

Audited Financial Statements

For the Year Ended June 30, 2018



Beximco Pharmaceuticals Limited

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

Independent Auditors' Report

To The Shareholders of

Beximco Pharmaceuticals Limited and its Subsidiary

Report on the Financial Statements

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

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

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

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

Dhaka
October 25, 2018



M. J. Abedin & Co.
Chartered Accountants

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

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

The Notes are an integral part of the Financial Statements.

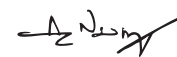
Approved and authorized for issue by the Board of Directors on October 25, 2018 and signed for and on behalf of the Board :



Salman F Rahman
Vice Chairman

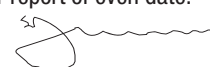


Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

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


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

The Notes are an integral part of the Financial Statements.

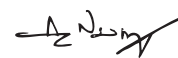
Approved and authorized for issue by the Board of Directors on October 25, 2018 and signed for and on behalf of the Board :



Salman F Rahman
Vice Chairman



Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

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

Amount in Taka

| | Share Capital | Share Premium | Excess of Issue Price over Face Value of GDRs | Capital Reserve on Merger | Revaluation Surplus | Unrealized Gain/(Loss) | Retained Earnings | Equity attributable to the Owners of the Company | Non-Controlling Interest | Total Equity |
|--|---------------|---------------|---|---------------------------|---------------------|------------------------|-------------------|--|--------------------------|----------------|
| Balance as on July 01, 2017 | 4,055,564,450 | 5,269,474,690 | 1,689,636,958 | 294,950,950 | 1,190,203,818 | 3,875,065 | 12,568,719,969 | 25,072,425,900 | - | 25,072,425,900 |
| Acquisition of Subsidiary | - | - | - | - | - | - | - | - | 273,763,823 | 273,763,823 |
| Total Comprehensive Income: | | | | | | | | | | |
| Profit/(Loss) for the Year | - | - | - | - | - | - | 2,536,543,948 | 2,536,543,948 | (3,889,647) | 2,532,654,301 |
| Other Comprehensive Income/(Loss) | - | - | - | - | - | 481,697 | - | 481,697 | - | 481,697 |
| Transactions with the Shareholders: | | | | | | | | | | |
| Cash Dividend | - | - | - | - | - | - | (506,945,556) | (506,945,556) | - | (506,945,556) |
| Adjustment for Depreciation on Revalued Assets | - | - | - | - | (10,382,600) | - | 10,382,600 | - | - | - |
| Adjustment for Deferred Tax on Revalued Assets | - | - | - | - | (20,543,373) | - | - | (20,543,373) | - | (20,543,373) |
| Balance as on June 30, 2018 | 4,055,564,450 | 5,269,474,690 | 1,689,636,958 | 294,950,950 | 1,159,277,845 | 4,356,762 | 14,608,700,961 | 27,081,962,616 | 269,874,176 | 27,351,836,792 |
| Net Asset Value (NAV) Per Share (Note-33) | | | | | | | | 66.78 | | |

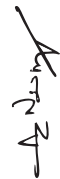
The Notes are an integral part of the Financial Statements.
Approved and authorized for issue by the Board of Directors on October 25, 2018 and signed for and on behalf of the Board :



Saliman F Rahman
Vice Chairman



Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

Dhaka
October 25, 2018

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

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

The Notes are an integral part of the Financial Statements.

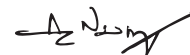
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Salman F Rahman
Vice Chairman



Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

Dhaka
October 25, 2018

Beximco Pharmaceuticals Ltd. and its Subsidiary

Notes to the Financial Statements

As at and for the year ended June 30, 2018

1. The Reporting Entity

1.1. Status of the Company

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

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

1.2. Acquisition of Subsidiary

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

1.3. Nature of Business

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

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

Both BPL and NPL provides contract manufacturing services.

2. Basis of Preparation of Financial Statements

2.1. Statement of Compliance

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

2.2. Basis of Measurement

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

2.3. Reporting Period

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

2.4. Comparative Information

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

3. Significant Accounting Policies

3.1. Basis of Consolidation

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

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

3.2. Inter-Company Transactions

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

3.3. Non-Controlling Interests (NCIs)

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

3.4. Purchase Consideration

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

3.5. Valuation of Goodwill

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

3.6. Basis of Estimation of Fair Values at Acquisition

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

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

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

4. Property Plant and Equipment

Amount in Taka

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

Amount in Taka

5. Intangible Assets

(a) This is arrived at as follows:

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

(b) This consists of as follows:

