Year		369,108,554	275,028,025
Effect of exchange rate changes on Cash and Cash Equivalents		215,618	-
Cash and Cash Equivalents at End of Year	14	582,306,048	369,108,554
Net Operating Cash Flow Per Share	38	6.72	4.56

The Notes are an integral part of the Financial Statements.

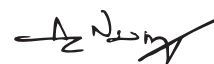
Approved and authorised for issue by the Board of Directors on October 28, 2019 and signed for and on behalf of the Board :



Salman F Rahman
Vice Chairman



Nazmul Hassan
Managing Director



Mohammad Ali Nawaz
Chief Financial Officer

Per our report of even date

Dhaka
October 28, 2019



M.J. Abedin & Co.
Chartered Accountants

Beximco Pharmaceuticals Limited

Notes to the Financial Statements

As at and for the year ended June 30, 2019

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 and commenced its manufacturing operation in 1980. It is a leading manufacturer of pharmaceutical formulations and Active Pharmaceutical Ingredients (APIs). 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 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). In 2018, BPL acquired 85.22% shares of NuVista Pharma Limited – a non-listed pharmaceutical company in Bangladesh specializing in hormones and steroid drugs and took over control of its management. 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. The manufacturing facilities of the Company are certified by leading global regulatory authorities including United States Food and Drug Administration (USFDA).

1.2. Nature of Business

The company is engaged in manufacturing and marketing of generic pharmaceuticals formulation products covering a wide range of therapeutic categories. It offers products in different dosage forms including Solid, Liquid, Cream and Ointment, Suppositories, Metered Dose Inhaler, Dry Powder Inhaler, Nasal Spray, Sterile, Lyophilized Injectable, Large Volume Intravenous Fluids. Besides formulation products BPL also manufactures Active Pharmaceutical Ingredients (APIs) and renders contract manufacturing services to other companies. Products of the company are sold in domestic and international markets.

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).

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, 2019;
- (b) a Statement of Profit or Loss and Other Comprehensive Income for the year ended June 30, 2019;
- (c) a Statement of Changes in Equity for the year ended June 30, 2019;
- (d) a Statement of Cash Flows for the year ended June 30, 2019; 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, 2018 to June 30, 2019. The last audited financial statements were prepared for the year ending June 30, 2018. Figures for earlier year have been re-arranged wherever considered necessary to ensure better comparability with the current year.

2.5. Authorization for issue

The financial statements have been authorized for issue by the Board of Directors on October 28, 2019.

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, capitalization of assets 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 from Contracts with Customers

In compliance with the requirements of IFRS 15: Revenue from Contracts with Customers, 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 sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).

3.2. Property, Plant and Equipment (PP&E)

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 amortize 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 software for internal use are capitalized as intangible fixed assets where the software 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. Leases

A new Standard IFRS 16: Leases, has been made effective for the reporting period beginning on or after 1 January 2019. The new standard has introduced a single on-balance sheet lease accounting model for leases and replaces the previously adopted IAS 17: Leases.

The Company has been consistently recording its underlying assets acquired under lease arrangement as Assets and the corresponding obligation as Liabilities in the financial statements. Lease payments made are apportioned between the finance expenses and the reduction of outstanding lease liability which are in compliance with IFRS 16, excepting the classification of the leased assets as "Right-of-use assets" in the Statement of Financial Position.

The Company has not early adopted IFRS 16 in preparing the financial statements and intends to do so when it becomes effective for the Company. This however, has no material impact on the reported financial statements.

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

3.6.1. 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.

3.6.2. 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%. However, profit generated from export is subject to a reduced 12.5% tax. Additionally certain other incomes are also liable to a lower rates which can be found in Note: 34

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). In BPL's case deferred tax arises due to the difference in the carrying amount and the tax base value of the Property, Plant & Equipment and Gratuity provisions.

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. Other Income

Dividend

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.

Export Incentives

Cash Incentives for export are recognized when all conditions as laid down in the relevant incentive scheme including receipt of export remittances are satisfied and the right to claim the incentives are established

Royalty

Royalty income is accounted for on accrual basis on fulfillment of the terms laid in the agreement between the contracting parties giving BPL the right to claim the Royalty.

Toll Income

Toll income is recognized when services are delivered and there remains no unfulfilled obligation in connection with the service.

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 excepting those that qualifies for capitalization 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:

3.12.1. 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. Employees contribute 10% of their basic salary to the provident along with the Company that makes an 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.

3.12.2. 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.

3.12.3. 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.

3.12.4. 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.

3.12.5. 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, 2019

Amount in Taka

[illegible]

Assets include leasehold assets of Tk. 1,331,967,914 at cost and Tk. 932,076,886 at carrying value.

As on June 30, 2018

[illegible]

	June 30, 2019	Amount in Taka June 30, 2018
Capital Work in Progress is arrived at as follows :		
Opening Balance	12,597,594,779	8,012,063,489
Addition during the year	2,738,450,860	4,585,531,290
	15,336,045,639	12,597,594,779
Transferred & Capitalized	(1,611,111,798)	-
Building and Other Constructions	(703,230,227)	-
Plant & Machinery	(905,532,878)	-
Furniture & Fixture	(1,252,298)	
Office Equipment	(1,096,395)	
Closing balance at end of year	13,724,933,841	12,597,594,779

4 (b). Revaluation Surplus

S.F. Ahmed & Co, Chartered Accountants and Valuers revalued the land, building and plant & machinery of the Company as of December 31, 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	1,159,277,845	1,190,203,818
Adjustment for depreciation on revalued assets	(9,175,291)	(10,382,600)
Adjustment for Deferred Tax on revalued assets	(18,249,550)	(20,543,373)
	1,131,853,004	1,159,277,845

5. Intangible Assets

Particulars	Product development, Licensing and Marketing Rights	ERP Project	Total
Cost			
As on July 01, 2018	509,988,617	147,447,850	657,436,467
Addition During the year	108,963,430	19,655,852	128,619,282
As on June 30, 2019	618,952,047	167,103,702	786,055,749
Amortization			
As on July 01, 2018	131,741,051	-	131,741,051
Amortized During the year	44,193,000	-	44,193,000
As on June 30, 2019	175,934,051	-	175,934,051
Balance as on June 30, 2019	443,017,996	167,103,702	610,121,698
Balance as on June 30, 2018	378,247,566	147,447,850	525,695,416

6. Investment in Subsidiaries

	Amount In Taka	
	June 30, 2019	June 30, 2018
Nuvista Pharma Ltd.	2,125,186,000	2,125,186,000
Beximco Pharma API Limited	19,999,900	-
	2,145,185,900	2,125,186,000

(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. 31,336,000 paid as share transfer fee to the Registrar of Joint Stock Companies and Firms.

(b) Beximco Pharma API Limited (API) was formed with a paid up capital of Tk. 20,000,000 divided into 2,000,000 shares of Tk. 10 each, all of which excepting 10 shares are held by Beximco Pharmaceuticals Ltd (BPL). To comply with the regulatory requirement a nominal 10 shares has been issued to an individual.

(c) Investment in subsidiaries has been accounted for using cost method as per IAS 27.10(a): Separate Financial Statements, in preparing financial statements of the company.

7. Investment in Associates

	Balance July 01, 2018	Adjustment during the Year	Balance June 30, 2019
BioCare Manufacturing SDN.BHD. , Malaysia	30,749,850	(1,424,130)	29,325,720

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. was 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. BioCare is considered to be an associate of BPL as per IAS 28: Investment in Associates and Joint Ventures. The Company adopted Cost method for the investment as per IAS 27: Separate Financial Statements and therefore unrealized exchange fluctuation gain accounted for in previous financial statements has been reversed to arrive at cost value.

8. Other Investments

(a) Investment Details (Taka):

	Balance July 01, 2018	Addition/ Adjustment Unrealised Gain/ (Loss)	Balance June 30, 2019
(i) Bangladesh Export Import Co. Ltd. (Note C)	4,188,358	(428,429)	3,759,929
(ii) Central Depository Bangladesh Ltd. (CDBL)	1,569,450	-	1,569,450
	5,757,808	(428,429)	5,329,379

(b) Number of Shares:

	Balance July 01, 2018	Addition/ Adjustment Stock Dividend	Balance June 30, 2019
(i) Bangladesh Export Import Co. Ltd.	159,861	7,993	167,854
(ii) Central Depository Bangladesh Ltd. (CDBL)	571,182	-	571,182

(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 the last working day of the year 2018-2019 was Tk. 22.40 (2017-2018: Tk.26.20). The amount of Tk. 428,429 represents fair value loss.

