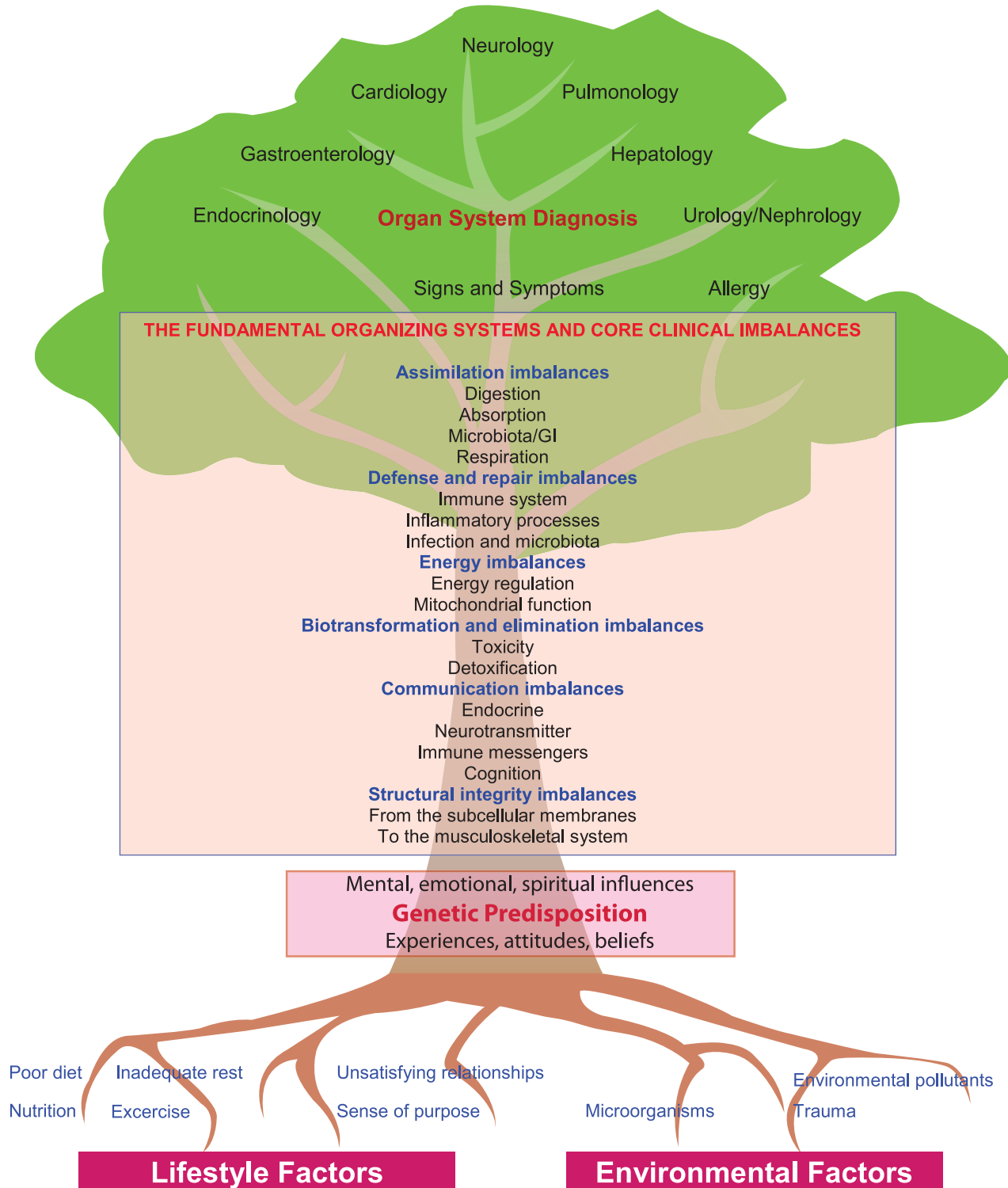


ANNUAL REPORT

2017-2018



**Disciplined Lifestyle & Healthy Environment are
Prerequisites For Health, Vigour and Happiness**



ACME

CORPORATE OFFICE
Court de la **ACME**



OUR VISIONARY LEADERS



Late Hamidur Rahman Sinha



Late Noor Jahan Sinha

WE MOURN



Afzalur Rahman Sinha
(1950-2018)

CONDOLENCE MEETING OF THE BOARD OF DIRECTORS

To pay condolence and honor to the departed soul of the beloved and honorable Chairman of the Company Late Afzalur Rahman Sinha

At the very outset of the meeting, Mr. Mizanur Rahman Sinha, Managing Director brought to the notice of the Members present at the meeting the fact that Mr. Afzalur Rahman Sinha, Chairman of the Company had expired on 8 August 2018 in Gleneagles Global Health City Hospital, Chennai, India leaving his family members, colleagues, employees of the ACME family, Business Community, Corporate Houses, Sports Lovers, Government officials including a host of well-wishers in a state of shock and mourning.

All the members of the Board individually took the floor and highlighted the multifaceted contribution made by Late Afzalur Rahman Sinha and expressed their deep shock at the untimely demise of Mr. Sinha, undoubtedly, his death has caused an irreparable loss for the Company and also for the country. Mr. Kazi Sanaul Hoq, Chairman of the Meeting conveyed his heartfelt condolences to the bereaved family, on behalf of the Board and other members of the ACME family. The Board of Directors observed a one minute silence as a mark of respect to the departed soul and wished his soul rest in eternal peace.

Syed Shahed Reza, Independent Director recalled the past activities of Late Chairman including his role in achieving the present position of the Company. He specially mentioned Late Chairman's deep concern for accountability to the shareholders, national exchequer, employees of the Company, contribution towards the sports fraternity of the Country and Corporate Social Responsibility (CSR) to the country at large. He said, all these aspects made the Late Chairman an exceptional example to those who would love to serve the people and the nation.

Apart from this, the Board also recalled the saddened condolences of Bangladesh Cricket Control Board (BCB), Dhaka Club Ltd., Abahani Club Ltd. and Surja Torun Club including other Corporate Houses and Individuals.

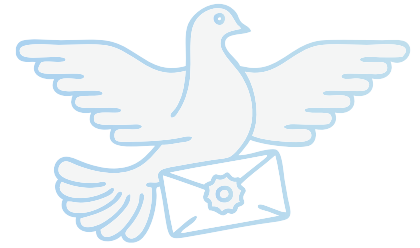
Then the Board passed the following resolutions:

The Board of Directors expressed their shock and mourn the sudden and untimely demise of former Chairman Mr. Afzalur Rahman Sinha. They prayed for the salvation of his departed soul. They also prayed to Almighty Allah for giving strength to the bereaved family members and the entire ACME family to bear this irreparable loss.

The Directorship as well as the Chairmanship of Late Afzalur Rahman Sinha be and is hereby declared vacant w.e.f. 8 August 2018 and necessary returns be filed with appropriate authorities as per prevailing law of the land.

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TRANSMITTAL LETTER

15 November 2018

The Members

Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies and Firms
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited

Subject: Annual Report for the year ended 30 June 2018.

Dear Sir(s),

We are pleased to enclose a copy of the Annual Report together with the Audited Financial Statements which includes the Statement of Financial Position as at 30 June 2018, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows of The ACME Laboratories Ltd. for the year ended 30 June 2018 along with notes thereon and all related Statements for your record and necessary measures.

Yours sincerely,

(Md. Rafiqul Islam, FCS)
Company Secretary

NOTICE

15 November 2018

NOTICE OF THE 42nd ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting (AGM) of the Shareholders of The ACME Laboratories Ltd. will be held on Thursday, 6 December 2018 at 10:30 a.m. at PSC Convention Hall (1st Floor), Police Staff College Bangladesh, Mirpur -14, Dhaka -1206 to transact the following businesses:

AGENDA

- A 2018-42- 01** : To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2018 and the Reports of the Directors' and the Auditors' thereon.
- A 2018-42- 02** : To approve proposed dividend for the year ended 30 June 2018.
- A 2018-42- 03** : To elect Directors in place of those who shall retire by rotation in accordance with the provision of Articles of Association of the Company.
- A 2018-42- 04** : To appoint Auditor and fix their remuneration.
- A 2018-42- 05** : To appoint Compliance Auditor.
- A 2018-42- 06** : To approve the rearrangement of Use of IPO Proceeds

By order of the Board



(Md. Rafiqul Islam, FCS)
Company Secretary

Notes:

- i. The record date was fixed on '31 October 2018'. The Shareholders, whose name will be appeared in the Share Register of the Company at the close of business on the 'Record Date' will be eligible to attend the 42nd Annual General Meeting and entitled to get dividend.
- ii. A member eligible to attend and vote in the AGM may appoint a proxy to attend and vote in his/her behalf. The Proxy Form duly completed and stamped must be deposited at the registered office of the Company not later than 48 hours before the time fixed for the Annual General Meeting.
- iii. Admission into the venue of the AGM will be strictly checked and verified with the attendance slip sent with the Proxy Form as well as verification of signature of Member(s) and/or Proxy-holders(s).
- iv. Members are requested to update their respective BO Accounts with 12 Digit e-TIN, Bank Account, Mailing Address and Contact Number through their respective Depository Participant (DP). Advance Income Tax (AIT) @ 15% (instead of 10%) will be deducted from eligible cash dividend, if anyone fails to update his/her BO Account with the 12 Digit e-TIN before/on the Record Date.
- v. Annual Report, Attendance Slip and Proxy Form along with Notice are being sent to all the Members through E-mail / Postal Services (address available in the respective BO Account). The members may also collect the Annual Report and Proxy Form from the Registered Office of the Company and may download the Annual Report and Proxy Form from the Company's website: **www.acmeglobal.com**.
- vi. Members/ Proxies are requested to record their entry in the AGM well in time on 6 December 2018 (Thursday). The registration counters will be opened at 8.00 a.m. on the AGM date.
- vii. The concern Merchant Banks and all Depository Participants (DP) are requested to provide us a statement with the details (Shareholders' Names, BO ID Numbers, Client-wise shareholding position, Gross Dividend Receivables, applicable tax rate and Net Dividend Receivables) of their Margin Loan Holders who hold Company's share, as on the 'Record Date' along with the name of the Contact Person in this connection, to the Company's Share Office on or before 2 December 2018. The Merchant Banks and Depository Participants (DP) are also requested to provide us with their Bank Names, Account Numbers and Routing Numbers etc.
- viii. **In Compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154; dated: 24 October 2013, No Gift/Gift Coupon/Food Box shall be distributed at the ensuing 42nd AGM.**

MESSAGES & DIRECTORS' PROFILE



MESSAGE FROM THE CHAIRMAN



Dear Shareholders, Colleagues, Ladies and Gentlemen,

Due to sudden untimely demise of our beloved Chairman Mr. Afzalur Rahman Sinha on 8 August 2018, with deep shock, I, on being elected, assumed the Chair of the Board of Directors on 5 September 2018 and in order to discharge my obligations to the shareholders/ stakeholders, I hereby welcome you all to this 42nd Annual General Meeting and submit the Annual Report containing Audited Financial Statements thereon for the year ended 30 June 2018 for your consideration and approval.

Although, we have lost one of our key visionaries, we would do more to materialize the incomplete works of our Late Chairman. May Allah bless us all to bear the shock of untimely departure of our beloved Chairman and also rest his soul in peace.

We are delighted to inform you that in the year 2017-2018, ACME maintained its sustainable advancement in terms of earnings per share, net operating cash flow and profit earnings as well. Increasing of earnings per share reflects our efficient capacity in achievement of growth landmark. We believe that the future development of ACME including the overall function of the Company alongside the management of the Company would be ensured by your active co-operation and suggestion.

Pharmaceuticals industry of Bangladesh has grown significantly over the last five years. From 2012 to 2017, historical five years Compound Annual Growth Rate (CAGR) of the industry was 15% and from 2014 to 2017, historical three years CAGR was 21%. According to industry experts, market size of Pharmaceuticals may reach about BDT 330,000 million by 2020. According to Bangladesh Bureau of Statistics, the industry has contributed 1.85% to the GDP in 2016-2017. Pharmaceutical industry of Bangladesh is largely protected from external competition, as there is a restriction regarding import of similar drugs that is manufactured locally. This industry is the second largest contributor to national exchequer. At the same time, the industry provides the largest white collar (note) intensive employment.

Based on the success of 2017-2018, on behalf of the Board of Directors, I would express my sincere acknowledgement the contribution made by the management team and employees of all levels for their tireless efforts. I also would like to express my heartfelt gratitude to our valued Shareholders, Customers, Healthcare Professionals, Bankers, Suppliers, Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE), Central Depository Bangladesh Ltd. (CDBL), Registrar of Joint Stock Companies and Firms (RJSC), National Board of Revenue (NBR), Government Agencies and all concerned for their continued support and co-operation.

I hope that every member of the ACME family will recall the services rendered by the former Chairman and pray for his eternal peace.

Thank you all with best wishes and kindest regards.



Nagina Afzal Sinha
Chairman

MESSAGE FROM THE MANAGING DIRECTOR



Dear Shareholders, Ladies and Gentlemen,

It gives me immense pleasure to report our Annual result for the third time as a listed Company.

On behalf of the Management, I would like to thank all of our shareholders, investors, management team and other stakeholders of the Company. I also take the privilege to thank you all on behalf of myself and Members of the Board for attending at the 42nd Annual General Meeting of The ACME Laboratories Ltd.

During the year, the Company achieved sustainable growth and its total revenue stood BDT 14,813.91 million. Domestic sales continue to remain as the key driver with 96.99% of the total revenue. The Company is continuously pressing hard for expanding its International Market. During the year, the export amounting BDT 514.04 million as against BDT 450.42 million in previous year, with 14.12% growth. We are also hopeful that, our global operation would enter into a new phase and enable the Company to open a new chapter of operation both in production and turnover, with new dimension.