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

6. Goodwill

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

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

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

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

| | Amount in Taka |
|--|----------------------|
| Assets: | |
| Land | 724,088,154 |
| Building & Other Construction | 270,298,219 |
| Plant, Machinery and Equipments | 795,191,413 |
| Furniture & Fixture | 22,769,014 |
| Office Equipment | 7,034,990 |
| Transport & Vehicle | 83,342,293 |
| Capital Work in Progress | 17,505,125 |
| Developed Products | 701,000,000 |
| Trade Names and Trademarks | 54,000,000 |
| Other Assets | 541,854,735 |
| Total Assets (A) | 3,217,083,943 |
| Less Liabilities: | |
| Long Term Loan | 195,457,741 |
| Deferred liability - Gratuity Payable | 149,421,538 |
| Deferred tax liabilities | 118,003,165 |
| Current liabilities | 901,942,889 |
| Total Liabilities (B) | 1,364,825,333 |
| Fair Value of Identifiable Net Assets (A-B) | 1,852,258,610 |

7. Investment in Shares

(a) Investment Details (Taka)

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

(b) Number of Shares:

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

(c) The shares of Bangladesh Export Import Co. Ltd. are listed in Dhaka and Chittagong Stock Exchanges. The market value of each share of Bangladesh Export Import Co. Ltd. on last working day of the year 2017-18 was Tk. 26.20 in both Dhaka and Chittagong Stock Exchanges.

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

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

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

8. Other Non-current Assets

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

9. Inventories

Amount in Taka

This consists of as follows :

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

10. Spares & Supplies

This consists of as follows :

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

11. Accounts Receivable

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

Accounts Receivable also includes Tk. 2,011,958,959 due from I & I Services Ltd., who provides distribution service to the Company and a "Related Party". The maximum amount due from that company during the year was Tk. 2,071,859,759 on 31 May, 2018.

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

12. Loans, Advances and Deposits

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

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

- (a) No amount was due from the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person, except as stated above.
- (b) Prepaid insurance includes the insurance premium paid to German Export Credit Agency Euler Hermes Aktiengesellschaft, Hamburg for guarantee of the loan which is an integral part of the overseas loan financing agreement with ODDO BHF Aktiengesellschaft, Frankfurt, Germany. Expired portion of the prepaid insurance has been capitalized.

13. Short Term Investment

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

14. Cash and Cash Equivalents

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

15. Issued Share Capital

A. Authorized :

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

B. Issued, Subscribed and Paid-up :

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

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

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

C. Composition of Shareholding of Ordinary Shares:

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

16. Non-controlling Interest

Amount in Taka

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

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

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

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

17. Long Term Borrowings - Net of Current Maturity

(a) This is arrived at as follows :

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

(b) Obligation Under Finance Leases

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

This consists of as follows:

| | |
|---|--------------------|
| Within one year | 201,007,259 |
| Within two to five years | 280,596,178 |
| Present Value of Finance Lease liability | 481,603,437 |

(C) AB Bank

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

18. Liability for Gratuity and WPPF & Welfare Funds

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

19. Short Term Borrowings

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

20. Long Term Borrowings-Current Maturity

Amount in Taka

This consists of as follows :

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

21. Creditors and Other Payables

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

22. Accrued Expenses

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

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

23. Net Revenue

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

24. Cost of Goods Sold

This is made-up as follows :

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

25. Materials Consumed

This is made-up as follows :

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

26. Factory Overhead

Amount in Taka

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

27. Administrative Expenses

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

28. Selling, Marketing and Distribution Expenses

Amount in Taka

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

29. Other Income

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

30. Finance Cost

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

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

31. Income Tax Expenses

This consists of as follows :

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

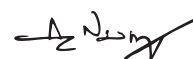
| | |
|---|------------------------|
| 32. Earnings Per Share (EPS) | Amount in Taka |
| (a) Earnings attributable to the Owners of the Company | 2,536,543,948 |
| (b) Weighted average number of Shares outstanding during the year | 405,556,445 |
| Earnings Per Share (EPS) | 6.25 |
| | |
| 33. Net Asset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



Salman F Rahman
Vice Chairman



Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

**Audited Financial Statements
Beximco Pharmaceuticals Ltd**

Independent Auditors' Report

To The Shareholders of

Beximco Pharmaceuticals Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at June 30 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

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

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



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

Amount in Taka

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

The Notes are an integral part of the Financial Statements.

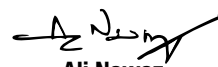
Approved and authorised for issue by the Board of Directors on October 25, 2018 and signed for and on behalf of the Board:



Salman F Rahman
Vice Chairman




Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountant

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

Amount in Taka

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

The Notes are an integral part of the Financial Statements.