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

9. Inventories

Amount in Taka

This consists of as follows :

	June 30, 2019	June 30, 2018
Finished Goods	1,155,804,007	744,138,733
Work in Process	420,135,832	205,169,517
Raw Materials	2,590,103,665	2,040,109,375
Packing Materials	1,072,840,831	939,299,203
Laboratory Chemicals	27,356,035	4,001,948
Physician Samples	85,135,960	82,714,044
R & D Materials	12,004,065	324,655
Materials in Transit	210,168,776	649,691,986
	5,573,549,171	4,665,449,461

10. Spares & Supplies

This consists of as follows :

Spares & Accessories	569,443,182	537,366,837
Stock of Stationery	13,100,977	10,936,969
Literature & Promotional Materials	132,797,157	106,477,464
	715,341,316	654,781,270

11. Accounts Receivable

This is net of provision for bad debts Tk. 2,193,977. Accounts receivable includes an amount of Tk. 771,731,426 (equivalent USD 9,214,704 as on June 30, 2019 (June 30, 2018: Tk. 596,463,606, USD 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. 2,335,457,132 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. 2,348,527,632 on May 31, 2019.

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

Amount in Taka

This is unsecured, considered good and consists of as follows :	June 30, 2019	June 30, 2018
Clearing & Forwarding	159,119,478	162,932,842
VAT	306,316,482	188,082,567
Claims Receivable	6,320,466	19,642,831
Security Deposit & Earnest Money	62,559,041	47,836,614
Lease Deposit	10,821,850	17,600,613
Capital Expenditure/ Project	224,723,000	108,792,585
Expenses	253,580,629	131,833,344
Bank Guarantee Margin	37,773,704	27,004,835
Advance against Salary	152,573,688	116,813,989
Rent Advance	13,420,366	11,608,729
Motor Cycle	199,755,875	180,739,474
Raw & Packing Material	592,000,065	735,793,984
Prepaid Insurance	160,757,931	197,698,816
Overseas Liaison Office	35,318,373	32,698,675
Others	57,999,873	87,761,063
	2,273,040,821	2,066,840,961

(a) The maximum amount due from the employees during the year was Tk. 162,593,348 on April 30, 2019.

(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 project 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.

14. Cash and Cash Equivalents

This consists of as follows :	June 30, 2019	June 30, 2018
(a) Cash in Hand (including Imprest Cash)	235,175,572	191,916,333
(b) Cash at Bank :		
(i) Current & FC Account	310,734,039	142,718,744
(ii) FDR Account	36,396,437	34,473,477
	582,306,048	369,108,554

15. Issued Share Capital

Amount in Taka

A. Authorized :

	June 30, 2019		June 30, 2018	
	No. of Shares	Taka	No. of Shares	Taka
Ordinary Shares of Tk. 10/- each	1,000,000,000	10,000,000,000	500,000,000	5,000,000,000
Fully convertible 5 % Preference Shares of Tk. 100/- each	50,000,000	5,000,000,000	41,000,000	4,100,000,000
		15,000,000,000		9,100,000,000

During the year the company amended it's Memorandum and Articles of Association and increased it's Authorized Share Capital as stated above.

B. Issued, Subscribed and Paid-up :

	30 June, 2019	June 30, 2018
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
	4,055,564,450	4,055,564,450

5,951,250 Ordinary Shares of Tk. 10 each were issued to the shareholders of Beximco infusions Ltd. on it's 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, 2019		June 30, 2018	
	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 Director and Associates	37,019,789	9.13	36,999,784	9.12
	53,509,774	13.19	53,489,769	13.19
Public Issue:				
GDRs- AIM of London Stock Exchange	90,943,627	22.42	90,943,627	22.42
Foreign Investors' Shareholdings (DSE/CSE)	60,060,586	14.81	74,469,959	18.36
Institutions (ICB, ICB Investors Accounts & Others)	136,573,957	33.68	119,603,843	29.49
Individual Share Holders	64,468,501	15.91	67,049,247	16.54
	352,046,671	86.81	352,066,676	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, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
1 to 499	41,958	43,579	74.69%	75.16%	5,876,193	6,030,643	1.45%	1.49%
500 to 5,000	12,144	12,360	21.62%	21.32%	17,827,041	18,111,978	4.40%	4.47%
5,001 to 10,000	980	969	1.74%	1.67%	7,015,971	6,952,640	1.73%	1.71%
10,001 to 20,000	469	478	0.83%	0.82%	6,683,931	6,834,127	1.65%	1.69%
20,001 to 30,000	154	147	0.27%	0.25%	3,819,206	3,629,536	0.94%	0.89%
30,001 to 40,000	77	72	0.14%	0.12%	2,686,413	2,493,725	0.66%	0.61%
40,001 to 50,000	70	60	0.12%	0.10%	3,220,468	2,724,479	0.79%	0.67%
50,001 to 100,000	121	116	0.22%	0.20%	8,692,718	8,267,895	2.14%	2.04%
100,001 to 1,000,000	163	163	0.29%	0.28%	51,410,310	48,891,611	12.68%	12.06%
Over 1,000,000	41	38	0.07%	0.07%	298,324,194	301,619,811	73.56%	74.37%
Total	56,177	57,982	100%	100%	405,556,445	405,556,445	100%	100%

E. Market Price of Ordinary Shares:

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

		June 30, 2019	June 30, 2018
Dhaka	Tk.	83.50	93.90
Chittagong	Tk.	84.30	94.70
AIM	GBP	0.389	0.510

F. Option on unissued Ordinary Shares :

There is no option on unissued shares as on June 30, 2019.

16. 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.

17. Long Term Borrowings - Net of Current Maturity

(a) This is arrived at as follows :

Amount in Taka

	June 30, 2019	June 30, 2018
Project Loan - ODDO BHF Aktiengesellschaft, Frankfurt, Germany	1,974,611,879	2,809,556,317
Obligation Under Finance Leases	239,710,340	280,596,178
AB Bank	330,410,281	759,326,232
	2,544,732,500	3,849,478,727

(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.

	Amount in Taka	
	June 30, 2019	June 30, 2018
(c) Obligation Under Finance Leases		
Gross Finance Lease - minimum lease Liability:		
Within one year	214,912,775	260,426,903
Within two to five years	286,763,966	336,141,714
Total	501,676,741	596,568,617
Less future finance charges on finance lease liability	(97,808,499)	(114,965,180)
Present Value of Finance Lease liability	403,868,242	481,603,437

This consists of as follows:

Within one year	164,157,902	201,007,259
Within two to five years	239,710,340	280,596,178
Present Value of Finance Lease liability	403,868,242	481,603,437

(d) A B 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 machinery and equipment financed by ODDO BHF Aktiengesellschaft, Frankfurt, Germany.

18. 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. Further detail is available at Note 3.12

(a) Gratuity Payable

Opening Balance	660,004,303	529,565,300
Provisions during the year	306,176,739	155,686,017
	966,181,042	685,251,317
Paid during the year	(32,743,298)	(25,247,014)
Closing balance at end of the Year	933,437,744	660,004,303

(b) Workers Profit Participation and Welfare Fund

815,463,050	564,457,967
1,748,900,794	1,224,462,270

19. Deferred Tax Liability

Opening Balance	1,889,823,385	1,852,665,968
Addition during the Year :		
Deferred Tax on Assets (cost basis)-Note : 34 (b)	94,498,243	16,614,044
Deferred Tax on revalued amount	18,249,550	20,543,373
Closing Balance at end of the Year	2,002,571,178	1,889,823,385

20. Short Term Borrowings

	Amount in Taka	
	June 30, 2019	June 30, 2018
Janata Bank Ltd. - Cash Credit-Hypothecation Loan	5,336,101,392	3,897,681,180
AB Bank	2,491,112,625	-
Liability for UPAS Letter of credit	873,810,482	1,064,417,066
	8,701,024,499	4,962,098,246

(a) Short term borrowings from Janata Bank represents revolving credit facilities renewable annually. The borrowing carries 9% interest.

(b) Loan from AB Bank represents the Time Loan taken by the company to settle UPAS/Deferred LC liabilities related to import of various project materials other than machinery and equipment for different projects under implementation.

(c) The loan with Janata Bank and AB Bank is secured by paripassu hypothecation of fixed and floating assets of the company excepting the machinery and equipment financed by ODDO BHF Aktiengesellschaft, Frankfurt, Germany.