Considering the industry outlook, bright prospect and market demand of both domestic and global, The ACME Laboratories Ltd. planned to introduce several new projects. During the year 2018, the Company has completed civil construction works of Steroid & Hormone, Penicillin and extension of Solid Dosages unit and the production of aforesaid projects will be started within stipulated timeframe. Our focus in 2018-2019 is to successfully launch these new products which will bring significant benefits to patients and to continue to maximize our current portfolio. Besides, the construction works of Active Pharmaceutical Ingredients (API) project has already been started which will also be completed within the timeframe.

During the financial year 2017-2018, 22 (Twenty Two) new products have been added with the existing product portfolio of the Company, production capacity increased and marketing territory of ACME both in local and global has been expanded. This is the sign of our gradual growth that preserves the interest of the investors through accomplishment of our strategic goals and objectives.

Being the Managing Director of the Company, I would like to assure you all that we will continue to discharge our sacred duties at the optimum level for the highest interest of the Company by means of good governance and transparency. We never overlook our social responsibilities with regard to socio-economic development of rural people through poverty alleviation, women empowerment, education, sports, environmental issues, national tragedies and disasters. The operations of the Company shall be continued with total commitment and sophistication in order to drive optimum return on your investment. Despite of several obstructive situations, ACME never played on back foot in its more than 60 years' journey rather always moved forward with continuous growth and development. So, I would like to assure all the shareholders that their investments in ACME are safe, secure and full of possibilities.

Finally, I appreciate the leadership provided by the Board of Directors and Management of the Company and also express my gratitude to all our stakeholders, including Investors, Shareholders, Customers, Bankers, Medical Professionals and other participants for their whole-hearted support. Directors' Report, Auditors' Report, Audited Financial Statements together with Notes to the Accounts have already reached to you for your review. Of course, the capable and committed employees of the Company are the key drivers of this profitability.

As a shareholder, you have continuously supported our endeavours over the past years. As always, we are grateful to you for this confidence.

With warm regards,



Mizanur Rahman Sinha
Managing Director

BRIEF PROFILE OF THE DIRECTORS



Mrs. Nagina Afzal Sinha
Chairman

Mrs. Nagina Afzal Sinha is a Director of The ACME Laboratories Ltd. since 1981. She was elected as Chairman of the Company on 5 September 2018 after the demise of her husband former Chairman Late Afzal-Ur-Rahman Sinha. She is also a shareholder of Sinha Printers Ltd. and The ACME Agrovet & Beverages Ltd. She is engaged in various social welfare and charitable activities.

She has a proven capability of contributing values in both family and business areas.



Mr. Mizanur Rahman Sinha
Managing Director

Mr. Mizanur Rahman Sinha obtained his graduation degree in Commerce from University of Dhaka. After graduation, he joined the then Habib Bank Limited in 1964 and worked there in different senior positions. In the year 1975, as per the desire of his father i.e. the founder of The ACME Laboratories Ltd., he joined in The ACME Laboratories Ltd. His wholehearted effort and bold leadership made the organization achieve the milestone in the Pharmaceuticals industry of the country. Mr. Mizanur Rahman Sinha is the Chairman of Kalyar Packaging Limited, Kalyar Replica Limited, Sinha Fabrics Limited, Sinha Knit Industries Limited and Sinha Knit and Denims Limited. He is also the Director of The ACME Agrovet & Beverages Limited, Sinha Printers Limited and ACMUNIO International Limited. The respective organizations have achieved very good reputation both in domestic and international market within a short period of time. He is popular among his fellow countrymen as a devoted social worker and philanthropist for his magnanimous contribution towards the wellbeing of the common masses through development of infrastructure, construction of schools, buildings and roads. He is very popular in his own constituency, Louhajang, Sherajdekhan, Munshigonj and he was elected Member of Parliament two consecutive terms starting from 1996 and during the period 2001-2006, he served as state minister of health and family welfare ministry of government of people's republic of Bangladesh.





Dr. Jabilur Rahman Sinha
Deputy Managing Director

Dr. Jabilur Rahman Sinha has a B.Sc. in Chemistry from University of Dhaka, an M.Sc. in Pharmaceutical Chemistry from North Dakota State University, Fargo, North Dakota and a Ph.D. from University of Georgia, Athens, Georgia.

Since receiving his Ph.D., Dr. J. R. Sinha has done 2 years of post-doctoral work, one year in Medical College of Virginia, Virginia Commonwealth University, Richmond, Virginia and one year in University of Missouri, Columbia, Missouri, both in synthetic and analytical chemistry. Following his post-doctoral experience Dr. Sinha was involved in research and teaching for 29 years in several academic institutions in the United States. His expertise includes teaching General, Organic and Analytical Chemistry. His outstanding evaluation by his superiors, peers, and students year after year testifies to his success as an academician. Dr. Sinha has been an active member of American Chemical Society, Rho Chi Honor Society, and Sigma Xi Honor Society.

Dr. Sinha took 2 years of sabbatical leave from his University in the U. S. and worked full time at ACME from 1995 to 1997 and finally joined ACME permanently in 2003. He was closely involved in ACME activities during the period 1997 to 2003 including working in ACME during those summers. Given his limitations during his tenure in ACME, Dr. Sinha has provided active leadership, training, planning and supervising personnel to exceed their performance goals, sharing the fiscal, manufacturing, and marketing responsibilities.



Mrs. Jahanara Mizan Sinha
Director

Mrs. Jahanara Mizan Sinha, wife of Mr. Mizanur Rahman Sinha is the Chairman of J M Sinha Agriculture Food Processing Industries Limited. She is also Director of The ACME Agrovet & Beverages Limited, Kalyar Packaging Limited, and Kalyar Replica Limited. Besides, Mrs. Mizan is a social entrepreneur which has given her an opportunity to grow and make a difference in the social life in which she lives.

Mrs. Jahanara Mizan Sinha is also the member of Nomination and Remuneration Committee (NRC) of the Company.





Mr. Kazi Sanaul Hoq
Nominee Director

Mr. Kazi Sanaul Hoq has completed his B. Com (Hon's) and M. Com in Accounting from the University of Dhaka. He has joined in the Investment Corporation of Bangladesh (ICB) as Managing Director on 10 August 2017. He started his career as a Senior Officer in ICB on 25 October 1984 and served different position in the same organization. Before his joining, he acted as Managing Director in Rajshahi Krishi Unnayan Bank (RAKUB), during his service life, he served different Banks and Financial Institutions. Earlier, he served as Managing Director (Current Charge) and Deputy Managing Director at Agrani Bank Ltd. In addition to that, Kazi Sanaul Hoq was serving as General Manager in Bangladesh Development Bank Ltd. (BDBL) and Rajshahi Krishi Unnayan Bank (RAKUB). He also served as CEO in ICB Securities Trading Company Ltd. He has been contributing his professional expertise as the Chairman of ICB Capital Management Ltd. Apart from that, he is also serving as the Director of British American Tobacco Bangladesh Co. Ltd. (BATBC), United Power Generation and Distribution Company Ltd., Aramit Ltd., Aramit Thai Aluminum Ltd., ACI Ltd., Industrial and Infrastructure Development Finance Company Ltd. (IIDFC), Linde Bangladesh Ltd., GlaxoSmithKline Bangladesh Ltd. (GSK), Renata Ltd., Bangladesh Krishi Gobeshona Endowment Trust (BKGET), Credit Rating Information and Services Ltd. (CRISL), Standard Bank Ltd., National Tea Company Ltd., The Peninsula Chittagong Ltd., Standard Bank Securities Ltd., Apex Foot Wear Ltd., Apex Tannery Ltd., Bangladesh Institute of Capital Market (BICM), The Institute of Bankers Bangladesh (IBB), SBL Capital Management Ltd., RSRM Ltd., Central Depository Bangladesh Ltd. (CDBL) including some other Organization as Director.

He is also the member of Audit Committee and Nomination and Remuneration Committee (NRC) of the Company. Being a Managing Director of the Investment Corporation of Bangladesh (ICB), he joined as nominee Director of The ACME Laboratories Ltd. on 11 September 2017.



Syed Shahed Reza
Independent Director

Syed Shahed Reza has obtained BA (Hons) in Political Science, M.A. in Public Administration from Dhaka University. He then proceeded for service to the Saudi Arabian as Senior Executive (Finance, Accounts and Administration) at the PARSONS Ltd, an USA based multi-national Company, which was a Consultant of the Saudi Government Royal Commission for Yanbu Project from 1977-1985. After returning to Bangladesh, he joined Bangladesh Ministry of Foreign Affairs on 9 June 2009 as Secretary and Ambassador to the State of Kuwait and the Republic of Yemen. He served Bangladesh Embassy in Kuwait as Ambassador.

Presently, he has been contributing at ACME's Board as an Independent Director. He is renowned sport personalities and sport organizer. Currently discharging his responsibility in National Chancellor (Bangladesh Chapter) International Association of Educators for World Peace (IAEWP), NGO UN (ECOSOC) UNDP, UNICEF, UNESCO and UNCEO; Member of the Olympic Council of Asia (OCA) International Relations Committee since 2011; Trustee member of Bangladesh Foundation for Development and Research on Liberation War and BANGABANDHU; Founder Joint Secretary General of Bangladesh Golf Federation & Vice President of Taikondo Federation Bangladesh; Founder Vice President of Bangladesh Ragbi Association; Member Bangladesh Handball Federation. He was the former president of Dhaka Club Ltd. for consecutive two terms. He has Extensive experience in management, leadership, organizational effectiveness and diplomacy arena at National level. Mr. Reza extensively travelled all over the world and participated in good number of conferences and training program at home and in abroad. He is also the chairman of nomination and remuneration committee and member of the audit committee of The ACME Laboratories Ltd.



Ms. Fouzia Haque, FCA
Independent Director

Ms. Fouzia Haque, FCA is a Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB). She obtained master degree in Management from the University of Dhaka. Currently, she is working as a Partner of FAMES & R, Chartered Accountants. FAMES & R Chartered Accountants is a merged Firm of Zaman Hoque & Co. and Shahadat Rashid and Co. She joined in ACME's Board as an Independent Director on 9 September 2014 and also serving as Chairman of Audit Committee of the Company. Previously she served at BRAC, a renowned and world largest NGO in the world; BRAC University; Action on Disability and Development in Bangladesh (ADD); ACNABIN, a Chartered Accountants' firm and World Bank at various capacities.

She has Extensive experience in management and leadership. She has strong background in IAS/IFRS, ISA, Internal Control System, Company Law, BSEC Rules & Laws, Corporate Governance, Management Accounting Principles, ERP system and Development of Standard Operating Procedures.

Ms. Haque is well travelled and participated in good number of conferences and training programs at home and in abroad.



LIST OF MANAGEMENT COMMITTEE

| Sl. # | Name | Designation in the Company | Designation in the Management Committee |
|-------|----------------------------------|-------------------------------------|---|
| 01. | Mr. Mizanur Rahman Sinha | Managing Director | Chairman |
| 02. | Dr. Jabilur Rahman Sinha | Deputy Managing Director | Vice Chairman |
| 03. | Mr. Md. Hasibur Rahman | Additional Deputy Managing Director | Member |
| 04. | Mr. Md. Ferdous Khan | Director-Sales and Distribution | Member |
| 05. | Mr. A.K.M. Mushiur Rahman Khan | Director –Head of Internal Audit | Member |
| 06. | Mr. A. B. M. Imtiaz Ahmed Khilji | Technical Director –Plant | Member |
| 07. | Mr. Md. Humayun Kabir | Head of International Business | Member |
| 08. | Dr. Sheikh Maksudur Rahman | Director- API Project | Member |
| 09. | Mr. Mohammad Shariful Islam | General Manager- Marketing | Member |
| 10. | Mr. Md. Rafiqul Islam, FCS | Company Secretary | Member Secretary |
| 11. | Mr. Tushar Kanti Kundu | Head of HR | Member |
| 12. | Mr. Chowdhury Shahrezaar Ekram | Head of Information Technology | Member |
| 13. | Mr. Md. Arshadul Kabir, FCA | Head of Finance & Accounts | Member |





VISION

To ensure Health, Vigour and Happiness for all.