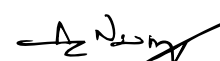
Approved and authorised for issue by the Board of Directors on October 25, 2018 and signed for and on behalf of the Board:



Salman F Rahman
Vice Chairman



Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

Dhaka
October 25, 2018

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountant

Beximco Pharmaceuticals Limited
Statement of Changes in Equity

For the Year ended June 30, 2018

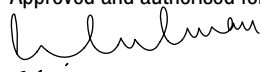
Amount in Taka

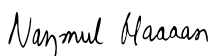
| | Share Capital | Share Premium | Excess of Issue Price over Face Value of GDRs | Capital Reserve on Merger | Revaluation Surplus | Unrealized Gain/(Loss) | Retained Earnings | Total |
|---|----------------------|----------------------|---|---------------------------|----------------------|------------------------|-----------------------|-----------------------|
| Balance as on July 01, 2017 | 4,055,564,450 | 5,269,474,690 | 1,689,636,958 | 294,950,950 | 1,190,203,818 | 3,875,065 | 12,568,719,969 | 25,072,425,900 |
| Total Comprehensive Income for the Year: | | | | | | | | |
| Profit for the Year | - | - | - | - | - | - | 2,558,971,263 | 2,558,971,263 |
| Other Comprehensive Income | - | - | - | - | - | 481,697 | - | 481,697 |
| Transactions with the Shareholders: | | | | | | | | |
| Cash Dividend | - | - | - | - | - | - | (506,945,556) | (506,945,556) |
| Adjustment for Depreciation on Revalued Assets | - | - | - | - | (10,382,600) | - | 10,382,600 | - |
| Adjustment for Deferred Tax on Revalued Assets | - | - | - | - | (20,543,373) | - | - | (20,543,373) |
| Balance as on June 30, 2018 | 4,055,564,450 | 5,269,474,690 | 1,689,636,958 | 294,950,950 | 1,159,277,845 | 4,356,762 | 14,631,128,276 | 27,104,389,931 |
| Net Asset Value (NAV) Per Share (Note- 36) | | | | | | | | 66.83 |

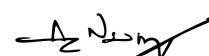
| For the Year ended June 30, 2017 | | | | | | | | |
|--|----------------------|----------------------|----------------------|--------------------|----------------------|------------------|-----------------------|-----------------------|
| Balance as on July 01, 2016 | 3,862,442,340 | 5,269,474,690 | 1,689,636,958 | 294,950,950 | 1,225,100,042 | 1,295,558 | 10,716,511,871 | 23,059,412,409 |
| Total Comprehensive Income for the Year: | | | | | | | | |
| Profit for the Year | - | - | - | - | - | - | 2,226,695,124 | 2,226,695,124 |
| Other Comprehensive Income | - | - | - | - | - | 2,579,507 | - | 2,579,507 |
| Transactions with the Shareholders: | | | | | | | | |
| 5% Final Cash Dividend (January 2015 to June 2016) | - | - | - | - | - | - | (193,122,117) | (193,122,117) |
| 5% Stock Dividend (January 2015 to June 2016) | 193,122,110 | - | - | - | - | - | (193,122,110) | - |
| Adjustment for Depreciation on Revalued Assets | - | - | - | - | (11,757,201) | - | 11,757,201 | - |
| Adjustment for Deferred Tax on Revalued Assets | - | - | - | - | (23,139,023) | - | - | (23,139,023) |
| Balance as on June 30, 2017 | 4,055,564,450 | 5,269,474,690 | 1,689,636,958 | 294,950,950 | 1,190,203,818 | 3,875,065 | 12,568,719,969 | 25,072,425,900 |
| Net Asset Value (NAV) Per Share (Note- 36) | | | | | | | | 61.82 |

The Notes are an integral part of the Financial Statements.

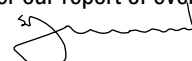
Approved and authorised for issue by the Board of Directors on October 25, 2018 and signed for and on behalf of the Board:


Salman F Rahman
Vice Chairman


Nazmul Hassan
Managing Director


Ali Nawaz
Chief Financial Officer

Per our report of even date.


M. J. Abedin & Co.
Chartered Accountant

 Dhaka
October 25, 2018

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

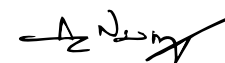
| | Notes | July 2017 - June 2018 | Amount in Taka July 2016 - June 2017 |
|---|-----------|--------------------------|--|
| Cash Flows from Operating Activities : | | | |
| Receipts from Customers and Others | | 16,851,875,991 | 15,028,477,642 |
| Payments to Suppliers and Employees | | (13,768,549,304)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

The Notes are an integral part of the Financial Statements.