21. Long Term Borrowings-Current Maturity

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

Project Loan - ODDO BHF Aktiengesellschaft, Frankfurt, Germany	860,104,664	852,470,599
Obligation Under Finance Leases	164,157,902	201,007,259
AB Bank	462,991,847	400,341,697
	1,487,254,413	1,453,819,555

22. Creditors and Other Payables

Goods & Services	518,625,291	569,160,255
Provident Fund	403,722,991	188,151,262
Advance Against Sales	23,952,936	43,576,730
Others	90,788,026	138,649,988
	1,037,089,244	939,538,235

23. Accrued Expenses

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

For Expenses	300,660,035	136,464,535
Workers' Profit Participation and Welfare Funds (current year)	195,518,256	166,983,289
	496,178,291	303,447,824

24. Income Tax Payable

	Amount in Taka	
	June 30, 2019	June 30, 2018
Opening Balance	433,416,452	420,924,678
Provision for the year	809,208,912	790,580,483
Short / (Excess) Provision for previous year	(16,843,012)	-
	1,225,782,352	1,211,505,161
AIT & Treasury deposits during the year	(1,058,484,114)	(778,088,709)
	167,298,238	433,416,452

25. Net Sales Revenue

This consists of as follows :

	July 2018 - June 2019	July 2017 - June 2018
Domestic	18,653,698,522	15,903,750,112
Export	2,502,632,517	1,476,977,889
	21,156,331,039	17,380,728,001

a) Revenue consists of sales of pharmaceutical formulation products of wide range of therapeutic categories in different dosage forms and strengths and Active Pharmaceutical Ingredients (APIs). The quantity sold under different broad categories are as follows:

Sales represents:

Product Category	Quantity		
	Unit	July 2018 - June 2019	July 2017 - June 2018
Tablet, Capsule, Suppository & DPI	Million pcs.	5,778.50	4,520.25
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable, Inhaler and Insulin	Million pcs.	111.96	97.08
Diet Care Products	Pcs	6,572	21,566
Active Pharmaceutical Ingredients	Kg	163,538	141,374
Liquid Nitrogen	Liter	379,012	437,986

b) Foreign Currency equivalent of Export was US\$ 30,064,573 in 2018-19 as against US\$ 17,953,810 in 2017-18.

26. Cost of Goods Sold

This is made-up as follows :

Work-in-Process (Opening)	205,169,517	110,263,528
Materials Consumed (Note: 27)	9,461,947,813	7,174,927,962
Factory Overhead (Note: 28)	2,749,978,649	2,462,809,815
Total Manufacturing Cost	12,417,095,979	9,748,001,305
Work-in-Process (Closing)	(420,135,832)	(205,169,517)
Cost of Goods Manufactured	11,996,960,147	9,542,831,788
Finished Goods (Opening)	744,138,733	648,654,846
Finished Goods available	12,741,098,880	10,191,486,634
Cost of Physician Sample transferred to Sample Stock	(219,365,187)	(191,843,220)
Finished Goods (Closing)	(1,155,804,007)	(744,138,733)
	11,365,929,686	9,255,504,681

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

Amount in Taka

Stock as June 30, 2019	Unit	Quantity	Value (Tk.)
Tablet, Capsule, Suppository & DPI	Million pcs.	601.66	655,507,429
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable, Inhaler and Insulin	Million pcs.	9.81	471,081,153
Active Pharmaceutical Ingredients	Kg	9,390	29,215,425
			1,155,804,007

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
			744,138,733

27. Materials Consumed

This is made-up as follows :

	July 2018 - June 2019	July 2017 - June 2018
Opening Stock	2,983,410,526	1,745,626,100
Purchase	10,168,837,818	8,412,712,388
Closing Stock	(3,690,300,531)	(2,983,410,526)
	9,461,947,813	7,174,927,962

28. Factory Overhead

Salary & Allowances	1,027,826,755	861,570,554
Repairs and Maintenance	266,430,909	204,042,376
Insurance Premium	29,239,356	22,183,717
Municipal Tax & Land Revenue	1,743,735	2,508,685
Advertisement	39,992	196,960
Registration & Renewals	12,214,261	13,724,885
Travelling & Conveyance	10,510,955	9,364,755
Entertainment	1,892,086	1,799,806
Research and Development	259,057,257	216,131,607
Printing & Stationery	28,098,315	22,062,770
Telephone, Internet & Postage	9,563,197	9,211,158
Toll Expense	217,766,232	211,932,071
Electricity, Gas & Water	145,518,810	135,414,774
Training & Conference	5,847,370	4,961,417
Plant Certification and Regulatory Approvals	26,970,395	26,780,147
Depreciation	685,050,226	699,635,924
Security Expenses	19,223,665	15,870,697
Other Expenses	2,985,133	5,417,512
	2,749,978,649	2,462,809,815

- (a) Salary and allowances include Company's Contribution to provident fund amounting to Tk. 19,649,274 .
- (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.

29. Administrative Expenses

Amount in Taka

	July 2018 - June 2019	July 2017 - June 2018
Salary & Allowances	369,071,303	299,668,418
Rent	10,998,853	11,320,578
Repairs and Maintenance	47,635,169	48,306,306
Registration & Renewals	11,157,571	8,507,108
Travelling & Conveyance	29,680,929	26,412,385
Entertainment	6,875,109	6,605,694
Printing & Stationery	6,145,732	5,965,303
Audit Fee	1,700,000	1,600,000
Telephone, Internet & Postage	6,637,613	6,036,768
Electricity, Gas & Water	13,282,061	12,688,120
Legal & Consultancy	9,670,609	8,104,405
Business Acquisition Cost	2,876,555	12,619,081
Company Secretarial, Regulatory Fee and AGM Expense	27,156,197	32,250,219
Advertisement	72,068	413,705
Training & Conference	11,104,287	9,504,679
Depreciation	26,493,655	27,057,743
Board Meeting Attendance Fee	838,950	468,564
Security Expenses	9,011,269	9,619,633
Other Expenses	72,954,974	68,036,920
	663,362,904	595,185,629

- (a) Salary and allowances include Company's Contribution to provident fund amounting to Tk. 7,534,461 .
- (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.
- (d) Other expenses does not include any item exceeding 1% of total revenue.

30. Selling, Marketing and Distribution Expenses

Amount in Taka

	July 2018 - June 2019	July 2017 - June 2018
Salary & Allowances	1,505,566,145	1,212,995,091
Rent	82,061,605	77,134,110
Repairs and Maintenance	9,193,359	8,301,461
Travelling & Conveyance	456,534,374	424,569,958
Entertainment	53,789,575	53,216,266
Printing & Stationery	35,647,182	40,282,407
Telephone, Internet & Postage	21,656,034	17,357,357
Electricity, Gas & Water	9,779,736	9,364,325
Market Research & New Products	49,003,151	48,764,784
Training & Conference	98,146,246	96,624,078
Insurance Premium	30,611,846	30,946,509
Sample Expense	277,485,580	261,921,844
Sales & Market Promotion Expenses	450,959,074	421,085,672
Pharmacovigilance	11,394,312	10,893,311
Literature/News Letter	188,842,902	128,227,175
Registration & Renewals	86,136,878	54,760,086
Export Insurance, Freight and C&F Expenses	273,539,867	120,383,504
Distribution Commission	260,673,378	234,392,430
Delivery Expense	315,948,856	179,142,387
Depreciation & Amortization	89,610,694	90,578,669
Security Expenses	18,179,874	15,870,697
Bad Debts	2,193,977	-
Other Expenses	1,310,119	11,625,705
	4,328,264,764	3,548,437,826

(a) Salary and allowances include Company's Contribution to provident fund amounting to Tk. 32,196,434 .

(b) Distribution commission relates to I & I Services Ltd., a " Related Party" for local sales of formulation products.

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

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

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

31. Other Income

	Amount in Taka	
	July 2018 - June 2019	July 2017 - June 2018
Interest Income	36,457,527	54,928,425
Dividend Income	1,491,901	1,504,092
Royalty	104,779,694	6,093,728
Technology Transfer Income	-	18,145,620
Income From sale of Product Dossier	-	4,959,000
Distribution Commission	91,886,707	22,851,313
Cash Incentive on Export	23,646,180	-
Exchange Rate Fluctuation Gain / (Loss)	(20,010,341)	(42,662,242)
Income from sale of materials	5,588,720	-
Profit/(Loss) on Sale of Fixed Assets (Note 41)	1,344,146	(846,352)
	245,184,534	64,973,584

a. Taka 8,838,005 of the Royalty income comes from licensing of four of the BPL products given to Nuvista Pharma Limited while the remaining amount is from overseas business.

b. The Distribution Commission is received from the subsidiary company Nuvista Pharma Limited for providing delivery of Nuvista's products using the BPL's distribution network across the country as per the agreement entered into between the companies on an arm's length basis.

c. In December 2018, Government declared 10% incentives on FOB value of export of finished pharmaceutical formulation products subject to fulfillment of certain conditions. The incentive claimable during the reporting period as per the eligibility criteria has been accrued and accounted for. Further details are available in Note 3.10.

d. Exchange rate fluctuation gains has been netted off with the Exchange rate fluctuation losses. An exchange loss of Tk. 25,559,859 has been accounted for the translation of outstanding foreign currency loan from ODDO BHF Aktiengesellschaft, Frankfurt, Germany at the exchange rate prevailing on the financial position date.