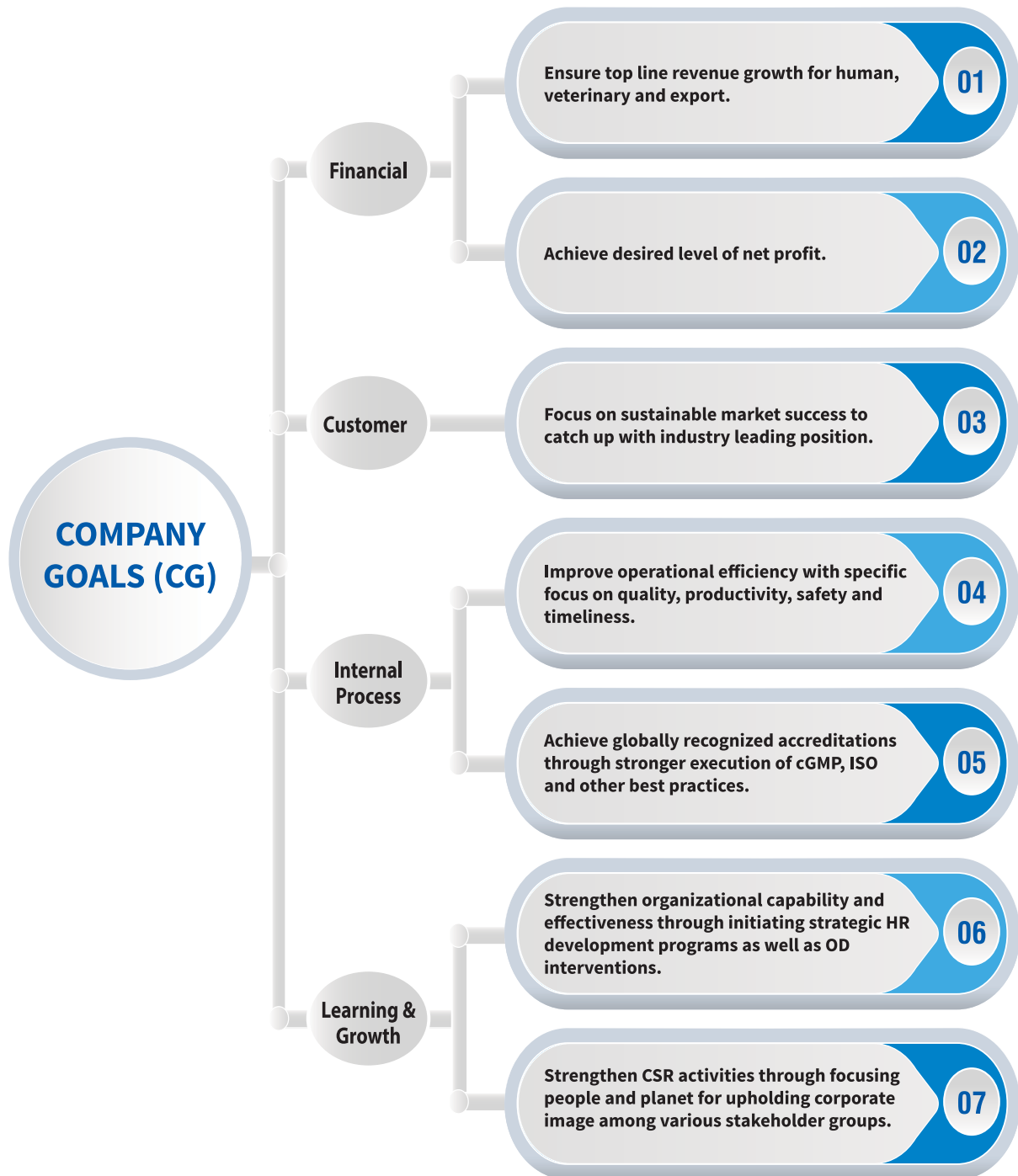


MISSION STATEMENT

Our holistic approach is to ensure Health, Vigour and Happiness for all by manufacturing ethical drugs and medicines of the highest quality at affordable price and expanding in the local and global market.

We view ourselves as partners with the doctors, healthcare professionals, all other customers, our employees and harmonize with environmental issues.







PURPOSE

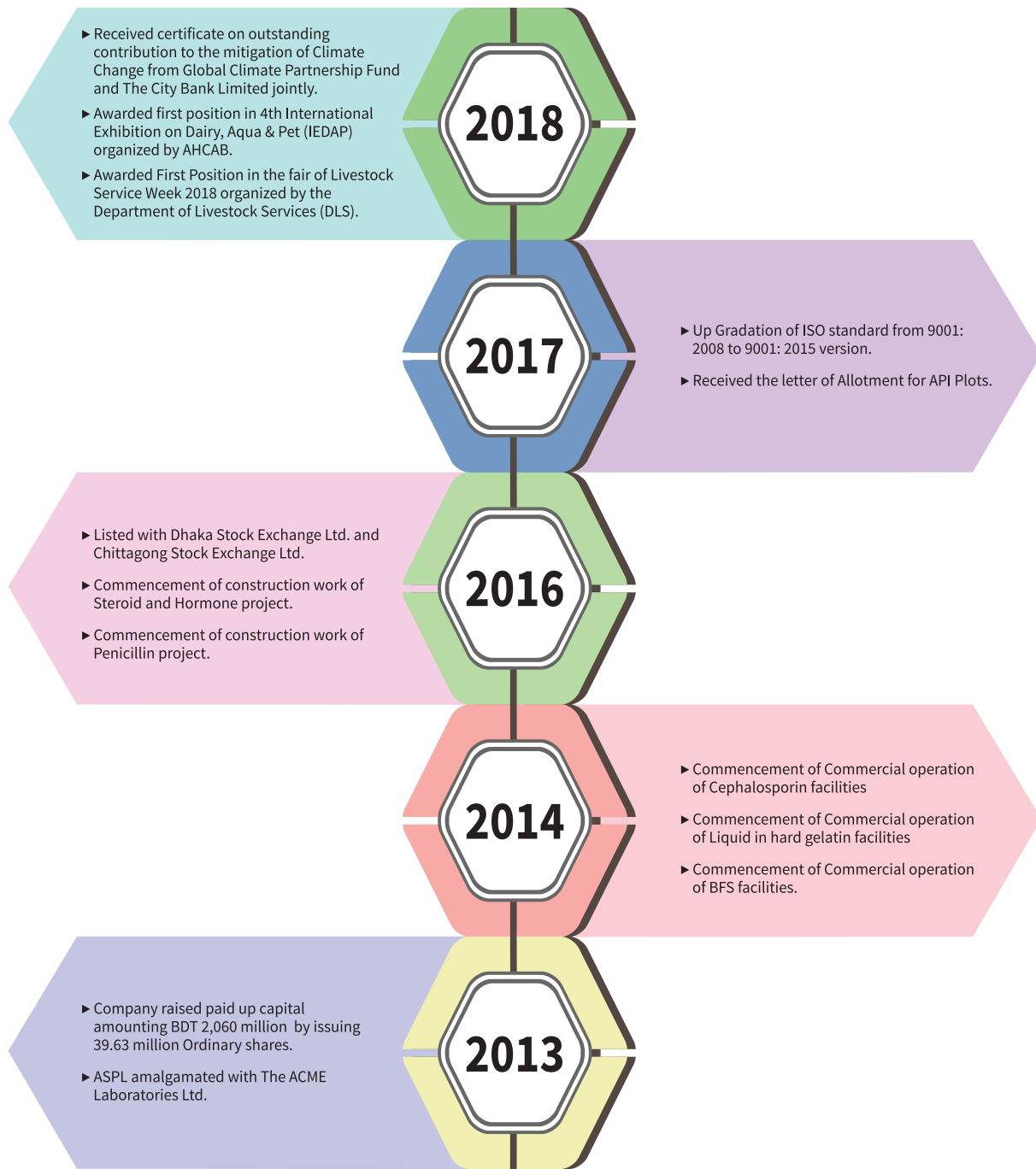
Business is the heritage of Sinha family and in fact, they were one of the renowned jute shippers in the then subcontinent. But founder of the Company Late Hamidur Rahman Sinha thought to do well-being of the poor fellow of the soil. Accordingly, he planned to establish a Pharmaceuticals Company and his beloved half also contributed on the same. Eventually, in the year 1954, the historic moment for Sinha family, the founder established a proprietorship concern which was converted to a Private Limited Company namely The ACME Laboratories Ltd. and set its purpose in mission statements as to ensure Health, Vigour and Happiness for all by manufacturing ethical drugs and medicine of the highest quality at affordable price and expanding in the domestic and global market. We view ourselves as partners with the doctors, healthcare professionals, all other customers, our employees and harmonize with environmental issues.

CORE VALUES

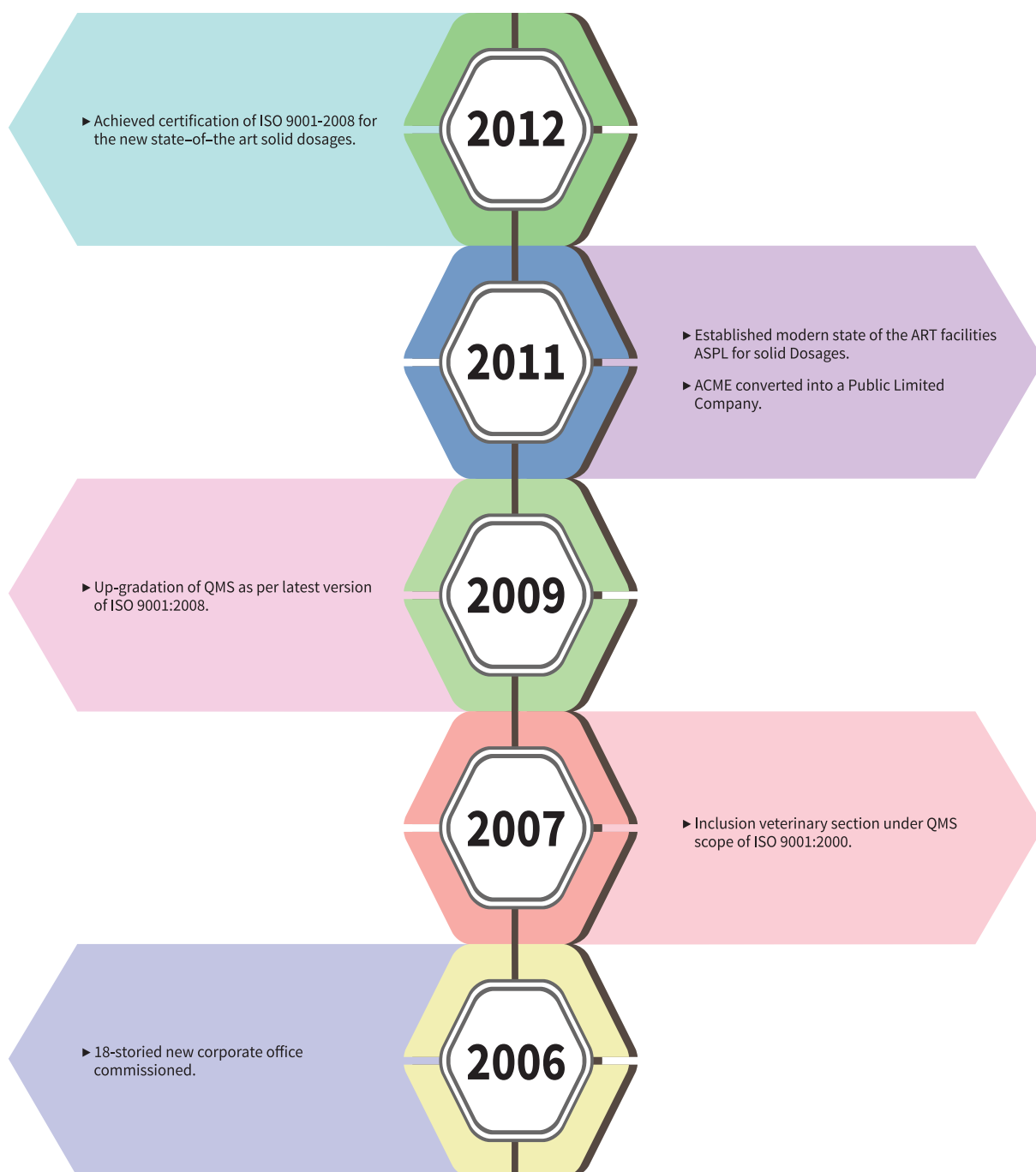
Our Company values are the measure for our thinking and actions. They are the core of what ties us together in the past, present and future. We do business on the basis of common values. Our success is based on customer focus, team spirit, desire to win, pro-activity, integrity and excellence. These values determine our actions in our daily dealing with customers and business partners as well as in our teamwork and our collaboration with each other.