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


Salman F Rahman
Vice Chairman


Nazmul Hassan
Managing Director


Ali Nawaz
Chief Financial Officer

Dhaka
October 25, 2018

Per our report of even date.


M. J. Abedin & Co.
Chartered Accountant

Beximco Pharmaceuticals Limited

Notes to the Financial Statements

As at and for the year ended June 30, 2018

1. Reporting entity

1.1 About the company

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

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

1.2 Nature of Business

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

2. Basis of Preparation of Financial Statements

2.1 Basis of Measurement

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

2.2 Statement of Compliance

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

2.3 Presentation of Financial Statements

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

The financial statements comprises of:

- (a) a Statement of Financial Position as at the end of the year June 30, 2018;
- (b) a Statement of Profit or Loss and Other Comprehensive Income for the year ended June 30, 2018;
- (c) a Statement of Changes in Equity for the year ended June 30, 2018;
- (d) a Statement of Cash Flows for the year ended June 30, 2018; and
- (e) notes, comprising summary of significant accounting policies and explanatory information.

2.4 Reporting Period and Comparative Information

The Financial statements cover 12 months period starting from July 1, 2017 to June 30, 2018. The last audited financial statements were prepared for year ending June 30, 2017. Figures for earlier year have been re-arranged wherever considered necessary to ensure better comparability with the current year.

2.5 Authorisation for issue

The financial statements have been authorised for issue by the Board of Directors October 25, 2018.

2.6 Functional and Presentation Currency

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

2.7 Use of Estimates and Judgments

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

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

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

3. Significant Accounting Policies

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

3.1 Revenue Recognition

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

Revenue from sales is exclusive of VAT.

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

3.2 Property, Plant and Equipment

3.2.1 Recognition and Measurement

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

3.2.2 Maintenance Activities

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

3.2.3 Depreciation

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

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

3.2.4 Retirements and Disposals

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

3.3 Intangible Assets

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

3.4 Leased Assets

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

3.5 Financial Instruments

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

3.5.1 Financial assets

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

3.5.1(a) Accounts Receivable

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

3.5.1(b) Cash and Cash Equivalents

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

3.5.1(c) Investment in Shares

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

3.5.2 Financial Liability

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Finance liabilities include payable for expenses, liability for capital expenditure and other current liabilities.

3.6 Impairment

(a) Financial Assets

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

(b) Non-Financial Assets

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

3.7 Inventories

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

3.8 Provisions

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

3.9 Income Tax Expense

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

Current Tax

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

Deferred Tax

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

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available, against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reducible, a
The compssset iss hatribubligaonsidnominated hatribubligapx uof oflnthooThe comeefan,

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

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

(e) Insurance Scheme

Employees of the company are covered under insurance schemes.

3.13 Share Premium

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

3.14 Proposed Dividend

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

3.15 Earnings per Share (EPS)

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

Diluted Earnings per Share

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

3.16 Foreign Currency Transactions

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

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

3.17 Statement of Cash Flows

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

3.18 Events after The Reporting Period

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

4 (a). Property, Plant and Equipment

As on June 30, 2018

Amount in Taka

| Particulars | Land | Building and Other Constructions | Plant and Machinery | Furniture and Fixtures | Transport and Vehicle | Office Equipment | Total |
|--|----------------------|----------------------------------|-----------------------|------------------------|-----------------------|--------------------|-----------------------|
| Cost | | | | | | | |
| At July 01, 2017 | 3,343,741,442 | 6,791,103,860 | 12,032,024,319 | 225,416,905 | 773,503,897 | 514,935,182 | 23,680,725,605 |
| Additions | - | 3,463,060 | 153,477,707 | 22,149,265 | 155,989,774 | 27,304,510 | 362,384,316 |
| Disposal during the Year | - | - | (30,979,553) | - | (3,345,000) | - | (34,324,553) |
| Cost at June 30, 2018 | 3,343,741,442 | 6,794,566,920 | 12,154,522,473 | 247,566,170 | 926,148,671 | 542,239,692 | 24,008,785,368 |
| Accumulated Depreciation | | | | | | | |
| At July 01, 2017 | - | 1,620,406,516 | 4,766,780,484 | 91,105,709 | 439,348,695 | 302,679,677 | 7,220,321,081 |
| Depreciation Charged | - | 160,153,048 | 501,033,877 | 13,431,120 | 66,773,574 | 31,686,750 | 773,078,369 |
| Adjustment for Assets disposed off | - | - | (29,066,434) | - | (3,057,667) | - | (32,124,101) |
| Accumulated Depreciation at June 30, 2018 | - | 1,780,559,564 | 5,238,747,927 | 104,536,829 | 503,064,602 | 334,366,427 | 7,961,275,349 |
| Net Book Value June 30, 2018 | 3,343,741,442 | 5,014,007,356 | 6,915,774,546 | 143,029,341 | 423,084,069 | 207,873,265 | 16,047,510,019 |
| Capital Work in Progress | | | | | | | 12,597,594,779 |
| Carrying Value as on June 30, 2018 | | | | | | | 28,645,104,798 |