32. Finance Cost

Interest on Working Capital Loan	734,759,832	361,626,873
Interest on Project / Consortium Loan	-	(21,183,793)
Interest on Lease Finance	59,643,281	73,199,604
Interest on Loan from PF, WPPF & Welfare Fund	128,075,983	85,080,425
Other Bank Charges	15,595,750	13,376,260
	938,074,846	512,099,369

33. 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).

34. Income Tax Expenses

Amount in Taka

This consists of as follows :

(a) Current Tax

(i) Tax provision for current Year (Note 3.9)	809,208,912	790,580,483
(ii) Short/(Excess) Provision for earlier year	(16,843,012)	-

792,365,900 **790,580,483**

(b) Deferred Tax Expense

94,498,243 **16,614,044**

886,864,143 **807,194,527**

Deferred Tax Expense is arrived at as follows:

Property, Plant & Equipment (Difference in book value & Tax base)	8,943,722,454	8,219,297,841
Deferred liability (Gratuity)	(933,437,744)	(660,004,303)
Temporary Difference	8,010,284,710	7,559,293,538
Tax Rate	25%	25%
Deferred Tax Liability at end of the year	2,002,571,178	1,889,823,385
Deferred Tax Liability at beginning of the year	1,889,823,385	1,852,665,968
Change in Deferred Tax Liability	112,747,793	37,157,417
Deferred tax on Revaluation Surplus	(18,249,550)	(20,543,373)
Deferred Tax charged to profit or Loss and Other Comprehensive Income	94,498,243	16,614,044

Reconciliation of Effective tax rate

	2018-19		2017-18	
	%	Tk.	%	Tk.
Profit before Tax		3,910,365,117		3,366,165,790
Applicable Tax	25.00%	977,591,279	25.00%	841,541,448
Effect of lower rate on Export Profit excluding Cash Incentive	-2.42%	(94,689,032)	-1.70%	(57,232,893)
Effect of lower rate on cash incentive	-0.09%	(3,546,927)	0.00%	0
Effect of lower rate on dividend income	-0.00%	(74,595)	-0.00%	(75,205)
Effect of permanent disallowances	1.09%	42,675,980	1.29%	43,504,550
Tax impact of prior year adjustment	-0.43%	(16,843,012)	0.00%	0
Others	-0.47%	(18,249,550)	-0.61%	(20,543,373)
Income Tax Expense	22.68%	886,864,143	23.98%	807,194,527

- Export Profits are subject to 12.5% Tax rate
- 10% Tax deductible at source on the incentives is final tax liability on such income as per the Income Tax regulations
- Dividend Income is taxable @ 20%
- Permanent disallowances relates to excess of sample expenses over the allowable ceilings under Income Tax regulations

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

Fair Value Gain/(Loss) on Investment in Listed Shares	(428,429)	(942,433)
Exchange Rate Fluctuation Gain or loss/adjustment (Note: 7)	(1,424,130)	1,424,130
	(1,852,559)	481,697

36. Earnings Per Share (EPS)

Amount in Taka

		July 2018- June 2019	July 2017- June 2018
(a) Earnings attributable to the Ordinary Shareholders	Tk.	3,023,500,974	2,558,971,263
(b) Weighted average number of Shares outstanding during the year (Note 3.15)		405,556,445	405,556,445
Earnings Per Share (EPS)	Tk.	7.46	6.31

37. Net Asset Value (NAV) Per Share

	June 30, 2019	June 30, 2018
Total Assets	47,792,895,230	42,165,015,439
Less Total Liabilities	(18,192,051,990)	(15,060,625,508)
Net Assets	29,600,843,240	27,104,389,931
Number of Shares at Financial Position date	405,556,445	405,556,445
Net Asset Value (NAV) Per Share	72.99	66.83

38. Net Operating Cash Flow Per Share (NOCFPS)

	July 2018- June 2019	July 2017- June 2018
Net Cash Generated from Operating Activities	2,726,457,706	1,848,067,034
Number of Ordinary Shares at Financial Position date	405,556,445	405,556,445
Net Operating Cash Flow Per Share (NOCFPS)	6.72	4.56

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

Profit after Tax	3,023,500,974	2,558,971,263
Adjustment to reconcile net profit to net cash provided by operating activities :		
Non-cash Expenses :	1,445,651,201	972,619,072
Depreciation	756,961,575	773,078,369
Amortization	44,193,000	44,193,967
Gratuity & WPPF	524,438,524	107,367,841
Technology Transfer Income -BioCare Manufacturing SDN. BHD. , Malaysia	-	(18,145,620)
Exchange rate fluctuation loss on Foreign Currency Bank Loan	25,559,859	49,510,471
Deferred tax	94,498,243	16,614,044
Non-operating items:	(3,051,665)	(657,740)
Dividend Income	(1,491,901)	(1,504,092)
Profit on sale of Fixed Assets	(1,344,146)	846,352
Effect of exchange rate changes on Cash and Cash Equivalents	(215,618)	-
Changes in working Capital	(1,739,642,804)	(1,682,865,561)
(Increase)/Decrease in Inventories	(908,099,710)	(1,197,360,400)
(Increase)/Decrease in Spares & Supplies	(60,560,046)	(18,678,378)
(Increase)/Decrease in Accounts Receivable	(588,946,450)	(569,604,280)
(Increase)/Decrease in Loans, Advances & Deposits	(206,199,860)	(369,161,543)
Increase/(Decrease) in Creditors and Other Payables	97,551,009	401,374,456
Increase/(Decrease) in Accrued Expenses	192,730,467	58,072,810
Increase/(Decrease) in Income Tax Payable	(266,118,214)	12,491,774
Net cash Generated from Operating Activities	2,726,457,706	1,848,067,034

40. Related Party Disclosures

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

Name of Related Parties	Nature of Transactions	Value of Transaction	Balance at year end
(a) I & I Services Ltd.	Local Delivery Distribution Commission	22,217,416,177 260,673,378	2,335,457,132
(b) Bangladesh Export Import Co. Ltd	Short Term Investment & Interest there on	16,032,638	323,364,536
(C) Nuvista Pharma Ltd	Toll Expense	9,093,735	1,767,727
	Cost of Service	36,914,574	10,628,065
	Transfer/Purchase of Material	19,432,198	1,493,892
	Transfer/sales of Material and Assets	48,328,432	217,748
	Distribution Commission Income	91,886,707	8,165,323

41. Particulars of Disposal of Property, Plant and Equipment

The following assets were disposed off during the year ended June 30, 2019:

Particulars of Assets	Cost	Accumulated Depreciation	Written Down Value	Sales Price	Profit / (Loss)	Mode of Disposal	Name of Parties
Plant & Machinery	21,845,168	8,555,677	13,289,491	11,469,470	(1,820,021)	Negotiation	Various Individuals
Transport & Vehicle	16,485,538	13,851,547	2,633,991	5,798,158	3,164,167	Negotiation	Various Individuals
Tk.	38,330,706	22,407,224	15,923,482	17,267,628	1,344,146		

42. 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
Remuneration	295,078,120
Gratuity	21,193,747
Contribution to Provident Fund	12,661,258
Bonus	32,476,179
Medical	5,971,918
Others	8,085,290
Total	375,466,512

(b) The above includes salary, allowances, and perquisites amounting Tk. 41,367,100 paid to the Managing Director.

(c) This also includes Tk. 838,950 paid to Directors including independent Directors for attending Board and Audit Committee meetings.

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

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

43. Production Capacity and Utilization

Item	Unit	Production Capacity		Actual Production		Capacity Utilization	
		July 18 to June 19	July 17 to June 18	July 18 to June 19	July 17 to June 18	July 18 to June 19	July 17 to June 18
Tablet, Capsule, Suppository & DPI	Million Pcs	5,560.19	4,349.64	6,125.42	4,741.32	110.17%	109.00%
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable, Inhaler and Insulin	Million Pcs	98.99	94.49	117.28	97.83	118.48%	103.53%

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

44. Capital Expenditure Commitment

There was no capital expenditure contracted but not incurred or provided for at June 30, 2019.

45. Finance Lease Commitment

At June 30, 2019, the company had annual commitment under finance leases as set out below :

Leases expiring within 1 year	164,157,902
Leases expiring within 2-5 years (inclusive)	239,710,340
	<u>403,868,242</u>

46. Claim not Acknowledged as Debt

There was no claim against the company not acknowledged as debt as on June 30, 2019.

47. 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, 2019.

48. Payments Made in Foreign Currency :

	Foreign Currency (Equivalent US\$)	Taka
Import of Machinery, Equipment's & Spares	17,235,944	1,456,665,927
Import of Material	70,060,442	5,894,863,149
Regulatory Fees, Foreign Currency Loan repayment & Other Expenses	17,202,059	1,453,573,983

49. Foreign Exchange Earned / Received :

	Foreign Currency (Equivalent US\$)	Taka
(a) Collection from Export Sales	27,826,915	2,318,045,449
(b) Royalty Income	1,148,515	95,941,689

50. 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.