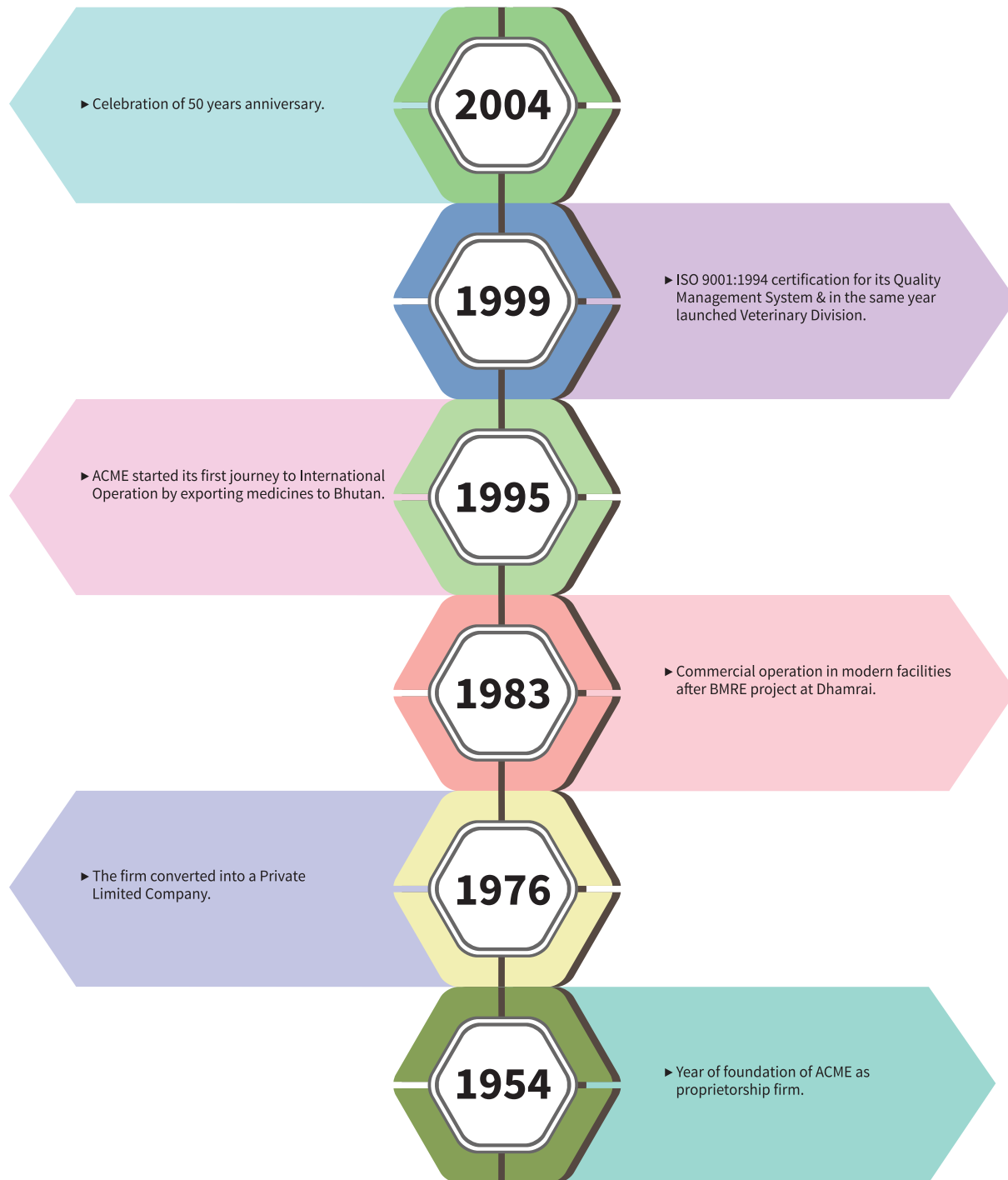
IMPORTANT MILESTONES



IMPORTANT MILESTONES



IMPORTANT MILESTONES

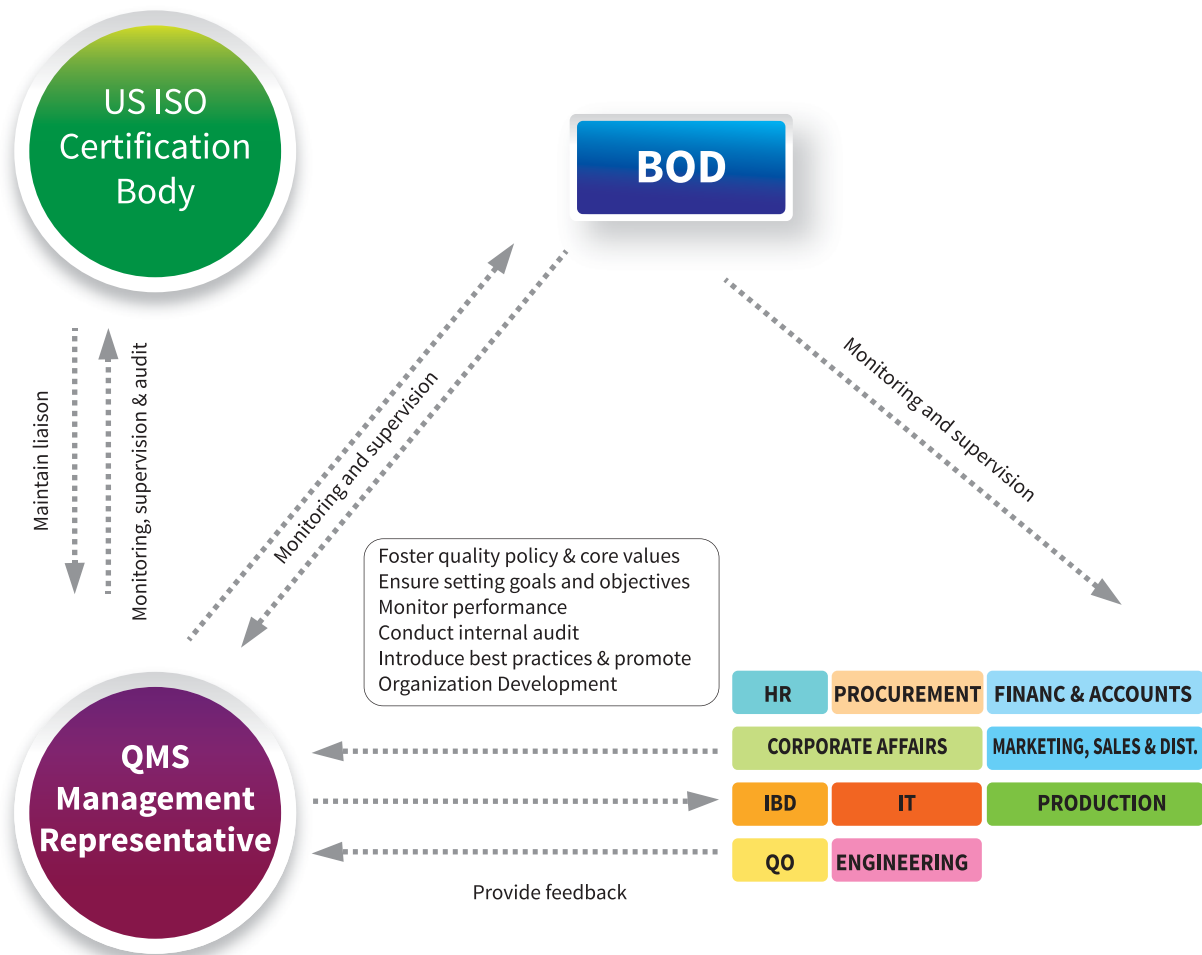


SOLID DOSAGES UNIT



QMS OPERATIONS

Our Board of Directors is highly influenced by Quality Management Operations that is monitored and supervised by ISO certification body.



QMS department under Corporate operations provides a variety of professional and management support across the organization in maintaining suitable system by the means of strategic integration of ISO, TQM, business excellence criteria and other best practices that are proven effective for the business. This department incessantly contributes to the implementation of business metrics & performance management; Organization's re-structuring & change management and support to the business-driven HR transformation that make Organization's Human Capital value added and trigger to the implementation of Organization's health and effectiveness. At ACME, QMS facilitates the development and communication of the Organization's core values, vision, mission and ethical behaviors.

BOARD'S STRUCTURE AND ITS ROLE

Composition of the Board

The Board of The ACME Laboratories Ltd. is comprised of seven (7) Directors, including one Nominee Director from Investment Corporation of Bangladesh (ICB) and two Independent Directors. Chairman is elected from amongst the members. All the members of the Board of Directors of the Company are highly seasoned professionals, skilled, well-experienced, extremely devoted, responsible, committed and reputed in their respective arena and they have prerequisite technical understanding about the Company's business affairs which combined with its diversity of culture and background, stands as the perfect platform to perform and deliver.

Role of the Board

The Board of Directors is appointed by the Shareholders at the Annual General Meeting (AGM) and accountable to the Shareholders. The Board is responsible for formulating strategy, policy and ensuring that the business activities are soundly administered and effectively controlled. The Directors keep themselves informed about the Company's financial position and ensure that its activities, accounts and asset management are subject to adequate control. The Board also ensures that ACME's Policies, Procedures and Codes of Conduct are implemented and maintained and the Company adheres to generally accepted principles for good governance and effective control of Company activities.

Role of Chairman

As per Articles of Association of the Company, the Members of the Board elected the Chairman who is responsible to lead the Board and to ensure the effectiveness of the functions of the Board. It is the responsibility of the Chairman to see that the Annual General Meeting, Board Meeting and other Meetings are duly convened and constituted in accordance with the Companies Act, 1994 or any other applicable guidelines, Rules and Regulations before its proceeds to transact business. The Chairman should then conduct the proceedings of the meetings and ensure that only those items of business as have been set out in the agenda are transacted and generally in the order in which the items appear on the Agenda. The Chairman should encourage deliberations and debate and assess the sense of the meeting. The Chairman should ensure that the proceedings of the meeting are correctly recorded and in doing so, he/she may include or exclude as he/she deems fit.

Role of Managing Director

The roles of the Board and Managing Director are distinguished and description of respective roles and responsibilities is clearly established, set out in writing and agreed by the Board to ensure transparency and better Corporate Governance. The Managing Director is the authoritative head for day-to-day management in ACME. He acts for the best interest of the Company and ensures that the Company operates its business as per the Articles of Association; decisions are made by the Board and Shareholders, as well as according to Company's Policies, Procedures and applicable regulatory legislations.



GENERAL UNIT



DIRECTORS' REPORT

For the year ended 30 June 2018

Dear Shareholders,

On behalf of the Board of Directors and Management Team, we would like to welcome you all to the 42nd Annual General Meeting of The ACME Laboratories Ltd. According to the Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Bangladesh Securities and Exchange Rules, 1987; BSEC Notification no. BSEC/CMRRCD/2006-158/207/Admin/80; dated: 03 June 2018 and International Accounting Standards- 1 "Presentation of Financial Statements" as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB), Financial Reporting Act, 2015; we have the pleasure to place herewith the Directors' Report and Auditors' Report in respect of the Financial Statements of the Company for the year ended 30 June 2018.

PROFIT AND ITS APPROPRIATION

| Particulars | (BDT in million) | |
|---|------------------|------------------|
| | 2017-2018 | 2016-2017 |
| Net Profit after Tax | 1,426.571 | 1,397.850 |
| Adjustment for depreciation on revaluation surplus | 85.266 | 85.839 |
| Profit brought forward from previous years | 4,039.288 | 3,303.424 |
| Total Profit Available for appropriation | 5,551.125 | 4,787.113 |
| Appropriation | | |
| Final Cash Dividend for the year 2016-2017 (Comparative year 2015-2016) | (740.606) | (740.606) |
| Tax Holiday Reserve | - | (7.218) |
| Closing Retained Earnings at the year end (before proposed Dividend) | 4,810.519 | 4,039.288 |
| Proposed cash dividend for the year 2017-2018 @ 35% | (740.606) | (740.606) |
| Retained earnings after Proposed Dividend | 4,069.913 | 3,298.682 |

DIVIDEND

During the year ended 30 June 2018, the Company has earned net profit before tax amounting to BDT 1,954.844 million which after provision of income tax stood at BDT 1,426.571 million. Considering the performance of the Company and subject to the approval of the Shareholders in the forthcoming AGM, the Board of Directors has recommended 35% cash dividend i.e. BDT 3.50 per share which comes to BDT 740.606 Million.

INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENT

Pharmaceuticals Industry is one of the success stories of Bangladesh in the last three decades. Bangladesh had to depend largely for medicines on multinational companies and imports in the 1970s and early 1980s. Now, local Companies meet almost 98 percent of domestic demand worth around USD 2 Billion or BDT 16,000 crore. According to insider of the industry, Bangladesh's Pharmaceuticals Industry is going to be a major player in the global export market in the next couple of years.

The present contribution of Pharmaceutical sector to Bangladesh's economy emerging to be the highest revenue earning sector by 2025. According to new research, Bangladesh's Pharmaceutical sector can grow at 15% for the next 5 years riding on the expanded domestic market as well as new export frontiers. Presently, the Pharmaceuticals Industry of Bangladesh meets 98% of the local demand and export to more than 125 countries. Bangladesh disease profile is expected to change by gradual move from acute to chronic disease.

Besides, drugs purchasing power is like to rise with sustained growth in income as Bangladesh advances into the arena of middle income countries. With continuous double digit growth in the international domain, Bangladesh's Pharmaceutical Industry can emerge as a world leader in producing off –patented generic medicine.

The WTO-TRIPS Council, on 6 November 2015 granted the Least Developed Countries (LDCs) exemptions from Pharmaceutical patent until 2033. This is an extension of the previously granted exemption which was scheduled to expire on 31 December 2015. Bangladesh has already developed a solid Pharmaceutical manufacturing capability, can further capitalize on the opportunities created through the waiver.

Bangladesh is enjoying good number of factors as competitive advantages like comfortable size of local market, available technical know-how, reasonable power costs, availability of skill technical person, population growth rate, growing income level of people and improvement in modern health-care facilities, health awareness of the mass people, contract manufacturing service and export of pharmaceutical products are major drivers for future growth in Pharmaceutical market in Bangladesh. All these factors will make the pharma industry more sustainable which logically attracts the scope for further growth in investment for expansion and development in this industry.

More than 90 percent of raw materials are imported every year which causes the outflow of the huge foreign currencies from Bangladesh. In order to address the issue, the government has already handed over 42 plots of environment friendly Active Pharmaceutical Ingredient (API) Industrial park at Gazaria, Munshiganj to 28 Drug Manufacturers. Most of the top ranking pharma companies got plots in the API Park and most of them are going to start the construction works over there at the earliest possible time.

Once the API Park is completed, Bangladeshi companies would be able to produce substantial portion of their raw materials from the units of the said API park which will reduce the reliance of imports and lead time related to import of Raw Materials. Apart from this, we understand that from the said API Park Bangladesh will be able to export substantial quantity of Raw Materials to different countries. API Park will also create job opportunity for about 25,000 unskilled and semi-skilled labourers.

From the API Park, The ACME Laboratories Ltd. has already got the allotment of 3 plots against which we have started paying installments as per their schedule. Besides, we have contributed for the central Effluent Treatment Plant (ETP) which will be constructed jointly by all the plot owners.

A DISCUSSION ON COST OF GOODS SOLD, GROSS PROFIT MARGIN AND NET PROFIT MARGIN

Cost of Goods Sold for the Financial Year 2017-2018 is BDT 8,942.40 million which is 60.36% of the turnover of the company. In the previous year, the same was BDT 8,039.83 million which was 59.22% of the turnover. On the other hand, Gross Profit margin and Net Profit margin for the financial years 2017-2018 are 39.64% and 9.63% respectively, with compare to the previous year the same was 40.78% and 10.30% respectively. This has happened due to unfavorable fluctuation of BDT against foreign currencies of Raw Material exporting countries which has resultant an increase in Imported Material cost. The Management is trying their best to reduce the cost by using different effective cost cutting tools.

A DISCUSSION ON CONTINUITY OF ANY EXTRAORDINARY ACTIVITIES AND THEIR IMPLICATIONS (GAIN OR LOSS)

During the Financial year 2017-2018, no extra ordinary activities occurred in the Company.