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

As on June 30, 2017

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

Capital Work in Progress is arrived at as follows:

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

4 (b). Revaluation Surplus

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

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

5. Intangible Assets

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

6. Investment in Subsidiary

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

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

7. Investment in Shares

(a) Investment Details (Taka) :

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

(b) Number of Shares:

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

(c) The shares of Bangladesh Export Import Co. Ltd. are listed in Dhaka and Chittagong Stock Exchanges. The market value of each share of Bangladesh Export Import Co. Ltd. on last working day of the year 2017-18 was Tk. 26.20 (In 2016-17 Tk. 33.70) in both Dhaka and Chittagong Stock Exchanges. The amount of Tk.942,433 represents fair value loss.

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

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

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

8. Inventories

Amount in Taka

This consists of as follows :

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

9. Spares & Supplies

This consists of as follows :

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

10. Accounts Receivable

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

Accounts Receivable also includes Tk. 2,011,958,959 due from I & I Services Ltd., who provides distribution service to the Company and a "Related Party". The maximum amount due from that company during the year was Tk. 2,071,859,759 on 31 May, 2018.

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

11. Loans, Advances and Deposits

Amount in Taka

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

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

(b) No amount was due from the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person, except as stated above.

(c) Prepaid Insurance includes the insurance premium paid to German Export Credit Agency Euler Hermes Aktiengesellschaft, Hamburg for guarantee of the loan which is an integral part of the overseas loan financing agreement with ODDO BHF Aktiengesellschaft, Frankfurt, Germany. Expired portion of the prepaid insurance has been capitalized.

12. Short Term Investment

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

13. Cash and Cash Equivalents

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

14. Issued Share Capital

Amount in Taka

| A. Authorized : | June 30, 2018 | June 30, 2017 |
|--|-----------------------------|-----------------------------|
| 500,000,000 Ordinary Shares of Tk. 10 each | 5,000,000,000 | 5,000,000,000 |
| 41,000,000 Fully Convertible, 5% Preference Shares of Tk. 100 each | 4,100,000,000 | 4,100,000,000 |
| | <u>9,100,000,000</u> | <u>9,100,000,000</u> |
| B. Issued, Subscribed and Paid-up : | | |
| 51,775,750 shares of Tk. 10 each fully paid-up in cash | 517,757,500 | 517,757,500 |
| 316,538,298 Bonus Shares of Tk. 10 each | 3,165,382,980 | 3,165,382,980 |
| 5,951,250 Shares of Tk. 10 each issued in Exchange of Shares of Beximco Infusions Ltd. | 59,512,500 | 59,512,500 |
| 31,291,147 Shares issued on conversion of Preference Shares | 312,911,470 | 312,911,470 |
| | <u>4,055,564,450</u> | <u>4,055,564,450</u> |

5,951,250 Ordinary Shares of Tk. 10 each were issued to the shareholders of Beximco Infusions Ltd on 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, 2018 | | June 30, 2017 | |
|--|--------------------|--------------------|--------------------|--------------------|
| | No. of shares | % of Share Capital | No. of shares | % of Share Capital |
| Sponsors: | | | | |
| A S F Rahman | 8,235,353 | 2.03 | 8,235,353 | 2.03 |
| Salman F Rahman | 8,254,632 | 2.04 | 8,254,632 | 2.04 |
| Other Directors and Associates | 36,999,784 | 9.12 | 36,979,784 | 9.12 |
| | 53,489,769 | 13.19 | 53,469,769 | 13.19 |
| Public Issue: | | | | |
| GDRs- London Stock Exchange (AIM) | 90,943,627 | 22.42 | 90,943,627 | 22.42 |
| Foreign Investors' Shareholdings (DSE/CSE) | 74,469,959 | 18.36 | 77,141,361 | 19.02 |
| Institutions (ICB, ICB Investors' Accounts & Others) | 119,603,843 | 29.49 | 98,140,873 | 24.20 |
| Individual Share Holders | 67,049,247 | 16.54 | 85,860,815 | 21.17 |
| | 352,066,676 | 86.81 | 352,086,676 | 86.81 |
| | 405,556,445 | 100 | 405,556,445 | 100 |