51. 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 these 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 its favor. 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.

52. Events after The Reporting Period

(a) The directors recommended 15% cash dividend (i.e. Tk. 1.50 per share) for the year 2018-19. The dividend proposal is subject to shareholders' approval at the forthcoming Annual General Meeting.

(b) The Company repaid Tk. 1,537,026,214 of the Time Loan of AB Bank Limited as reported in note 20.

(c) Board of Directors of Nuvista Pharma Limited has declared dividend @ 20%, i.e. Tk. 2 per share for the financial year ended on June 30, 2019. The proposed dividend are subject to approval of the shareholders of NPL in the Annual General meeting scheduled on November 28, 2019.

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.

53. 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

53.01 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, 2019 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.

53.02 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.

53.03 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.

Currency risk

The company is exposed to currency risk on export revenues and import of raw material, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD. Additionally the Company has foreign currency loan which shall be repaid in foreign currency. However, The Company maintains an Export Retention Quota (ERQ) account in USD where 50% of the export earnings are deposited. This partly contributes to minimize the currency risk associated with payments in foreign currency.

Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. An increase in interest rates will result in higher borrowing costs and impact the Company's profitability. The Company continuously monitors and negotiates viable deals to minimize the interest rate risk. Further, the company tries to remain at a lower level of gearing to minimize the impact of financing costs. With its strong ability to generate cash flows from operating activities, the company tries to pay off its debts on due time to minimize the impact of an increase in interest rates. The company has arrangement with banks to transfer the sales proceeds into its overdraft account on a real time basis through RTGS system to minimize borrowing cost.

The foreign currency loan is subject to floating rates of interest. 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



Mohammad Ali Nawaz
Chief Financial Officer

Dhaka
October 28, 2019

Nuvista Pharma Limited
Auditor's Report and Financial Statements
As at and for the year ended 30 June 2019

Independent auditor's report

To the shareholders of Nuvista Pharma Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nuvista Pharma Limited (the Company), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on

the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Report on Other Legal and Regulatory Requirements

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

- (a) we have obtained all the information and explanation 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; and
- (c) the statement 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.



A. Qasem & Co.

Chartered Accountants

Partner: Mohammad Motaleb Hossain

Dhaka, 22 October 2019

Nuvista Pharma Limited
Statement of financial position
As at 30 June 2019

		30 June 2019	30 June 2018
	Notes	Taka	Taka
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,212,496,913	1,245,065,897
Capital work-in-progress	5	8,180,190	15,956,525
Loan to employees	6	6,321,316	6,099,718
		1,226,998,419	1,267,122,140
Current assets			
Advances, deposits and prepayments	7	33,145,875	42,294,454
Loan to employees	6	3,317,051	3,679,374
Advance income tax net of tax provision	8	35,681,115	32,568,508
Inventories	9	361,268,453	402,528,046
Trade receivables	10	31,341,064	26,879,082
Cash and cash equivalents	11	28,152,726	24,627,392
		492,906,284	532,576,856
Total assets		1,719,904,703	1,799,698,996
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	117,501,600	117,501,600
Reserves and surplus	13	423,587,141	334,874,560
		541,088,741	452,376,160
Non-current liabilities			
Lease obligation - long term portion	14	7,664,875	-
Long term bank borrowings	15	43,210,417	167,946,540
Deferred liability - gratuity payable	16	106,585,224	99,704,228
Deferred tax liabilities	17	144,852,403	137,448,710
		302,312,919	405,099,478
Current liabilities and provisions			
Lease obligation - current portion	14	1,608,361	-
Short term bank borrowings	18	699,284,556	753,898,579
Trade payables	19	53,587,152	54,488,508
Liabilities for expenses	20	99,996,369	100,860,014
Other liabilities	21	22,026,605	32,976,257
		876,503,043	942,223,358
Total liability		1,178,815,962	1,347,322,836
Total equity and liabilities		1,719,904,703	1,799,698,996

Footnotes:


1. Auditors' Report - page 1
2. The annexed notes 1 to 35 form an integral part of these financial statements.


Chairman


Managing Director


Director

As per our report of same date


A. Qasem & Co.
Chartered Accountants

Nuvista Pharma Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

		<u>30 June 2019</u>	<u>30 June 2018</u>
	<u>Notes</u>	<u>Taka</u>	<u>Taka</u>
Revenue	22	1,669,392,491	1,319,875,856
Cost of goods sold	23	(833,024,115)	(666,021,602)
Gross profit		836,368,376	653,854,254
General and administration expenses	24	(88,443,477)	(120,728,065)
Selling and distribution expenses	25	(543,485,224)	(496,322,557)
Profit/(loss) from operations		204,439,675	36,803,632
Non-operating income/(expenses)	26	1,046,563	(2,543,380)
Interest expenses	27	(91,687,696)	(92,782,227)
Profit/(loss) before tax and WPPF		113,798,542	(58,521,975)
Contribution to WPPF		(5,418,978)	-
Profit/(loss) before tax		108,379,564	(58,521,975)
Tax expense			
Current	8	(11,394,946)	(7,919,255)
Deferred	17	(7,403,693)	(28,288,644)
		(18,798,639)	(36,207,899)
Profit/(loss) after tax		89,580,925	(94,729,874)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		89,580,925	(94,729,874)
 Earnings Per Share (EPS)		 7.62	 -8.06

Footnotes:


1. Auditors' Report - page 1
2. The annexed notes 1 to 35 form an integral part of these financial statements.


Chairman


Managing Director


Director

As per our report of same date


A. Qasem & Co.
Chartered Accountants

Dhaka, 22 October 2019

Nuvista Pharma Limited
Statement of changes in equity
For the year ended 30 June 2019


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 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
Balance as at 1 July 2018	117,501,600	7,511,991	30,844,170	243,737	162,337,766	133,936,896	334,874,560	452,376,160
Dividend paid						(868,344)	(868,344)	(868,344)
Profit after tax for the year ended 30 June 2019	-	-	-	-	-	89,580,925	89,580,925	89,580,925
Balance as at 30 June 2019	117,501,600	7,511,991	30,844,170	243,737	162,337,766	222,649,477	423,587,141	541,088,741
Number of shares								11,750,160
Net assets value per share								46.05


Chairman


Managing Director


Director

As per our report of same date


A. Qasem & Co.
Chartered Accountants

Dhaka, 22 October 2019

Nuvista Pharma Limited
Statement of cash flows
For the year ended 30 June 2019

	30 June 2019	30 June 2018
	<u>Taka</u>	<u>Taka</u>
A. Cash flows from operating activities		
Cash receipts from customers and others	1,664,930,509	1,704,326,525
Cash paid to suppliers and employees	(1,322,665,115)	(1,421,067,187)
Cash generated from operation	342,265,394	283,259,338
Interest paid	(94,334,168)	(95,952,969)
Income tax paid	(14,507,553)	(18,954,575)
Net cash generated from operating activities	<u>233,423,673</u>	<u>168,351,794</u>
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(59,226,082)	(55,549,997)
Proceeds from disposal of property, plant and equipment	272,997	13,077,500
Net cash used in investing activities	<u>(58,953,085)</u>	<u>(42,472,497)</u>
C. Cash flows from financing activities		
Long term bank borrowings	(124,736,123)	(34,264,154)
Short term bank borrowings	(54,614,023)	(52,076,010)
Lease finance	9,273,236	(39,863,419)
Dividend paid	(868,344)	(1,180,016)
Net cash (used in)/from financing activities	<u>(170,945,254)</u>	<u>(127,383,599)</u>
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	<u>3,525,334</u>	<u>(1,504,302)</u>
E. Opening cash and cash equivalents	<u>24,627,392</u>	<u>26,131,694</u>
F. Closing cash and cash equivalents (D+E)	<u>28,152,726</u>	<u>24,627,392</u>
Net operating cash flow per share	<u>19.87</u>	<u>14.33</u>
Number of shares	<u>11,750,160</u>	<u>11,750,160</u>


Chairman


Managing Director


Director

As per our report of same date


A. Qasem & Co.
Chartered Accountants

Dhaka, 22 October 2019

Nuvista Pharma Limited
Notes to the financial statements
As at and for the year ended 30 June 2019

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 AIM of 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 International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Initial application of new standards

The company has initially applied IFRS 15 (see Note 3.13) and IFRS 9 (see Note 3.10) from 1 July 2018. These two new standards do not have a material effect on the company’s financial statements.

Due to the transition methods chosen by the company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

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 IAS 7: "Statement of cash flows" under direct method.

2.7 Reporting period

These financial statements cover one year from 1 July 2018 to 30 June 2019.

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 IAS 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 IAS 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 ended 30 June 2019.

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 2019.