A DETAILED DISCUSSION ON RELATED PARTY TRANSACTIONS ALONG WITH A STATEMENT SHOWING AMOUNT, NATURE OF RELATED PARTY, NATURE OF TRANSECTIONS AND BASIS OF TRANSACTIONS OF ALL RELATED PARTY TRANSECTIONS

The Company carried out a number of transactions with related parties in the normal course of business and on arm's length basis. The Directorship of the company is mostly in common. The nature of the transaction and their relative value is shown below:

| Name of the Company | Nature of Transaction | 2017-2018 | | 2016-2017 | |
|-----------------------------------|-----------------------------|--------------------------------------|----------------------------|--------------------------------------|----------------------------|
| | | Value of transaction during the year | Balance as at 30 June 2018 | Value of transaction during the year | Balance as at 30 June 2017 |
| Sinha Printers Ltd. | Local Supply Received | 550,481,583 | (190,819,988) | 445,803,332 | (139,196,108) |
| | Provide Services & Others | 294,650 | - | 299,133 | - |
| ACMUNIO Int. Ltd. | Advance | - | 96,479,473 | (5,000,000) | 96,479,473 |
| | Finished Goods Purchased | - | - | 68,379 | - |
| | Rent on Investment Property | 6,462,000 | 12,924,000 | 6,462,000 | 6,462,000 |
| The ACME Agrovet & Beverages Ltd. | Local Supply | 34,300,890 | - | 1,259,220 | (1,259,220) |
| Kalyar Packaging Ltd. | Local Supply | 85,935,564 | (4,300,597) | 4,712,459 | (3,606,808) |
| Kalyar Replica Ltd. | Local Supply | 10,237,502 | (1,440,525) | 236,998 | (674,158) |

A STATEMENT OF UTILIZATION OF PROCEEDS RAISED THROUGH PUBLIC ISSUES

The ACME Laboratories Ltd. accorded the consent from Bangladesh Securities and Exchange Commission (BSEC) on 15 March 2016 for raising its capital through Initial Public Offering (IPO) for implementation of following 3(three) projects:

| Sl. No. | Name of the projects | Estimated Project Costs (In BDT crore) |
|---------|---|--|
| a. | Steroid and Hormone | 135.80 |
| b. | Oncology | 114.10 |
| c. | Ayurvedic, Modern Herbal and Nutraceuticals | 174.55 |
| d. | IPO Expenses | 6.83 |

Considering the facts and circumstances, the Board in its 64th Meeting recommended to change the use of IPO proceeds and reallocated the use for the following purposes:

| Sl # | Name of the Projects and others | Estimated Project Costs (In BDT crore) | Date of implementation |
|------|--|--|--|
| a) | Steroid and Hormone | 135.80 | Within 2 (two) years after receiving of IPO Funds, i.e. 2018 |
| b) | Penicillin | 40.00 | Within 31 March, 2018 |
| c) | Active Pharmaceuticals Ingredients (API) Project | 89.00 | With 2-3 years after getting permission from Ministry of Industries. |
| d) | Repayment of Bank Borrowing | 136.00 | Done |
| e) | IPO Expenses | 6.83 | Done |

Accordingly, the shareholders in its 40th AGM held on 7 November 2016 approved the proposal which was duly intimated to Bangladesh Securities and Exchange Commission and other regulators as per condition of the Letter of Consent of the BSEC.

The status of IPO proceeds as on 30 June 2018 are given below:

| Name of The Projects & Others | Estimated cost for Projects Implementation as per resolution of 40 th AGM (BDT in Million) | Amount used up to 31 May 2018 (BDT in Million) | Expenditure incurred during the Month of June 2018 (BDT in Million) | Amount used up to 30 June 2018 (BDT in Million) | Un-Utilized Balance Amount (BDT in Million) |
|--|---|--|---|---|---|
| Steroid and Hormone | 1,358.00 | 1,140.32 | 114.00 | 1,254.32 | 103.68 |
| Penicillin | 400.00 | 246.71 | Nil | 246.71 | 153.29 |
| Active Pharmaceuticals Ingredients (API) | 1,355.23 | 102.82 | Nil | 102.82 | 1,252.41 |
| Repayment of Bank Borrowing | 1,360.00 | 1,360.00 | Nil | 1,360.00 | Nil |
| IPO Expenses | 68.29 | 68.29 | Nil | 68.29 | Nil |

The Board of Directors of the Company in its 93rd meeting re-arranged the use of IPO proceeds plan subject to the approval of the shareholders in its 42nd Annual General Meeting. A detail report on rearrangement of IPO Proceeds has been presented in the separate report in the Page # 47.

AN EXPLANATION IF THE FINANCIAL RESULTS DETERIORATE AFTER THE COMPANY GOES FOR INITIAL PUBLIC OFFERING (IPO)

In the year 2016, the Company listed its share with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. by issuing 50,000,000 Ordinary Shares of BDT 10 each. The Company commenced its trade with both the Exchanges from 07 June 2016 under the trade name of ACMELAB. After completion of Initial Public Offering (IPO) successfully, the financial results of the Company have been increased consistently which has been morefully explained in the Page No. 33 under the head of Financial Highlights for last 5 years.

AN EXPLANATION ON ANY SIGNIFICANT VARIANCE THAT OCCURS BETWEEN QUARTERLY FINANCIAL PERFORMANCES AND ANNUAL FINANCIAL STATEMENTS

During the financial year 2017-2018, Annual Financial Statements is almost in consonance with the Quarterly Financial Performance of the Company. As such, no significant variance has been observed between Quarterly Financial performances and Annual Financial Statements.

A STATEMENT OF REMUNERATION PAID TO THE DIRECTORS INCLUDING INDEPENDENT DIRECTORS

During the financial year 2017-2018, a remuneration of BDT 28,800,000 has been paid to the whole time Directors of the Company which was same as the remuneration paid to them during the previous financial year 2016-2017. The Company did not pay any remuneration to its Independent Directors except sitting fees for attending the meetings of the Board of Directors and respective committees to whom they are members. A Statement regarding payment of remuneration to its Directors is as under:

Amount in BDT

| Particulars | 2017-2018 | 2016-2017 |
|-----------------------|------------|------------|
| Directors | 28,800,000 | 28,800,000 |
| Independent Directors | - | - |

A STATEMENT THAT THE FINANCIAL STATEMENTS PREPARED BY THE MANAGEMENT OF THE ISSUER COMPANY PRESENT FAIRLY ITS STATE OF AFFAIRS, THE RESULT OF ITS OPERATIONS, CASH FLOWS AND CHANGES IN EQUITY

The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

A STATEMENT THAT PROPER BOOKS OF ACCOUNT OF THE ISSUER COMPANY HAVE BEEN MAINTAINED

Proper books of accounts have been maintained by the Company as per Section 181 of Companies Act, 1994.

STATEMENT THAT APPROPRIATE ACCOUNTING POLICIES HAVE BEEN CONSISTENTLY APPLIED IN PREPARATION OF THE FINANCIAL STATEMENTS AND THAT THE ACCOUNTING ESTIMATES ARE BASED ON REASONABLE AND PRUDENT JUDGMENT

Accounting policies adopted by the Company have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgment. The accounting policies adopted and applied by the Company are appropriate in view of the nature of its business operations of the Company.

A STATEMENT THAT INTERNATIONAL ACCOUNTING STANDARDS (IAS) OR INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS), AS APPLICABLE IN BANGLADESH, HAVE BEEN FOLLOWED IN PREPARATION OF THE FINANCIAL STATEMENTS AND ANY DEPARTURE THERE FROM HAS BEEN ADEQUATELY DISCLOSED

The International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), Securities and Exchange Rules 1987, Dhaka Stock Exchange (Listing) Regulations, 2015, Chittagang Stock Exchange (Listing) Regulations, 2015 and as applicable any other laws in Bangladesh have been duly followed by the Company in preparation of the financial statements and any departure there from has been adequately disclosed.

A STATEMENT THAT THE SYSTEM OF INTERNAL CONTROL IS SOUND IN DESIGN AND HAS BEEN EFFECTIVELY IMPLEMENTED AND MONITORED

The system of internal control is sound in design and has been effectively implemented and monitored by the Company and duly examined by the internal and external auditors. The Company continuously give due emphasis for further improvement of internal control system, if any, can be done.

A STATEMENT THAT MINORITY SHAREHOLDERS HAVE BEEN PROTECTED FROM ABUSIVE ACTIONS BY, OR IN THE INTEREST OF, CONTROLLING SHAREHOLDERS ACTING EITHER DIRECTLY OR INDIRECTLY AND HAVE EFFECTIVE MEANS OF REDRESS

As a constant policy of the Company, Interest of Minority shareholders have been protected meticulously by the management. The management protects interest of Minority shareholders from abusive actions by or in the interest of, controlling shareholders acting either directly or indirectly and has system of effective means of redress in place.

A STATEMENT THAT THERE IS NO SIGNIFICANT DOUBT UPON THE ISSUER COMPANY'S ABILITY TO CONTINUE AS A GOING CONCERN

There is no doubt upon the Company's ability to continue as a going concern: Accordingly the financial statements of the Company have been prepared on going concern basis. A detail statement regarding the ability to continue as a going concern has been discussed in the Page No. 153.

AN EXPLANATION THAT SIGNIFICANT DEVIATIONS FROM THE LAST YEAR'S OPERATING RESULTS OF THE ISSUER COMPANY SHALL BE HIGHLIGHTED AND THE REASONS THEREOF SHALL BE EXPLAINED

There is no deviation during the current financial year from the last year's operating results of the Company.

SUMMARY OF STATEMENT OF KEY OPERATING AND FINANCIAL DATA OF LAST PRECEDING 5 (FIVE) YEARS

A statement of key operating and financial data of last preceding 5 (five) years are as under:

Financial Highlights

For Last 5 Years

| Particulars | 2017-2018 | 2016-2017 | 2015-2016 | 2014-2015 | 2013-2014 |
|---|------------------|------------------|------------------|------------------|------------------|
| Shareholders' Equity : | | | | | |
| Share Capital | 2,116.02 | 2,116.02 | 2,116.02 | 1,616.02 | 1,616.02 |
| Share premium | 5,127.60 | 5,127.60 | 5,127.60 | 1,605.07 | 1,605.07 |
| Revaluation Surplus | 5,402.71 | 5,487.67 | 5,642.93 | 5,320.07 | 5,429.80 |
| Gain/(Loss) on Marketable Securities (Unrealized) | 8.72 | 6.23 | 2.25 | 1.82 | 0.84 |
| Tax Holiday Reserve | 179.46 | 179.46 | 172.25 | 139.86 | 91.01 |
| Retained Earnings | 4,810.52 | 4,039.29 | 3,303.42 | 2,689.79 | 1,949.43 |
| Total Shareholders' Equity : | 17,645.03 | 16,956.28 | 16,364.47 | 11,372.63 | 10,692.17 |
| Non Current Liabilities | 4,615.51 | 3,675.91 | 3,958.45 | 4,904.88 | 3,057.68 |
| Total | 22,260.54 | 20,632.19 | 20,322.92 | 16,277.51 | 13,749.85 |
| Application of Fund | | | | | |
| Property, Plant and Equipment | 21,105.68 | 18,220.23 | 17,240.11 | 16,027.23 | 15,511.90 |
| Intangible Assets | 0.12 | 0.16 | 0.20 | 0.25 | 0.29 |
| Investment in Shares | 34.89 | 32.41 | 19.86 | 7.12 | 6.14 |
| Investment Property | 21.34 | 23.10 | 26.19 | 26.19 | 26.19 |
| Current Assets | 11,462.21 | 11,671.33 | 11,603.36 | 7,198.98 | 6,635.06 |
| Current Liabilities | (10,363.70) | (9,315.04) | (8,566.79) | (6,982.26) | (8,429.73) |
| Total | 22,260.54 | 20,632.19 | 20,322.92 | 16,277.51 | 13,749.85 |
| Financial Result | | | | | |
| Revenue | 14,813.91 | 13,576.32 | 12,644.91 | 11,496.41 | 10,217.93 |
| Cost of Goods Sold | 8,942.40 | 8,039.83 | 7,770.61 | 7,195.00 | 6,237.80 |
| Gross Profit | 5,871.52 | 5,536.49 | 4,874.30 | 4,301.42 | 3,980.14 |
| Profit before Taxation | 1,954.84 | 2,035.55 | 1,402.10 | 1,349.43 | 1,204.84 |
| Profit after Taxation | 1,426.57 | 1,397.85 | 1,101.27 | 921.92 | 893.89 |
| Change in Turnover (%) | 9.12% | 7.37% | 9.99% | 12.51% | 13.87% |
| Change in Cost of goods sold (%) | 11.23% | 3.46% | 8.00% | 15.35% | 9.03% |
| Change in Profit After Tax (%) | 2.05% | 26.93% | 19.45% | 3.14% | 76.76% |
| Financial Performance | | | | | |
| Number of shares | 211.60 | 211.60 | 211.60 | 161.60 | 161.60 |
| Earning per share (EPS) in BDT | 6.74 | 6.61 | 6.55 | 5.70 | 5.65 |
| Current Ratio - (Times) | 1.11 | 1.25 | 1.35 | 1.03 | 0.79 |
| Net operating cash flow per share (NOCFPS) in BDT | 7.46 | 6.70 | 6.25 | 6.50 | 2.85 |
| Net Asset Value Per Share (NAVPS) in BDT | 83.39 | 80.13 | 77.34 | 70.37 | 66.16 |

AN EXPLANATION ON THE REASONS IF THE ISSUER COMPANY HAS NOT DECLARED DIVIDEND (CASH OR STOCK) FOR THE YEAR

The Company always maintains Consistent Dividend Policy and has been paying Dividend constantly. During the year, the Board of Directors of the Company recommended 35% Cash Dividend to its Shareholders.

BOARD'S STATEMENT TO THE EFFECT THAT NO BONUS SHARE OR STOCK DIVIDEND HAS BEEN OR SHALL BE DECLARED AS INTERIM DIVIDEND

During the Financial Year 2017-2018 no Bonus Share or Stock Dividend has been declared by the Board as interim dividend.