D. Distribution Schedule of Ordinary Shares:

| Range of Holdings In number of shares | No. of Shareholders | | % of Shareholders | | Number of Shares | | % of Share Capital | |
|--|---------------------|------------------|-------------------|------------------|--------------------|--------------------|--------------------|------------------|
| | June 30, 2018 | June 30, 2017 | June 30, 2018 | June 30, 2017 | June 30, 2018 | June 30, 2017 | June 30, 2018 | June 30, 2017 |
| 1 to 499 | 43,579 | 46,907 | 75.16% | 74.76% | 6,030,643 | 6,389,847 | 1.49% | 1.58% |
| 500 to 5,000 | 12,360 | 13,387 | 21.32% | 21.34% | 18,111,978 | 19,743,510 | 4.47% | 4.87% |
| 5,001 to 10,000 | 969 | 1,132 | 1.67% | 1.80% | 6,952,640 | 8,165,206 | 1.71% | 2.01% |
| 10,001 to 20,000 | 478 | 576 | 0.82% | 0.92% | 6,834,127 | 8,339,317 | 1.69% | 2.06% |
| 20,001 to 30,000 | 147 | 183 | 0.25% | 0.29% | 3,629,536 | 4,615,416 | 0.89% | 1.14% |
| 30,001 to 40,000 | 72 | 84 | 0.12% | 0.13% | 2,493,725 | 2,954,786 | 0.61% | 0.73% |
| 40,001 to 50,000 | 60 | 82 | 0.10% | 0.13% | 2,724,479 | 3,772,353 | 0.67% | 0.93% |
| 50,001 to 100,000 | 116 | 166 | 0.20% | 0.26% | 8,267,895 | 12,083,693 | 2.04% | 2.98% |
| 100,001 to 1,000,000 | 163 | 183 | 0.28% | 0.29% | 48,891,611 | 53,639,190 | 12.06% | 13.23% |
| Over 1,000,000 | 38 | 41 | 0.07% | 0.07% | 301,619,811 | 285,853,127 | 74.37% | 70.47% |
| Total | 57,982 | 62,741 | 100% | 100% | 405,556,445 | 405,556,445 | 100% | 100% |

E. Market Price of Ordinary Shares:

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

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

F. Option on unissued Ordinary Shares:

There is no option on unissued shares as on 30.06.2018.

15. Excess of Issue Price over Face Value of GDRs

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

16. Long Term Borrowings - Net of Current Maturity

(a) This is arrived at as follows :

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

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

This represents part of the foreign currency loan of US \$ 51.559 million sanctioned by ODDO BHF Aktiengesellschaft, Frankfurt, Germany to partially finance the machinery and equipment to be procured for expansion and diversification project being implemented by the company. The loan has exclusive first charge by way of hypothecation against the machinery and equipment being procured under the finance. It carries interest @ 6 month's USD LIBOR plus 2.25% per annum.

(c) Obligation Under Finance Leases

Gross Finance Lease - minimum lease Liability:

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

This consists of as follows:

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

(d) AB Bank

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

17. Liability for Gratuity and WPPF & Welfare Funds

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

Amount in Taka

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

18. Deferred Tax Liability

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

19. Short Term Borrowings

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

20. Long Term Borrowings-Current Maturity

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

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

21. Creditors and Other Payables

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

22. Accrued Expenses

Amount in Taka

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

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

23. Income Tax Payable

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

24. Net Sales Revenue

This consists of as follows :

Amount in Taka

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

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

Sales represents:

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

25. Cost of Goods Sold

Amount in Taka

This is made-up as follows :

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

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

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

| Stock as June 30, 2017 | Unit | Quantity | Value (Tk.) |
|--|--------------|----------|---------------------------|
| Tablet, Capsule, Suppository & DPI | Million pcs. | 372.34 | 359,671,620 |
| Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable and Inhaler | Million pcs. | 6.80 | 258,260,476 |
| Active Pharmaceutical Ingredients | Kg | 11,336 | 28,958,108 |
| Diet Care Products | Pcs | 4,094 | 1,764,642 |
| | | | <u>648,654,846</u> |

26. Materials Consumed

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

27. Factory Overhead

Amount in Taka

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

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

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

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

28. Administrative Expenses

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

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

29. Selling, Marketing and Distribution Expenses

Amount in Taka

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

- (a) Salary and allowances include Company's Contribution to provident fund amounting to Tk. 28,035,404.
 (b) Distribution commission on local sales of Formulation and IV Fluid products were paid to I & I Services Ltd., a " Related Party".
 (c) Repairs and maintenance includes maintenance of office, premises, vehicles, building, equipment and other infrastructures.
 (d) Sample expense includes VAT on sample and related dispatch expenses.