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 include raw materials, raw materials in transit, work-in-process, finished goods and spare parts. These are valued at the lower of cost and net realisable value, with appropriate provisions for obsolete and slow-moving items. Cost is determined using the weighted average method and includes all expenses incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.10 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

There was no material impact of adopting IFRS 9 on the company's statement of financial position as at 30 June 2019 and its statement of profit or loss and OCI for the year ended 30 June 2019 and the statement of cash flows for the year then ended.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities.

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 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control—at a point in time or over time—requires judgement.

The company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2018). Accordingly, the information presented for 2017-18 has not been restated—i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

There was no material impact of adopting IFRS 15 on the Company's statement of financial position as at 30 June 2019 and its statement of profit or loss and OCI for the year ended 30 June 2019 and the statement of cash flows for the year then ended.

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 Standards adopted but not yet effective-IFRS 16: Leases

A new Standard IFRS 16: Leases, has been made effective for the reporting period beginning on or after 1 January 2019. The new standard has introduced a single on-balance sheet lease accounting model for leases and replaces the previously adopted IAS 17: Leases.

The Company has been consistently recording its underlying assets acquired under lease arrangement as Assets and the corresponding obligation as Liabilities in the financial statements. Lease payments made are apportioned between the finance expenses and the reduction of outstanding lease liability which are in compliance with IFRS 16, excepting the classification of the leased assets as "Right-of-use assets" in the Statement of Financial Position.

The Company has not early adopted IFRS 16 in preparing the financial statements and intends to do so when it becomes effective for the Company. This however, has no material impact on the reported financial statements.

3.17 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.

3.18 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 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
Addition/transfer during the year			8,283,847	29,632,908	7,485,000	1,452,820	17,539,597	2,608,245	67,002,417
Adjustment/disposal					(5,661,407)	(102,600)			(5,764,007)
As at 30 June 2019	275,608,713	236,790,594	18,193,678	472,146,006	146,276,849	26,204,107	676,834,023	46,953,888	1,899,007,858
Accumulated depreciation									
As at 1 July 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
Charge during the year		5,907,364	379,225	23,005,008	23,456,021	4,268,679	40,311,902	2,064,105	99,392,304
Adjustment/disposal					(5,503,391)	(81,519)			(5,584,910)
As at 30 June 2019	-	48,293,922	3,458,379	171,317,721	100,570,506	20,596,978	318,217,838	24,055,601	686,510,945
Net book value									
As at 30 June 2019	275,608,713	188,496,672	14,735,299	300,828,285	45,706,343	5,607,129	358,616,185	22,898,287	1,212,496,913
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

4.1 Depreciation charge has been allocated as under

	30 June 2019 Taka	30 June 2018 Taka
Conversion cost included in cost of goods sold (Note 23.3)	79,655,332	80,838,538
General and administration expenses (Note 24)	3,403,571	6,735,673
Selling and distribution expenses (Note 25)	16,333,401	18,316,805
	99,392,304	105,891,016

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

	As at 1 July 2018	Addition during the year	Transfer to property, plant and equipment	As at 30 June 2019
	Taka	Taka	Taka	Taka
Factory Warehouse	-	8,283,847	8,283,847	-
Plant and machinery	12,877,107	16,755,801	29,632,908	-
Motor vehicles	-	7,485,000	7,485,000	-
Furniture	-	2,608,245	2,608,245	-
Equipment & Electric fixture and fittings	3,079,418	21,740,369	17,539,597	7,280,190
Computer and IT equipment	-	2,352,820	1,452,820	900,000
Balance as at 30 June	15,956,525	59,226,082	67,002,417	8,180,190

6. Loan to employees

	30 June 2019	30 June 2018
	Taka	Taka
Car loan	8,920,525	7,596,179
General loan	717,842	2,182,913
	9,638,367	9,779,092
Current portion of loan to employees	(3,317,051)	(3,679,374)
Balance as at 30 June	6,321,316	6,099,718

7. Advances, deposits and prepayments

Advance against operating expenses	1,478,223	1,407,976
Rent advance	-	1,700,850
Security deposits	5,413,179	2,631,154
VAT	23,005,354	31,556,463
Prepaid insurance	3,082,344	4,800,492
Others	166,775	197,519
Balance as at 30 June	33,145,875	42,294,454

8. Advance income tax, net of tax provision

Balance as at 1 July	32,568,508	21,533,188
AIT and treasury deposits during the year	14,507,553	18,954,575
Provision for the year	(11,394,946)	(7,919,255)
Balance as at 30 June	35,681,115	32,568,508

9. Inventories

	30 June 2019	30 June 2018
	Taka	Taka
Stocks		
Finished goods	99,377,976	119,998,485
Semi-finished and Work-in-process	35,395,067	57,553,706
Raw materials	120,721,981	143,365,346
Chemicals	17,482,090	23,977,793
Packing materials	25,507,548	31,820,560
Materials-in-transit	51,997,845	16,682,330
	350,482,507	393,398,220
Stores		
Spare parts	9,577,874	7,666,099
Laboratory consumables	321,244	330,437
Miscellaneous items	103,737	518,687
Spares-in-transit	783,091	614,603
	10,785,946	9,129,826
Balance as at 30 June	361,268,453	402,528,046

10. Trade receivables

Ageing of the trade receivables is as follows:

Receivables due over six months	4,619,964	6,284,139
Receivables due below six months	26,721,100	20,594,943
Balance as at 30 June	31,341,064	26,879,082

Above receivables are unsecured and considered good.

Trade receivables is net off provision for bad debts Tk. 700,618 during 2018-2019.

11. Cash and cash equivalents

Cash in hand	81,352	243,281
Cash at banks		
Eastern Bank Limited	36,869	41,669
The City Bank Limited	111,519	1,233,878
Mutual Trust Bank Limited	30,395	644,326
Dhaka Bank Limited	32,983	194,513
BRAC Bank Limited	63,766	66,992
IFIC Bank Limited	20,445,497	16,553,213
Shimanto Bank Limited	23,850	-
Janata Bank Limited	6,697,164	5,432,489
National Bank Limited	629,331	217,031
	28,071,374	24,384,111
Balance as at 30 June	28,152,726	24,627,392

12. Share capital

	30 June 2019	30 June 2018
	Taka	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 2019	30 June 2018	30 June 2019	30 June 2018
Beximco Pharmaceuticals Limited	100,134,740	100,134,740	85.22	85.22
Government of Bangladesh	15,186,000	15,186,000	12.92	12.92
Other shareholders (2019:28; 2018:28)	2,180,860	2,180,860	1.86	1.86
	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

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	222,649,477	133,936,896
Balance as at 30 June	423,587,141	334,874,560

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 Lease obligation

Obligation under finance lease has been recognised as liability 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. The total of minimum lease payments at the statement of financial position date and their present value, for each of the following periods are as follows:

	Minimum lease obligations	Present value	
		30 June 2019	30 June 2018
	Taka	Taka	Taka
Not later than one year	2,634,716	1,608,361	-
Later than one year and not later than five years	9,475,435	7,664,875	-
	12,110,151	9,273,236	-

15. Long term bank borrowings

Dhaka Bank Limited (Note 15.1)	171,018,192	283,116,730
Total long term bank borrowings	171,018,192	283,116,730
Less: Current portion (Note 18)	(127,807,775)	(115,170,190)
Balance as at 30 June	43,210,417	167,946,540

15.1 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.

15.2 Collateral

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

15.3 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 issued by Beximco Pharmaceuticals Limited.

16. Deferred liability - gratuity payable

	30 June 2019	30 June 2018
	<u>Taka</u>	<u>Taka</u>
Balance as at 1 July	99,704,228	148,114,957
Add : Provision made during the year	21,818,144	13,093,910
	121,522,372	161,208,867
Less: Payments made during the year	(14,937,148)	(61,504,639)
Balance as at 30 June	106,585,224	99,704,228

17. Deferred tax liabilities

Deferred tax liabilities arrived at as follows:

	Carrying amount on statement of financial position date	Tax base	Taxable/ (deductible) temporary difference
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Year: 2018-2019			
Property, plant and equipment	936,888,200	498,289,941	438,598,259
Provision for gratuity (net of payment)	(106,585,224)		(106,585,224)
Temporary difference			332,013,035
Applicable tax rate for items recognised in statement of comprehensive income			35%
Applicable tax rate for items recognised in equity			15%
Deferred tax Liabilities(a):			(116,204,562)
Deferred tax liabilities on revaluation surplus			(28,647,841)
Net deferred tax liabilities			(144,852,403)

	Carrying amount on statement of financial position date	Tax base	Taxable/ (deductible) temporary difference
	<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			310,859,624
Applicable tax rate for items recognised in statement of comprehensive income			35%
Applicable tax rate for items recognised in equity			15%
Deferred tax Liabilities(b):			(108,800,869)
Deferred tax Liabilities on revaluation surplus			(28,647,841)
Net deferred tax liabilities			(137,448,710)
Deferred tax recognised in the statement of profit or loss and other comprehensive income in 2018- 19 (a-b)			(7,403,693)
Deferred tax recognised in the statement of profit or loss and other comprehensive income in 2017-18			(28,288,644)

18. Short term bank borrowings

	<u>30 June 2019</u>	<u>30 June 2018</u>
	<u>Taka</u>	<u>Taka</u>
Bank overdrafts		
Dhaka Bank Limited (Limit Tk. 180,000,000)	86,077,696	161,151,048
	86,077,696	161,151,048
Short term bank loans		
The City Bank Limited	-	2,507,475
Mutual Trust Bank Limited	-	18,839,012
Dhaka Bank Limited	485,399,085	456,230,854
	485,399,085	477,577,341
Current portion of long term loan (Note 15)	127,807,775	115,170,190
	699,284,556	753,898,579

Collateral and security given against short-term finance are a part of overall financing arrangement with Dhaka Bank Limited as indicated in note 15. The interest rate is 11.5% -12.5% per annum and is payable on quarterly rests.