THE TOTAL NUMBER OF BOARD MEETINGS HELD DURING THE YEAR AND ATTENDANCE BY EACH DIRECTOR

The number of Board Meetings held and the attendance thereof by the Directors during the financial year 2017-2018 are mentioned below:

| Name of Directors | Position | No. of Meetings held | No. of Meetings attended |
|-----------------------------|--------------------------|-----------------------------|---------------------------------|
| Mrs. Nagina Afzal Sinha | Chairman | 14 | 10 |
| Mr. Afzalur Rahman Sinha | Former Chairman | 14 | 09 |
| Mr. Mizanur Rahman Sinha | Managing Director | 14 | 14 |
| Dr. Jabilur Rahman Sinha | Deputy Managing Director | 14 | 13 |
| Mrs. Jahanara Mizan Sinha | Director | 14 | 12 |
| Syed Shahed Reza | Independent Director | 14 | 9 |
| Ms. Fouzia Haque, FCA | Independent Director | 14 | 14 |
| Mr. Kazi Sanaul Hoq | Nominee Director | 14 | 10 |
| *Mr. Md. Iftikhar-Uz- Zaman | Nominee Director | 14 | 01 |

*Investment Corporation of Bangladesh (ICB) withdrawn the nomination of Mr. Md. Iftikhar-Uz- Zaman on 20 August 2017 and nominated Mr. Kazi Sanaul Hoq as a Nominee Director of Investment Corporation of Bangladesh (ICB) in the Board of The ACME Laboratories Ltd. in place of Mr. Md. Iftikhar-Uz- Zaman at the same date.

A REPORT ON THE PATTERN OF SHAREHOLDING AS ON 30 JUNE 2018 DISCLOSING THE AGGREGATE NUMBER OF SHARES (ALONG WITH NAME-WISE DETAILS WHERE STATED BELOW) HELD BY

A report on the pattern of shareholding as on 30 June 2018 disclosing the aggregate numbers of shares (along with name-wise details) are stated below:

a. Parent or Subsidiary or Associated Companies and other related parties:

The ACME Laboratories Ltd. does not have any Parent or Subsidiary or Associated Companies as on 30 June 2018. However, other related parties do not hold any shares of the Company.

b. Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children:

| Sl. No. | Name and Particulars | Designation | Number of holding |
|---------|---|----------------------------|-------------------|
| 01. | Mrs. Nagina Afzal Sinha | Chairman | 11,888,433 |
| 02. | Mr. Afzalur Rahman Sinha | Former Chairman | 17,214,336 |
| 03. | Mr. Fahim Sinha, S/O Late Mr. Afzalur Rahman Sinha | Shareholder | 430,026 |
| 04. | Mrs. Sabrina Juned, D/O Late Mr. Afzalur Rahman Sinha | Shareholder | 430,500 |
| 05. | Mr. Mizanur Rahman Sinha | Managing Director | 20,426,565 |
| 06. | Mrs. Jahanara Mizan Sinha | Director | 10,519,744 |
| 07. | Mr. Tanveer Sinha, S/O Mr. Mizanur Rahman Sinha | Shareholder | 429,144 |
| 08. | Ms. Tasneem Sinha, D/O Mr. Mizanur Rahman Sinha | Shareholder | 429,694 |
| 09. | Dr. Jabilur Rahman Sinha | Dy. Managing Director | 4,860,696 |
| 10. | Ms. Sylvana Sinha, D/O Dr. Jabilur Rahman Sinha | Shareholder | 7,288,866 |
| 11. | Ms. Tanya Quader Sinha, D/O Dr. Jabilur Rahman Sinha | Shareholder | 7,288,866 |
| 12. | Mr. Kazi Sanaul Hoq | Nominee Director of ICB | 8,414,940 |
| 13. | Syed Shahed Reza | Independent Director | N/A |
| 14. | Ms. Fouzia Haque, FCA | Independent Director | N/A |
| 15. | Mr. Md. Rafiqul Islam, FCS and his spouse including minor children. | Company Secretary | N/A |
| 16. | Mr. Md. Arshadul Kabir, FCA and his spouse including minor child. | Head of Finance & Accounts | N/A |
| 17. | Mr. A.K.M. Moshir Rahman Khan, FCMA and his spouse including minor child. | Head of Internal Audit | N/A |

Executives:

| Sl. No. | Name and Particulars | Designation | Number of holding |
|---------|--------------------------------|-------------------------------------|-------------------|
| 01. | Mr. Md. Hasibur Rahman | Additional Deputy Managing Director | 60,180 |
| 02. | Mr. Md. Ferdous Khan | Director- Sales & Distribution | N/A |
| 03. | Mr. A.B.M. Imtiaz Ahmed Khilji | Technical Director-Plant | N/A |
| 04. | Dr. Sheikh Maksudur Rahman | Director –API | N/A |
| 05. | Mr. Mohammad Shariful Islam | General Manager – Marketing | N/A |

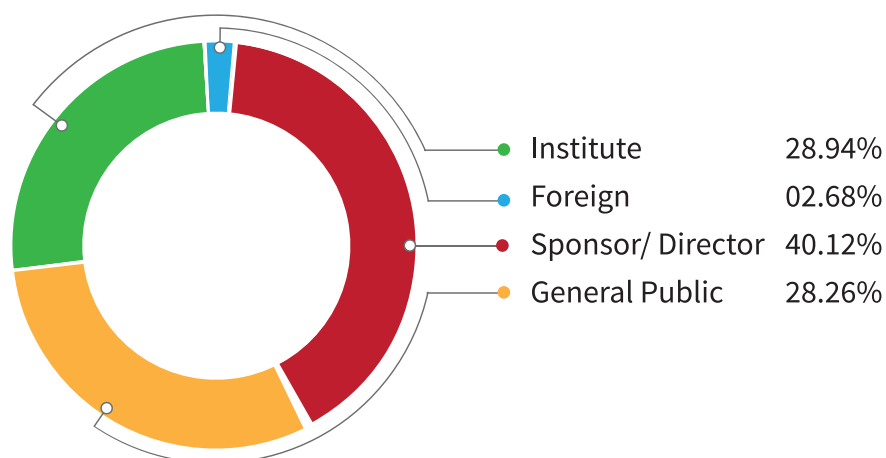
Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)

There is no shareholder who holds 10% or more shares of The ACME Laboratories Ltd.

COMPOSITION OF SHAREHOLDING POSITION

Shareholding Position as on 30 June 2018 of the Company is given below:

| Name of the Shareholders | Designation | No. of Shares | % of holding |
|--|-----------------------|--------------------|----------------|
| Mrs. Nagina Afzal Sinha | Chairman | 11,888,433 | 5.62% |
| Mr. Afzalur Rahman Sinha | Former Chairman | 17,214,336 | 8.14% |
| Mr. Mizanur Rahman Sinha | Managing Director | 20,426,565 | 9.65% |
| Dr. Jabilur Rahman Sinha | Dy. Managing Director | 4,860,696 | 2.30% |
| Mrs. Jahanara Mizan Sinha | Sponsor Director | 10,519,744 | 4.97% |
| Mr. Nasir-Ur-Rahman Sinha | Sponsor Shareholder | 6,160,405 | 2.91% |
| Mrs. Parveen Akhter Nasir | Sponsor Shareholder | 5,401,517 | 2.55% |
| Mrs. Khurshid Jahan Dabir (Mrs. Laizu Dabir) | Sponsor Shareholder | 725 | 0.00% |
| Investment Corporation of Bangladesh (ICB) | Shareholder | 8,414,940 | 3.98% |
| Institute | Shareholder | 61,236,070 | 28.94% |
| Foreign | Shareholder | 5,670,204 | 2.68% |
| General Public | Shareholder | 59,808,065 | 28.26% |
| Total | | 211,601,700 | 100.00% |



IN CASE OF THE APPOINTMENT OR RE-APPOINTMENT OF A DIRECTOR, A DISCLOSURE ON THE FOLLOWING INFORMATION TO THE SHAREHOLDERS

- A brief resume of the Directors;
- Nature of his/her expertise in specific functional areas;
- Name of Companies in which the person also holds the Directorship and the Membership of Committees of the Board;

Mr. Kazi Sanaul Hoq, Director and Mrs. Jahanara Mizan Sinha, Director of the Company will be retired by rotation at the 42nd Annual General Meeting and being eligible they offer themselves for reappointment.

Mrs. Jahanara Mizan Sinha, Director

Mrs. Jahanara Mizan Sinha, wife of Mr. Mizanur Rahman Sinha is the Chairman of J M Sinha Agriculture Food Processing Industries Ltd. and Sanjar Aviation Ltd. She is also Director of The ACME Agrovet & Beverages Ltd., Kalyar Packaging Ltd. and Kalyar Replica Ltd., Birgonj Fish Hatchery and Aquaculture Ltd. Besides, Mrs. Mizan is a social entrepreneur which has given her an opportunity to grow and make a difference in the social life in which she lives.

Mrs. Jahanara Mizan Sinha is also the member of Nomination and Remuneration Committee (NRC) of the Company.

Mr. Kazi Sanaul Hoq, Nominee Director

Mr. Kazi Sanaul Hoq has completed his B. Com (Hon's) and M. Com in Accounting from The University of Dhaka. He has joined in the Investment Corporation of Bangladesh (ICB) as Managing Director on 10 August, 2017. He started his career as a Senior Officer in ICB on 25 October 1984 and served different position in the same organization. Before his joining, he acted as Managing Director in Rajshahi Krishi Unnayan Bank (RAKUB), during his service life, he served different Banks and Financial Institutions. Earlier, he served as Managing Director (Current Charge) and Deputy Managing Director at Agrani Bank Ltd. In addition to that, Kazi Sanaul Hoq was serving as General Manager in Bangladesh Development Bank Ltd. (BDBL) and Rajshahi Krishi Unnayan Bank (RAKUB). He also served as CEO in ICB Securities Trading Company Ltd.

He has been contributing his professional expertise as the Chairman of ICB Capital Management Ltd. Apart from that, he is also serving as the Director of British American Tobacco Bangladesh Co. Ltd. (BATBC), United Power Generation and Distribution Company Ltd., Aramit Ltd., Aramit Thai Aluminum Ltd., ACI Ltd., Industrial and Infrastructure Development Finance Company Ltd. (IIDFC), Linde Bangladesh Ltd., GlaxoSmithKline Bangladesh Ltd. (GSK), Renata Ltd., Bangladesh Krishi Gobeshona Endowment Trust (BKGET), Credit Rating Information and Services Ltd. (CRISL), Standard Bank Ltd., National Tea Company Ltd., The Peninsula Chittagong Ltd., Standard Bank Securities Ltd., Apex Foot Wear Ltd., Apex Tannery Ltd., Bangladesh Institute of Capital Market (BICM), The Institute of Bankers Bangladesh (IBB), SBL Capital Management Ltd., RSRM Ltd., Central Depository Bangladesh Ltd. (CDBL) including some other Organization as Director.

Being a Managing Director of the Investment Corporation of Bangladesh (ICB), he joined as nominee Director of The ACME Laboratories Ltd. on 11 September 2017.

He is also the member of Audit Committee and Nomination and Remuneration Committee (NRC) of the Company.

A MANAGEMENT'S DISCUSSION AND ANALYSIS SIGNED BY MANAGING DIRECTOR PRESENTING DETAILED ANALYSIS OF THE COMPANY'S POSITION AND OPERATIONS ALONG WITH A BRIEF DISCUSSION OF CHANGES IN THE FINANCIAL STATEMENTS, AMONG OTHERS.

A management's discussion and analysis signed by Managing Director presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements has been presented in the page No. 41.

DECLARATION OR CERTIFICATION BY THE CEO AND THE CFO TO THE BOARD AS REQUIRED UNDER CONDITION NO. 3(3) SHALL BE DISCLOSED AS PER ANNEXURE-A

Declaration or certification by the CEO and the CFO to the Board is appended in this Annual Report under Annexure A, Page No. 74.

THE REPORT AS WELL AS CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF THIS CODE AS REQUIRED UNDER CONDITION NO. 9.

The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 has been presented under Annexure -B and Annexure -C in the page No. 76 and 77 respectively.

ELECTION OF CHAIRMAN

Late Afzalur Rahman Sinha was elected as Director of the Company on 16 May 1976. Afterwards, the Board appointed him as Chairman of the Company in the year 2014. Unfortunately, our beloved Chairman, demised on 8 August 2018. In this regard, we would like to inform you all that Mrs. Nagina Afzal Sinha has been elected as Chairman of The ACME Laboratories Ltd. by the Board in its 92nd Meeting held on 5 September 2018.

APPOINTMENT OF AUDITORS

Under the Companies Act, 1994 and the Articles of Association, the statutory auditor of the Company, Pinaki & Co, Chartered Accountants shall retire at this AGM. The Auditors have completed their tenure of consecutive three years in office. Accordingly, they are not eligible for reappointment as per BSEC notification. As proposed by the Chairman of Audit Committee, the Board of Directors recommended M/s. Shiraz Khan Bashak & Co., Chartered Accountants for appointment as Statutory Auditors of the Company for the year 2018-2019 will continue till the next Annual General Meeting (AGM) at a remuneration of BDT 5,50,000.00 (Five Lac Fifty Thousand) only which is placed before the shareholders at the 42nd Annual General Meeting (AGM) for approval.

APPOINTMENT OF COMPLIANCE AUDITOR AS PER CORPORATE GOVERNANCE CODE

As per notification no. BSEC/CMRRCD/2006-158/207/Admin/80; dated: 3 June 2018, issued by Bangladesh Securities and Exchange Commission (BSEC), M. Z. Islam & Co., Chartered Accountants, compliance auditors of the Company audited the compliance status of the Company for the year 2017-2018. M. Z. Islam & Co., Chartered Accountants, retire at this AGM. Being eligible, offered themselves for re-appointment as Compliance Auditors for the Financial Year 2018-2019.