30. Other Income

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

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

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

31. Finance Cost

Amount in Taka

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

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

32. Contribution To WPPF & Welfare Funds

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

33. Income Tax Expenses

This consists of as follows :

(a) Current Tax

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

(b) Deferred Tax Expense

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

Deferred Tax Expense is arrived at as follows :

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

34. Other Comprehensive Income/(Loss)

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

35. Earnings Per Share (EPS)

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

36. Net Asset Value (NAV) Per Share

Amount in Taka

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

37. Net Operating Cash Flow Per Share (NOCFPS)

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

*Restated

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

| | | |
|-------------------------|----------------------|----------------------|
| Profit after Tax | 2,558,971,263 | 2,226,695,124 |
|-------------------------|----------------------|----------------------|

Adjustment to reconcile net profit to net cash provided by operating activities :

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

39. Related Party Disclosures

Amount in Taka

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

| Name of Related Parties | Nature of Transactions | Value of Transaction | Balance at year end |
|---------------------------------------|--|-------------------------------|-------------------------|
| (a) I & I Services Ltd. | Local Delivery Distribution Commission | 19,075,349,798 234,392,430 | 2,011,958,959 |
| (b) Bangladesh Export Import Co. Ltd. | Short Term Investment & Interest there on | 547,179,732 | 339,397,174 |
| (C) Nuvista Pharma Ltd. | Toll Expense Distribution Commission Income | 3,970,778 18,584,888 | 2,313,836 18,584,888 |

40. Particulars of Disposal of Property, Plant and Equipment

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

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

41. Payment / Perquisites to Managers and Directors

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

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

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

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

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

42. Production Capacity and Utilization

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

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

43. Capital Expenditure Commitment

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

44. Finance Lease Commitment

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

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

45. Claim not Acknowledged as Debt

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

46. Un-availed Credit Facilities

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

47. Payments Made in Foreign Currency

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

48. Foreign Exchange Earned / Received

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

49. Commission / Brokerage to selling agent

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

50. Contingent Liability

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

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

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

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

51. Events after The Reporting Period

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

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

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

52. Financial Risk Management

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

Credit risk

Liquidity risk

Market risk

52.01 Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. As at June 30, 2018 substantial part of the receivables are those from its related company and subject to insignificant credit risk. Risk exposures from other financial assets. i.e. Cash at bank and other external receivables are nominal.

52.02 Liquidity Risk

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

52.03 Market Risk

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

(a) Currency risk

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

(b) Interest rate risk

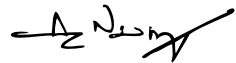
Interest rate risk is the risk that arises due to changes in interest rates on borrowing. The foreign currency loan is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative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



Salman F Rahman
Vice Chairman



Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

Dhaka

October 25, 2018

Audited Financial Statements
Nuvista Pharma Ltd

AUDITORS' REPORT

To the shareholders of Nuvista Pharma Limited

We have audited the accompanying financial statements of Nuvista Pharma Limited which comprise the statement of financial position as at 30 June 2018 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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

We also report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof.
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books.
- (c) The statements of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns.

Nuvista Pharma Limited
Statement of Financial Position

As at 30 June 2018

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

Footnotes:

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

Nazmul Hossain

Chairman

Rabbur Reza

Managing Director

A. Qasem

Director

As per our report of same date

A. Qasem & Co.

(A. Qasem & Co.)


Chartered Accountants

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

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

Footnotes:

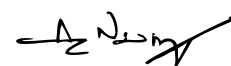
1. Auditors' Report - page 1
2. The annexed notes 1 to 34 form an integral part of these financial statements.