	30 June 2019	30 June 2018
	Taka	Taka
19. Trade payables		
Trade payables	53,587,152	54,488,508
	53,587,152	54,488,508

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

20. Liabilities for expenses

Promotional expenses, literature, etc.	61,186,648	63,918,269
Leave encashment	4,614,229	3,348,532
Audit fees	482,500	638,750
Legal and professional fees	100,000	324,570
Utilities	4,161,182	4,820,000
Local travelling	6,342,383	6,000,000
Accrued interest	2,396,834	5,043,306
Accrued expenses	20,712,593	16,766,587
	99,996,369	100,860,014

21. Other liabilities

Salary and allowances	858,729	945,243
Provident fund dues	2,109,941	2,056,929
Workers' profit participation fund	5,418,978	-
Tax deducted at source	2,420	1,513,724
VAT deducted at source	809,848	746,136
Tax on salaries	1,025,940	1,247,964
Final settlement of staff	3,028,774	2,279,150
Corporate social responsibility project	374,270	1,305,270
Commission payable to ADL	-	4,074,641
Commission payable to BPL	8,165,323	18,584,888
Unpaid dividend	232,382	222,312
	22,026,605	32,976,257

22. Revenue

Net sales revenue	1,647,243,552	1,300,442,853
Toll income	22,148,939	19,433,003
	1,669,392,491	1,319,875,856

Quantitative details of sales

	Unit	Quantity	Quantity
Locally manufactured products	Tabs	248,639,734	187,208,876
	Caps	26,627,792	25,989,669
	Amps & Suspensions	12,636,917	10,149,157

23. Cost of goods sold

	30 June 2019	30 June 2018
	Taka	Taka
Opening stock of finished goods	119,998,485	68,228,503
Cost of production (Note 23.1)	818,843,227	724,888,476
Cost of goods available for sale	938,841,712	793,116,979
Cost of physician sample	(6,439,621)	(7,096,892)
Closing stock of finished goods	(99,377,976)	(119,998,485)
	833,024,115	666,021,602

23.1 Cost of production

Opening stock of semi-finished and WIP	57,553,706	88,832,381
Materials consumed (Note 23.2)	384,286,478	314,317,244
Conversion cost (Note 23.3)	412,398,110	379,292,557
	854,238,294	782,442,182
Closing stock of semi-finished and WIP	(35,395,067)	(57,553,706)
	818,843,227	724,888,476

23.2 Materials Consumed

Opening stock	199,163,699	146,325,774
Purchase	348,834,398	367,155,169
Closing stock	(163,711,619)	(199,163,699)
	384,286,478	314,317,244

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

<u>Stock as July 1, 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
			119,998,485
<u>Stock as June 30, 2019</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value (Tk.)</u>
Tabs	pcs.	36,149,741	57,990,530
Caps	pcs.	6,497,142	16,240,513
Amps & Suspensions	pcs.	1,473,298	25,146,933
			99,377,976

23.3 Conversion cost

	30 June 2019	30 June 2018
	Taka	Taka
Salaries and allowances	149,373,933	134,687,674
Contribution to provident fund	1,849,408	1,958,417
Power and fuel	40,328,051	36,669,889
Factory supplies	23,074,599	16,552,550
Software and hardware support expenses	1,372,706	1,215,860
Canteen expenses	7,582,176	6,808,872
Insurance	2,323,671	2,999,015
Repair and maintenance	26,067,334	18,354,691
Security services	2,115,683	2,655,011
Toll manufacturing charges	2,373,469	16,507,781
Stores materials consumed	39,384,600	29,361,448
Product development cost	25,103,533	18,115,904
Long service award	-	216,130
Overseas travelling expenses	3,096,144	3,163,453
Factory staff uniform	1,745,844	1,549,716
Printing and stationery	1,115,859	950,276
Entertainment	513,977	338,593
Vehicle repair, maintenance and running cost	2,858,401	2,468,713
Local authority taxes	596,521	2,220,120
Other expenses	1,866,869	1,659,906
Depreciation (Note 4.1)	79,655,332	80,838,538
	412,398,110	379,292,557

24. General and administration expenses

Salaries and allowances	49,263,810	73,890,013
Directors' fees (Note 29)	270,000	390,000
Contribution to provident fund	977,634	2,377,913
Office rent	10,597,350	9,735,900
Overseas travelling expenses	2,574,754	2,411,044
Local travelling expenses	1,036,923	977,100
Entertainment	577,485	391,656
Vehicle repair, maintenance and running cost	3,059,651	2,868,339
Postage, telephone and internet	1,751,474	1,583,087
Printing and stationery	643,358	590,564
Advertisement	-	234,000
Repairs and maintenance	966,473	898,909
Office supplies	1,093,223	1,814,488
Software and hardware support expenses	2,834,023	2,794,163
Utilities	1,956,937	1,830,471
Canteen expenses	2,748,550	2,514,497

	30 June 2019	30 June 2018
	Taka	Taka
Local authority taxes	1,294,203	1,476,192
Medical expenses	111,076	1,494,167
Insurance premium	420,402	718,178
Statutory audit fees	350,000	325,000
Legal and professional expenses	177,993	1,281,370
Meeting and seminars	1,630,000	1,550,160
Bank charges	-	863,299
General expenses	704,587	981,882
Depreciation (Note 4.1)	3,403,571	6,735,673
	88,443,477	120,728,065

25. Selling and distribution expenses

Salaries and allowances	234,702,614	207,039,026
Contribution to provident fund	4,469,662	3,702,016
Overseas travelling expenses	6,957,103	6,612,503
Local travelling expenses	56,824,671	52,279,018
Entertainment	732,893	493,441
Samples	9,200,807	8,096,951
Promotional expenses	55,209,322	50,331,929
Royalty expenses	8,838,005	-
Literature, pad and handouts	18,986,879	16,817,775
Distribution commission	91,886,707	92,122,035
Conference and workshop	5,261,453	4,662,843
Advertisement	2,109,274	1,794,133
Vehicle repair, maintenance and running cost	3,731,217	3,559,309
Postage, telephone and internet	9,926,979	9,490,821
Printing and stationery	1,071,518	963,632
Books and periodicals	1,008,359	1,245,934
Medical expenses	1,372,228	1,395,300
Training expenses	2,421,456	2,295,924
Prescription survey	460,000	917,253
Registration and renewals	1,025,056	613,695
Insurance premium	1,436,267	4,557,169
Office rent	4,413,633	4,560,136
Meeting and seminars	3,230,123	2,874,359
Bad debts	700,618	-
General expenses	1,174,979	1,580,550
Depreciation (Note 4.1)	16,333,401	18,316,805
	543,485,224	496,322,557

26. Non-operating income/(expenses)

	30 June 2019	30 June 2018
	Taka	Taka
Gain/(loss) on disposal of property, plant and equipment	93,900	(2,656,845)
Rental Income	649,800	-
Sale of miscellaneous items	302,863	113,465
	1,046,563	(2,543,380)

27. Interest expenses

Interest on		
Long term loan	27,718,969	32,695,455
Short term finance	62,379,912	55,468,898
Finance lease	466,666	4,617,874
Bank charges	1,122,149	-
	91,687,696	92,782,227

28. Capacity utilisation

	Installed capacity	Actual production	Actual Utilisation
	Unit	Unit	%
Amps & Suspensions	19,822,400	10,062,496	51%
Tablet	1,322,390,400	248,984,203	19%
Capsule	56,044,880	22,576,447	40%

29. Remuneration and fees to directors

	30 June 2019	30 June 2018
	Taka	Taka
Remuneration (included in salaries and allowances)	-	35,628,152
Fees (Note 24)	270,000	390,000
	270,000	36,018,152

30. Auditors' remuneration

Statutory audit fees	350,000	325,000
Special audit fees	-	243,750
P.F. audit fees	35,000	35,000
WPPF audit fees	35,000	35,000
	420,000	638,750

31. 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	9,093,735	1,767,727
		Cost of services	36,914,574	10,628,065
		Transfer/ sales of Materials	19,432,198	1,493,892
		Transfer/ purchases of Materials and assets	48,328,432	217,748
		Distribution commission	91,886,707	8,165,323

32. Payments made in foreign currency

Particulars	30 June 2019		30 June 2018
	Foreign currency (Equivalent USD)	Taka	Taka
Import of raw, chemicals and packing materials	3,021,018	256,786,558	223,457,810
Import of machinery and spare parts	389,544	33,111,263	13,619,571
		289,897,821	237,077,381

33. Contingent liabilities

- 33.1 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.
- 33.2 There is additional contingent liabilities in respect of outstanding letters of credit of Tk. 23,451,928 (June 2018: Tk. 20,778,877).