Chairman




Managing Director



Director

As per our report of same date



(A. Qasem & Co.)
Chartered Accountants

Dhaka, 13 October 2018

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

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

Najmul Haseen
Chairman

Rabbur Raza
Managing Director

A. Qasem
Director

As per our report of same date

Dhaka, 13 October 2018

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

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

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

Naymul Haasan
Chairman

Rabbur Raza
Managing Director

A. Qasem
Director

As per our report of same date

Dhaka, 13 October 2018

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

Nuvista Pharma Limited

Notes to the financial statements

As at and for the year ended 30 June 2018

1. Reporting entity

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

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

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

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

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

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentational currency

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

2.4 Use of estimates and judgments

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

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

2.5 Going concern

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

2.6 Statement of cash flows

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

2.7 Reporting period

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

3. Significant accounting policies

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

3.1 Shareholders' capital - paid-up capital

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

3.2 Lease transactions

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

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

3.3 Staff gratuity fund

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

3.4 Employees provident fund

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

3.5 Property, plant and equipment

3.5.1 Recognition and measurement

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

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

3.5.2 Subsequent costs

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

3.5.3 Depreciation

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

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

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

3.6 Impairment

3.6.1 Recognition

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

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

3.6.2 Calculation of recoverable amount

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

3.6.3 Reversal of impairment

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

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

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

3.7 Capital work-in-progress

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

3.8 Taxation

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

3.8.1 Current tax

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

3.8.2 Deferred tax

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

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

3.9 Inventories

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

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

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

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

3.10 Trade receivables

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

3.11 Foreign currency

3.11.1 Foreign currency transactions

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

3.11.2 Foreign currency translations

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

3.11.3 Translation gains and losses

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

3.12 Provisions

A provision is recognised in the Statement of financial position when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.13 Revenue recognition

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

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

3.14 Interest expenses

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

3.15 Workers' Profit Participation Fund (WPPF)

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

3.16 Events after the reporting date

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

3.17 General

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

4. Property, plant and equipment

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

4.1 Depreciation charge has been allocated as under:

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

4.2 Disclosure for revalued assets

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

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

5. Capital work-in-progress

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

6. Loan to employees

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

7. Advances, deposits and prepayments

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

8. Advance income tax, net of tax provision

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

9. Inventories

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

10. Trade receivables

Ageing of the trade receivables is as follows:

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

Above receivables are unsecured and considered good.

11. Cash and cash equivalents

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

12. Share capital

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

Shareholding position

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

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

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

13. Reserves and surplus

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

13.1 Share premium

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

13.2 Revaluation reserve

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

14. Long term bank borrowings

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

14.1 Dhaka Bank Limited

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

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

14.2 Collateral

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

14.3 Security

All loans are also secured with respect to the following:

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

15. Deferred liability - gratuity payable

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

16. Deferred tax liabilities

Deferred tax liabilities arrived at as follows:

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

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

17. Short term bank borrowings

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

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

18. Trade payables

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

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

19. Liabilities for expenses

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

20. Other liabilities

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

21. Revenue

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

Quantitative details of sales

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

22. Cost of goods sold

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

22.1 Cost of production

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

22.2 Materials Consumed

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

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

| <u>Stock as July 1, 2017</u> | <u>Unit</u> | <u>Quantity</u> | <u>Value (Tk.)</u> |
|------------------------------|-------------|-----------------|--------------------------|
| Tabs | pcs. | 35,881,662 | 45,447,388 |
| Caps | pcs. | 4,316,127 | 9,595,244 |
| Amps & Suspensions | pcs. | 715,576 | 13,185,871 |
| | | | <u>68,228,503</u> |

| <u>Stock as June 30, 2018</u> | <u>Unit</u> | <u>Quantity</u> | <u>Value (Tk.)</u> |
|-------------------------------|-------------|-----------------|---------------------------|
| Tabs | pcs. | 45,743,691 | 68,178,896 |
| Caps | pcs. | 9,778,283 | 21,313,752 |
| Amps & Suspensions | pcs. | 1,430,023 | 30,505,837 |
| | | | <u>119,998,485</u> |

22.3 Conversion cost

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

23. General and administration expenses

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

24. Selling and distribution expenses

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

25. Non-operating income/(expenses)

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

26. Interest expenses

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

27. Capacity utilisation

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

28. Remuneration and fees to directors

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

29. Auditors' remuneration

| | | |
|----------------------|-----------------------|-----------------------|
| Statutory audit fees | 325,000 | 300,000 |
| Special audit fees | 243,750 | - |
| P.F. audit fees | 35,000 | 35,000 |
| WPPF audit fees | 35,000 | 35,000 |
| | <u>638,750</u> | <u>370,000</u> |

30. Related party disclosures

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

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

31. Payments made in foreign currency:

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

32. Contingent liabilities

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

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

33. Number of employees engaged

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

34. Events after reporting date

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

Naymul Haseen

Chairman

Robbur Raja

Managing Director

A. N. N. N.

Director



Beximco Pharmaceuticals Limited