34. 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 1,007 (June 2018: 954).

35. Events after reporting date

The Board in its meeting dated 22 October 2019 recommended that cash dividend of 20% i.e. Tk. 2.00 per share, totalling Tk. 23,500,320 be paid for the year 2018-2019. The dividend proposal is subject to shareholders' approval at the forthcoming annual general meeting.


Chairman


Managing Director


Director

Beximco Pharma API Limited
Audited Financial Statements
For the Year Ended June 30, 2019

Independent Auditors' Report

To the Shareholders of Beximco Pharma API Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Beximco Pharma API Limited, which comprise the statement of financial position as at June 30, 2019 and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at June 30, 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those Charged with Governance 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), the Companies Act 1994, 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidences that is sufficient and appropriate to provide a basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities of the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

Report on other Legal and Regulatory Requirements

In accordance with the requirements of 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 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 and;
- 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.

Dhaka
Date: August 11, 2019



M. J. Abedin & Co.
Chartered Accountants

Beximco Pharma API Limited
Statement of Financial Position
As at June 30, 2019

		Amount in Taka	
	Notes	June 30, 2019	June 30, 2018
ASSETS			
Non-current Assets:		20,000,000	-
Advance against purchase of Land		20,000,000	-
Current Assets:		35,525	20,049,365
Cash and Cash Equivalents	4	35,525	20,049,365
Total Assets		20,035,525	20,049,365
EQUITY AND LIABILITIES			
Shareholders' Equity		18,862,199	18,909,192
Issued Share Capital	5	20,000,000	20,000,000
Retained Earnings		(1,137,801)	(1,090,808)
Current Liabilities:		1,173,326	1,140,173
Accounts Payable		1,133,326	1,120,173
Audit Fees Payable		40,000	20,000
TOTAL EQUITY AND LIABILITIES		20,035,525	20,049,365

The notes are an integral part of the financial statements.

S.M. Rabbur Reza

S.M. Rabbur Reza
Managing Director

Mohammad Ali Nawaz

Mohammad Ali Nawaz
Director

Per our report of even date.

Dhaka
Date: August 11, 2019

M. J. Abedin & Co.

M. J. Abedin & Co.
Chartered Accountants

Beximco Pharma API Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2019

		Amount in Taka	
	Notes	2018 - 2019	2017 - 2018
Revenue		-	-
Cost of Revenue		-	-
Gross Operating Profit/(Loss)		-	-
Administrative Expenses	6	(46,993)	(1,090,808)
Profit/(Loss) from Operations		(46,993)	(1,090,808)
Income Tax Expense		-	-
Net Profit/(Loss) after Tax		(46,993)	(1,090,808)
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss) for the year		(46,993)	(1,090,808)

The notes are an integral part of the financial statements.

Rabbur Reza

S.M. Rabbur Reza
Managing Director

Mohammad Ali Nawaz

Mohammad Ali Nawaz
Director

Per our report of even date.

Dhaka

Date: August 11, 2019

M. J. Abedin & Co.

M. J. Abedin & Co.
Chartered Accountants

Beximco Pharma API Limited
Statement of Changes in Equity
For the year ended June 30, 2019

Particulars	Amount in Taka		
	Share Capital	Retained Earnings	Total
Balance as on July 01, 2018	20,000,000	(1,090,808)	18,909,192
Net Loss for the year	-	(46,993)	(46,993)
Balance as on June 30, 2019	20,000,000	(1,137,801)	18,862,199

Number of Shares 2,000,000
Net Assets value per shares 9.43

For the period ended June 30, 2018

Particulars	Amount in Taka		
	Share Capital	Retained Earnings	Total
Paid-up Share Capital	20,000,000	-	20,000,000
Net Loss for the period	-	(1,090,808)	(1,090,808)
Balance as on June 30, 2018	20,000,000	(1,090,808)	18,909,192

Number of Shares 2,000,000
Net Assets value per shares 9.45

The notes are an integral part of the financial statements.

Rabbur Reza

S.M. Rabbur Reza
Managing Director

Mohammad Ali Nawaz

Mohammad Ali Nawaz
Director

Per our report of even date.

Dhaka
Date: August 11, 2019

M. J. Abedin & Co.

M. J. Abedin & Co.
Chartered Accountants

Beximco Pharma API Limited
Statement of Cash Flows
For the year ended June 30, 2019

Amount in Taka

	2018- 2019	2017- 2018
Cash Flows from Operating Activities:		
Payments for expenses & others	(13,840)	49,365
Net Cash Used in Operating Activities	(13,840)	49,365
Cash Flows from Investing Activities:		
Advance against purchase of Land	(20,000,000)	-
Net Cash Used in Investing Activities	(20,000,000)	-
Cash Flows from Financing Activities:		
Cash proceeds from issuing shares	-	20,000,000
Net Cash Generated from Financing Activities	-	20,000,000
Increase in Cash and Cash Equivalents	(20,013,840)	20,049,365
Cash and Cash Equivalents at the beginning of the Year	20,049,365	-
Cash and Cash Equivalents at the end of the Year	35,525	20,049,365

The notes are an integral part of the financial statements.

Rabbur Reza

S.M. Rabbur Reza
Managing Director

Mohammad Ali Nawaz

Mohammad Ali Nawaz
Director

Per our report of even date.

Dhaka
Date: August 11, 2019

M. J. Abedin & Co.

M. J. Abedin & Co.
Chartered Accountants

Beximco Pharma API Limited
Notes to the Financial Statements
As at and for the year ended June 30, 2019

1. Reporting Entity

1.01 Statutory Background of the Company

Beximco Pharma API Limited was incorporated in Bangladesh on December 12, 2017 as a Private Limited Company under the Companies Act, 1994. The Company is a fully-owned subsidiary of Beximco Pharmaceuticals Limited (BPL).

1.02 Nature of Business Activities

The company intends to set up a facility at API Industrial Park to manufacture Active Pharmaceutical Ingredients (APIs) for domestic and International markets. However, the Company is still in the initial phase of establishment and has carried out no operational activities.

2. Basis of Preparation

2.01 Basis of Measurement

The financial statements have been prepared under historical cost convention which does not take into consideration the effect of inflation.

2.02 Statement of Compliance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994 and International Financial Reporting Standards (IFRSs), and other relevant and applicable local laws and regulations.

2.03 Presentation of Financial Statements

The financial statements comprise of:

- a) a Statement of Financial Position as at June 30, 2019;
- b) a Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2019;
- c) a Statement of Changes in Shareholders' Equity for the year ended June 30, 2019;
- d) a Statement of Cash Flows for the year ended June 30, 2019 and
- e) Notes, comprising summary of significant accounting policies and explanatory information.

2.04 Reporting Period

Financial Statements of the company cover the period of 12 months from July 01, 2018 to June 30, 2019.

3. 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.

Amount in Taka

June 30, 2019

June 30, 2018

4. Cash and Cash Equivalents

This represents Cash at Bank with Current Account
(IFC Bank Limited, Dhanmondi Branch)

35,525	20,049,365
35,525	20,049,365

5. Issued Share Capital

A. Authorized:

100,000,000 Ordinary Shares of taka 10 each

1,000,000,000 1,000,000,000

1,000,000,000 **1,000,000,000**

B. Issued and Paid-up:

2,000,000 Ordinary Shares of taka 10 each paid in cash

20,000,000 20,000,000

20,000,000 **20,000,000**

C. Composition of Shareholding of Ordinary Shares

	No. of Shares	% of Shares Capital
Beximco Pharmaceuticals Limited	1,999,990	99.9995
S.M. Rabbur Reza	10	0.0005
	2,000,000	100

2018-2019

2017-2018

6. Administrative Expenses

Legal Expenses
Audit Fees
Bank Charges

13,153 1,070,173
20,000 20,000
13,840 635

46,993 **1,090,808**

Rabbur Reza

S.M. Rabbur Reza
Managing Director

Mohammad Ali Nawaz

Mohammad Ali Nawaz
Director

Dhaka
Date: August 11, 2019