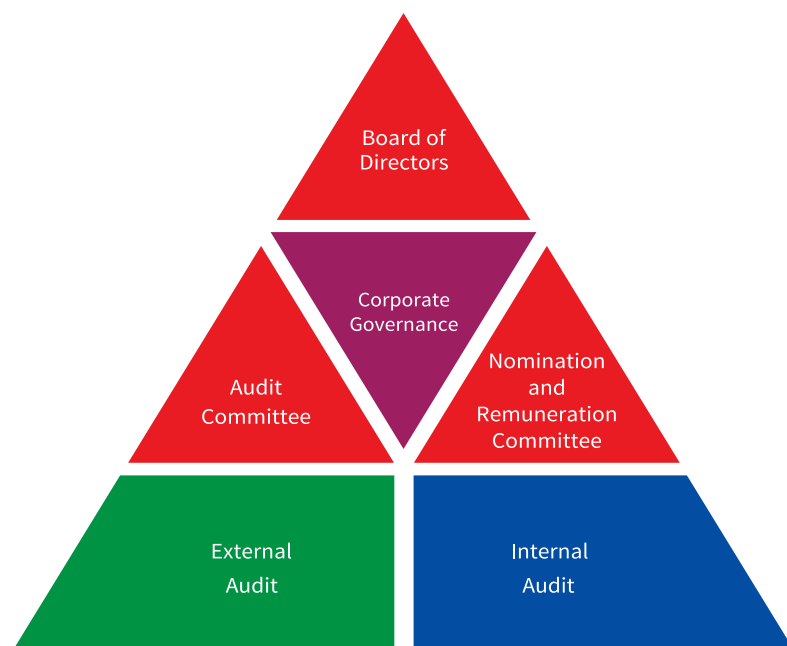
The profile of the existing Audit Firm and the service performed by them was reviewed by the Board of Directors of the Audit Committee and suggested to re-appoint M. Z. Islam & Co., Chartered Accountants, as Compliance Auditors of the Company for the next financial year 2018-2019 with a remuneration of BDT 40,000 (Forty Thousand) only subject to the approval of the Shareholders in the 42nd AGM of the Company to be held on 6 December 2018.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the financial year 2017-2018, the Company paid BDT 2,267.86 million to the National Exchequer in the form of Corporate Income Tax, Value Added Tax (VAT) and Custom Duties.

CORPORATE GOVERNANCE

Corporate Governance is the system by which Companies are directed and controlled. Board of Directors are responsible for the governance of their Companies. The shareholders' role in governance is to appoint the Directors and the Auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the Board include setting the Company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship.



In order to enhance Corporate Governance Practice for the interest of investors and the Capital Market, Bangladesh Securities and Exchange Commission (BSEC) has imposed some further conditions and issued a revised notification vide No. BSEC/CMRRCD/2006-158/207/Admin/80; Dated: 3 June 2018. In the mentioned notification, BSEC directed all the listed Companies to comply with the new codes of BSEC within 31 December 2018. Compliance status of the above mentioned Code by The ACME Laboratories Ltd. has been depicted in the Page No. 77 of the Annual Report as Annexure: C

BOARD OF DIRECTORS

The Board of Directors is the highest governance body of the Company and represents the interests of all shareholders and stakeholders, irrespective of who elected its Directors. The Board of the Company comprises with 7 (seven) Directors, of whom 4 (four) Directors are Shareholder Directors, 1 (one) nominee Director and 2 (two) Independent Directors. Independent Directors are appointed as per provision of the Corporate Governance Codes of Bangladesh Securities and Exchange Commission (BSEC). The Board's essential role is to approve the Company's strategy and oversee compliance.

AUDIT COMMITTEE

In compliance with the condition # 5 of Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) vide reference no. BSEC/CMRRCD/2006-158/207/Admin/80; dated: 3 June 2018, the audit committee of the Company is functioning. The main aim of the Audit Committee is to assist the Board with regard to the strategies adopted to manage the business-related risks and continuously oversee the internal control environment of operations. Presently, the Committee is comprises with the following members:

| Sl. No. | Name | Position in Audit Committee | Position in Board |
|---------|-----------------------|-----------------------------|--|
| 01. | Ms. Fouzia Haque, FCA | Chairman | Independent Director |
| 02. | Syed Shahed Reza | Member | Independent Director |
| 03. | Mr. Kazi Sanaul Hoq | Member | Nominee Director of Investment Corporation of Bangladesh (ICB) |

NOMINATION AND REMUNERATION COMMITTEE (NRC)

This Committee was established in 02 October 2018 under condition # 6 of Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) vide reference no. BSEC/CMRRCD/2006-158/207/Admin/80; dated: 3 June 2018. The Nomination and Remuneration Committee is a sub-Committee of the Board, NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executives. Presently, the Committee is comprises with the following members:

| Sl. No. | Name | Position in Nomination and Remuneration Committee | Position in Board |
|---------|---------------------------|---|--|
| 01. | Syed Shahed Reza | Chairman | Independent Director |
| 02. | Mr. Kazi Sanaul Hoq | Member | Nominee Director of Investment Corporation of Bangladesh (ICB) |
| 03. | Mrs. Jahanara Mizan Sinha | Member | Director |

DISCLAIMER

The newly promulgated Corporate Governance Code (Notification no BSEC/CMRRCD/2016-158/207/Admin/80; dated: 3 June 2018) issued by the Bangladesh Securities & Exchange Commission where by they directed to implement the codes before 31 December 2018. Accordingly, as per the decision of the Board, during the year ended on 30 June 2018, The ACME Laboratories Ltd. has complied with most of the points of said Code and full compliance of the code to be reflected in the next Annual Report.

APPRECIATION

The Board of Directors take this opportunity to appreciate Shareholders, Doctors, Customers, Bankers, Suppliers, Vendors, Insurance Companies, Employees, Regulatory Bodies including Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd.(DSE), Chittagong Stock Exchange Ltd.(CSE), Central Depository of Bangladesh Ltd. (CDBL), National Board of Revenue(NBR), Directorate General of Drug Administration & Licensing Authority (DGDA), Registrar of Joint Stock Companies and Firms (RJSC), Insurance Development and Regulatory Authority (IDRA) for their continued support and co-operation extended to us and sincerely look forward the same in future as well.

On behalf of the Board,



Mrs. Nagina Afzal Sinha
Chairman

A MANAGEMENT'S DISCUSSION AND ANALYSIS SIGNED BY CEO OR MD PRESENTING DETAILED ANALYSIS OF THE COMPANY'S POSITION AND OPERATIONS ALONG WITH A BRIEF DISCUSSION OF CHANGES IN THE FINANCIAL STATEMENTS

Accounting policies and estimation for preparation of Financial Statements

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the reported value of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates arise because of uncertainties inherent within them but this does not undermine reliability. However, the estimates and underlying assumptions are reviewed as an on-going basis and the revision is recognized in the year in which the estimates are revised.

Changes in accounting policies and estimation, describing the effect on financial performance or results and financial position as well as cash flows

The company selects accounting policies based on principles enunciated in the IAS or IFRS and followed them consistently year after year. Changes in the accounting policy are incorporated with the amendments, if any, in the IAS or IFRS by the IASB to keep the accounting policies in line with the principles stated in the IAS or IFRS or to comply the requirement of the statute. During the financial year 2017-2018, there is no change in accounting Policies and Estimates.

Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof

Amid a cut throat competition among the pharmaceutical companies in Bangladesh, in line with the growth of the pharmaceutical market in the country, the financial performance or results and financial position of the company is also growing. The related financial data for immediate preceding five years are as under:

| | 2017-2018 | | 2016-2017 | | 2015-2016 | | 2014-2015 | | 2013-2014 | |
|-----------------------------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|
| | Amount in BDT | Growth (%) | Amount in BDT | Growth (%) | Amount in BDT | Growth (%) | Amount in BDT | Growth (%) | Amount in BDT | Growth (%) |
| Revenue (in million) | 14,813.91 | 9.12% | 13,576.32 | 7.37% | 12,644.91 | 9.99% | 11,496.41 | 12.51% | 10,217.93 | 13.87% |
| Net Profit After Tax (in million) | 1,426.57 | 2.05% | 1,397.85 | 26.93% | 1,101.27 | 19.45% | 921.92 | 3.14% | 893.89 | 76.76% |
| Net Asset Value Per Share | 83.39 | 4.06% | 80.13 | 3.62% | 77.34 | 9.89% | 70.37 | 6.36% | 66.16 | 8.20% |
| EPS | 6.74 | 2.03% | 6.61 | 0.80% | 6.55 | 14.88% | 5.70 | 0.97% | 5.65 | 34.84% |
| Operating Cash Flows Per Share | 7.46 | 13.03% | 6.70 | 5.56% | 6.25 | -3.79% | 6.50 | 128.00% | 2.85 | -39.23% |

Overall business performance of the company has been found sustainable over the years. The reported revenue of the company stood at BDT 14,813.91 million in Financial Year 2017-2018 against BDT 10,217.93

million in Financial Year 2013-2014 indicating a Compound Annual Growth Rate (CAGR) is 9.73% in last five years.

The net profit growth, Net Assets Value per share (NAVPS), Earnings per Share (EPS) and other financial performance of the company is found remarkable over the last five years. Moreover, it has been revealed that the company has generated sufficient operating cash flows from its own source, which helped to meet its internal as well as external demand.

Comparison of financial performance or results and financial position as well as cash flows with the peer industry scenario

As most of the top leading Pharmaceutical Companies are Private Limited Company or Proprietorship Concern, therefore, they are not disclosing their financial data to the Public. Besides, current year financial data of the companies which are listed with Stock Exchanges are yet to publish. For this reason, it is difficult to make a comparison of financial performance or results and financial position as well as cash flows with the peer industries.

However, considering the overall Industry scenario it has been observed that financial results along with Financial Performance and Cash Flows of The ACME Laboratories Ltd. are consistently growing and sustainable.

Financial and Economic Scenario of the Country and the Globe

The International Monetary Fund (IMF) in its latest World Economic Outlook report (October, 2017) has given a more optimistic forecast for global economic growth. The IMF predicts 3.6 per cent global economic growth for the year 2017 followed by 3.7 percent the year 2018. It is now 10 years since the Global Financial Crisis (GFC), the greatest economic collapse which had been never seen.

The global pickup in activity that started in the second half of 2016 gained further momentum in the first half of 2017. Notable rise in investment, trade and industrial production coupled with enhanced business and consumer confidence are supporting the recovery of world economy.

Bangladesh is now on the cross road of development. Huge development works have been going on in different sectors. The economy of Bangladesh has been able to maintain economic growth despite of global financial crisis. According to the final estimate of Bangladesh Bureau of Statistics (BBS), the GDP growth of the year 2016-2017 stood at 7.28 percent, which is 0.17 percentage higher from 7.11 percent of the previous fiscal year.

According to the report of World Bank titled 'South Asia's Turn: Policies to Boost Competitiveness and Create the Next Export Powerhouse', Bangladesh can become an export powerhouse at the level of its East Asian neighbors by improving its business competitiveness and trade regime.

Development and democracy are complementary to each other. Active participation, cooperation and consolidated efforts are essential for development to continue. Effective and integrated effort of all has resulted in the increase of national income and allocation of national budget even in the backdrop of world economic recession.

As a part of development, the prospect of Bangladesh health sector is being reflected in various indicators. Life expectancy has reached to 71.8 years. Child mortality has reduced to 29 in per thousand live births. Previously, Bangladesh exported medicine to 85 countries. In 2016, the number increased to 125 including UK and USA.

Besides, some other sectors like Roads & Highway, Agriculture, Food & Industry, Power & Energy, Information Technology, Women and Children Development, Textile & Jute, Bangladesh has earned a significant growth over the last couple of years.

Considering the above circumstances, we are hopeful that the Pharmaceutical Market will get new dimension for its further growth and the Compound Annual Growth Rate (CAGR) will exceed 25% by the year 2025.

Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company

Risk Management

Efficient and effective Risk management is a part and parcel of today's business. As such, The ACME Laboratories Ltd. would be subject to systematic risks of the industry and market as well. The majority of these risks are commercial and business risks in nature that can be mitigated effectively. Such major risk factors and management approaches on the same are described in brief as under:

Operational Risk

ACME relies on suppliers for ingredients and various third parties for certain manufacturing-related services to produce material that meets appropriate content, quality and stability standards of the company products and after approval it is being released for commercial distribution. ACME may not be able to produce its drug substance or drug product to appropriate standards without the required supports from its suppliers and vendors. Again, if it fails to maintain important manufacturing and service relationships, may not find a replacement supplier or required vendor or develop Company's own capabilities which could delay or impair Company's ability to obtain regulatory approval for its products and substantially increase Company's costs or deplete profit margins, if any.

Management Perception

ACME has a good number of vendors and for each and every ingredient and service, the Company have more than one approved vendors. It uses to conduct vendor audit and its professionals are very conscious and concerned regarding the vendor issue. Further, none of the supplier accounts for significant amount of total purchases.

Interest Rate Risk

Interest rate risk is the risk that Company faces due to unfavourable movement in the interest rates. Changes in the government's monetary policy, along with increased demand for loans/investments tend to increase the interest rates. Such rises in interest rates mostly affect Companies having floating rate loans or Companies investing in debt securities.

Management Perception

In order to manage this risk and overcome it, the Company exercises prudence in its cash flow management, supported by continued strength in sales and marketing. ACME is very careful in forecasting the prices of ingredients and manages its costs in an effective manner. To maintain effective rate of return ACME also follow knowledge and information based products mix, so as to ensure that the debt repayments are met on schedule, even if the interest rates were to rise.

Exchange Rate Risk

Exchange rate risk occurs due to changes in foreign currency exchange rates. As the Company has taken foreign currency loan, imports major raw materials and some packing materials from abroad and earns most of the revenue in local currency, unfavourable volatility or fluctuation may affect the profitability of the Company. On the other hand, if exchange rate decreased against local currency opportunity will be created for generating more profit/surplus.

Management Perception

ACME earns some of its revenue in US dollars, thereby creating to built-up auto hedging scope. Besides, in case of significant BDT devaluation, to keep the cost to minimum, appropriate and responsible hedging mechanisms may be applied. However, if the price of the US dollar appreciates too sharply against the BDT, this will be a nation-wide phenomenon experienced by the entire industry. In such a scenario, there will be a market adjustment in end product prices, subject to the approval of the concerned authorities.

Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof

Pharmaceutical sector is technologically the most developed manufacturing industries in Bangladesh and the second largest industry in terms of contribution to government's exchequer. The industry contributes more than 1% of the total GDP. Pharmaceutical Industry of Bangladesh has come a long way in the past four decades and has already established itself in domestic as well as in global market.

Considering industry outlook and bright prospects, ACME has a succeeding development plan by utilizing the IPO proceeds for the following purposes:

- ▶ Steroid and Hormone Project
- ▶ Penicillin Project
- ▶ Active Pharmaceuticals Ingredients (API)

Among the above three projects, the company is expecting to start commercial operation of steroid & Hormone and Penicillin projects in the middle of 2019. Furthermore, extension unit of Solid Dosages is also going to launch in the same year.



Mizanur Rahman Sinha
Managing Director

CEPHALOSPORIN UNIT



HUMAN & HERBAL PRODUCTS



REARRANGEMENT OF IPO PROCEEDS

Information as per Prospectus:

It may be recalled that, The ACME Laboratories Ltd. issued the prospectus on 16 March 2016 in relation to the Initial Public Offering (IPO) of the Company's 50,000,000 Ordinary Shares for the listing with Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE).

In the Prospectus, it was disclosed under the head of "Use of Proceeds and Project Implementation Schedule" that the Company will issue 50,000,000 Ordinary Shares of BDT 10 each and raise BDT 409.60 Crore which will supposed to be used for the following purposes:

| Sl. No. | Projects | Cost Breakdown | Amount (in BDT Crore) |
|---------|---|-----------------------|-----------------------|
| 01. | Steroid and Hormone | Civil Construction | 33.58 |
| | | Machinery & Equipment | 59.86 |
| | | Utility | 33.96 |
| | | Warehouse | 3.95 |
| | | Vehicle | 0.50 |
| | | Consultancy | 2.63 |
| | | Contingencies | 1.32 |
| | | Sub-total | 135.80 |
| 02. | Oncology | Civil Construction | 33.58 |
| | | Machinery & Equipment | 36.70 |
| | | Utility | 35.00 |
| | | Warehouse | 5.00 |
| | | Vehicle | 0.50 |
| | | Consultancy | 2.21 |
| | | Contingencies | 1.11 |
| | | Sub-total | 114.10 |
| 03. | Ayurvedic, Modern Herbal and Nutraceuticals | Civil Construction | 41.75 |
| | | Machinery & Equipment | 85.72 |
| | | Utility | 40.40 |
| | | Warehouse | 1.10 |
| | | Vehicle | 0.50 |
| | | Consultancy | 3.39 |
| | | Contingencies | 1.69 |
| | | Sub-total | 174.55 |
| | Total Cost of the Projects | | 424.45 |
| 04 | IPO Expenses | | 6.83 |
| | Grand Total | | 431.28 |

Information as per Resolution of 40th Annual General Meeting:

In order to meet the requirements of local and global regulators and considering the greater interest of the Shareholders, the Board of Directors in its 64th Meeting held on 20 September 2016 recommended the proposal of partial change in use of IPO Proceeds. Accordingly, the shareholders in its 40th Annual General Meeting (AGM) held on 7 November 2016 approved the proposal of partial change in use of IPO Proceeds which was duly intimated to Bangladesh Securities and Exchange Commission and other regulators. As per partial change of IPO proceeds plan, the proposed utilization of IPO proceeds was as under:

| Name of The Projects & Others | Estimated cost of the Projects as per resolution of 40 th AGM (BDT in Million) |
|--|---|
| Steroid and Hormone | 1,358.00 |
| Penicillin | 400.00 |
| Active Pharmaceuticals Ingredients (API) | 1,355.23 |
| Repayment of Bank Borrowing | 1,360.00 |
| IPO Expenses | 68.29 |

Proposed Re-arrangement of IPO Proceeds:

Out of above mentioned 3 (three) projects, 2 (two) projects namely: Steroid & Hormone and Penicillin were supposed to be completed within June 2018 and within March 2018 respectively. However, due to adaptation of sophisticated technology, sourcing of suppliers for modern integrated machinery, the respective suppliers took excess time to make the shipment within the schedule timeframe and the date of shipment has been extended. As a result, the implementation works of above mentioned two projects were not completed within the mentioned time limit. As per terms and conditions of the Letter of Consent of Bangladesh Securities and Exchange Commission (BSEC), the Company stopped taking funds from the IPO proceeds from the middle of June 2018 for Steroid & Hormone project and April 2018 for Penicillin project. It is to be noted here that, after the aforementioned periods, all expenditures incurred for the purpose of said two projects were borne from the Company's organic source of funds.

Considering the greater interest of the Shareholders, the Board of Directors of the Company in its 93rd Meeting held on 2 October 2018 recommended to re-arrange the use of IPO proceeds and decided to complete the projects namely (a) Steroid & Hormone and (b) Penicillin within 30 June 2019, subject to the approval from the shareholders' in its 42nd Annual General Meeting and necessary intimation to the Commission and the Exchanges.

The recommendations of the Board regarding revised allocation of IPO Proceeds are as follows:

Proposed Utilization Plan of IPO Proceeds

Amount in BDT

| S.L | Name of the Projects & Others | Cost Breakdown | Previous Timeline | Proposed Timeline | Amount as per Last 40th AGM/ Prospectus | Amount as per Proposed utilization Plan |
|-----|--|-------------------------|---|-------------------|---|---|
| 1 | Steroid and Hormone Project | Civil Construction | Within 2 Years of Receiving IPO Fund, ie. 2018 | Within June 2019 | 335,800,000 | 334,934,878 |
| | | Machinery & Equipment | | | 598,600,000 | 933,900,000 |
| | | Utility | | | 339,600,000 | 353,700,000 |
| | | Warehouse | | | 39,500,000 | 21,986,000 |
| | | Vehicle | | | 5,000,000 | 5,000,000 |
| | | Consultancy fee | | | 26,300,000 | 1,200,000 |
| | | Contingencies | | | 13,200,000 | 9,870,308 |
| | | Sub Total | | | 1,358,000,000 | 1,660,591,186 |
| 2 | Penicillin Project | Civil Construction | Within the Month of March 2018 | Within June 2019 | 116,000,000 | 142,922,303 |
| | | Machinery & Equipment | | | 132,299,520 | 79,768,602 |
| | | Utility | | | 117,154,000 | 146,345,797 |
| | | Warehouse | | | 20,582,700 | 21,641,545 |
| | | Vehicle | | | 3,000,000 | 2,901,503 |
| | | Consultancy fee | | | 5,963,780 | 1,420,250 |
| | | Contingencies | | | 5,000,000 | 5,000,000 |
| | | Sub Total | | | 400,000,000 | 400,000,000 |
| 3 | Active Pharmaceuticals Ingredients (API) | Civil Construction | Within 2-3 Years after after getting permission from the Ministry of Industries | Within June 2022 | 347,860,000 | 355,637,304 |
| | | Machinery & Equipment | | | 493,000,000 | 250,495,241 |
| | | Utility | | | 409,400,000 | - |
| | | Warehouse | | | 38,500,000 | - |
| | | Vehicle | | | 3,000,000 | - |
| | | Consultancy fee | | | 23,635,200 | - |
| | | Contingencies | | | 12,917,600 | - |
| | | Initial Working Capital | | | 26,915,492 | - |
| | | Sub Total | | | 1,355,228,292 | 606,132,545 |
| 4 | Repayment of Bank Borrowing | | N/A | N/A | 1,360,000,000 | 1,360,000,000 |
| 5 | IPO Expenses | | N/A | N/A | 68,291,870 | 68,291,870 |
| | Total | | | | 4,541,520,162 | 4,095,015,601 |

Project wise proposed re-arrangement details are given below:

a. Steroid and Hormone Project:

- Initially the Cost of the Project was BDT 1,358.00 Million which has been increased to BDT 1,660.59 Million. Reason behind the increase of cost is adaptation of sophisticated technology, selection of manufacturer and macroeconomic factors as well.
- Rearrangement of cost breakdown among the sub-heads mentioned in the table;
- Fund has been used since middle of June 2018 from the organic source of the Company to retire Letter of Credits will be reimbursed from IPO funds.
- Revised timeline for completion of the project will be 30 June 2019.

b. Penicillin Project:

- i. Rearrangement of cost breakdown among the sub-heads mentioned in the table;
- ii. Fund has been used since April 2018 from the organic source of the Company to retire Letter of Credits will be reimbursed from IPO funds.
- iii. Revised timeline for completion of the project will be 30 June 2019.

c. Active Pharmaceuticals Ingredients (API) Project:

- i. Estimated project cost of Active Pharmaceuticals Ingredients (API) project is BDT 1,360.00 Million, out of which BDT 606.13 Million will be generated from IPO proceeds fund instead of earlier allocated fund of BDT 890.00 Million;
- ii. Rearrangement of cost breakdown among the sub-heads mentioned in the table;
- iii. Revised timeline for completion of the project will be 30 June 2022, as the implementation of the project is not possible by our Company alone, rather it is an API Park of different Companies and its infrastructure will be completed by the Government. As such, it is not possible to forecast accurately the timeline of the project. However, on the basis of current trend of development work, we are proposing the project completion time by June 2022.

d. Interest Income from FDR of use of IPO proceeds to be used as Working Capital of the projects subject to the approval of the Shareholders in its 42nd Annual General Meeting.

In this regard, the Board of Directors in its 93rd Meeting held on 2 October 2018 recommended to re-arrange the above mentioned IPO Proceeds subject to the approval of the Shareholder in the 42nd Annual General Meeting.



BLOW FILL SEAL (BFS)- LVP & SVP AND LIQUID & SEMI-SOLID UNITS



TRIPLE BOTTOM LINE (TBL) REPORTING

In ACME, we believe that there is more to business than just making profit. Long term business success and sustainability relies on economic value, environmental health, and social progress. Our values are rooted in the concept of the 'Triple Bottom Line' (TBL) and we assume ourselves accountable in relationship to Profit, Planet and People. We strongly believe that earning profit cannot be the only goal of any organization, well-being of the people and environments are also equally important. Moreover, it is our constitutional obligation as well to protect and improve the environment, bio-diversity etc. for the present and future citizen of Bangladesh. Hence, ACME has adopted Triple Bottom Line concept as its business philosophy.

The TBL dimensions synergistically include three Ps;

- PEOPLE – in the context of Society
- PLANET – in the context of Environment and/or Ecology
- PROFIT – in the context of Finance

PEOPLE

- ▶ Ensured zero discrimination in performance appraisal, career development process and hiring process to establish Equal Opportunity Employment (EOE) culture in workplace.
- ▶ Initiated Periodic Health Monitoring and Diagnosis Programs to ensure healthy workplace.
- ▶ Ensured appropriate PPE in Risky & Hazardous operational areas where almost zero non-compliance has been found by HSE monitoring team.
- ▶ In order to develop human resources and uphold the knowledge and skills of the medicinal plant Local Service Providers, the Company produced a comprehensive training manual titled, “প্রশিক্ষণ নিদেশিকা নির্বাচিত ঔষধি উদ্ভিদের পরিচিতি ও চাষাবাদ” in line with relevant WHO guideline. Another training manual has been developed namely, “ঔষধি উদ্ভিদ চাষিদের জন্য ব্যবহারিক শিক্ষা” targeting the illiterate and semi-illiterate farmers. The manual focused on Bengali alphabet learning, identification & cultivation technique of medicinal plants and other topics useful for the farmers (e.g. basic mathematics, weight & measures, primary health care, sanitation etc.).
- ▶ In order to meet the consistent practice of maintaining the quality standard of herbal raw materials the Company contributed for establishing Primary Collection & Multipurpose Centers and Sub Centers in the new areas of medicinal plant cultivation.
- ▶ Due to well understanding, good coordination and unique relationship between ACME and the medicinal plant growers despite of several constraints and natural disasters thousands of small and marginal farmers predominantly women have been producing huge quantity of selective herbs. They are regularly supplying medicinal plant materials to ACME and other medicine manufacturing companies of the country which provides additional income and also helping them to become self-reliant.
- ▶ Approximately BDT 210,000 has been spent for Graduate Students Internship Program (GSIP) in cash and kind.
- ▶ Introduced following employees' well-being programs:
 - BDT 91,599,771 was disbursed under the scheme of WPPF and WWF.
 - In addition to company's contribution, BDT 14,150,309 was spent, contributed by both Officers' and Directors' of the Company, to support deceased employee's family.
 - BDT 8,620,719 has been spent for the purpose of employee's group insurance.

PLANET

- ▶ Recycled approximately 5 Lac 40 thousand liters' water in a day through Effluent Treatment Plant.
- ▶ Reused approximately 16,000 liters RO (Reverse Osmosis) reject water, cooling water and steam condensed water for gardening in a day.
- ▶ Recycled all residues of herbs extraction and kitchen garbage and reduced the same by composting for re-using in the garden.
- ▶ As a consequence of conversion of inhaler facility from CFC based to HFA based, during the year 2017-2018 the company used 13,500 kg HFA gas through reducing the equivalent amount of CFC uses which is vital evils for global warming and ozone layer depletion.
- ▶ Saved energy consumption significantly through using energy saving electronic equipment (i.e. light, fan, computers, etc.)
- ▶ Minimized the risk of air pollution by using/installing HVAC systems in each and every manufacturing facility.
- ▶ The company is upgrading its Effluent Treatment Plant (ETP) facility to make it more environments friendly. For this purpose, in the coming year we are going to implement zero discharge ETP water from our plants.
- ▶ The Company signed agreement with two international NGOs namely, United Purpose and HEVETAS Swiss Inter-cooperation, in order to ignite cultivation of different medicinal plants including those are facing extinction crisis throughout the country for improving health of Human, animal, environment and biodiversity.

PROFIT

- ▶ Achieved 9.12% Sales growth during the year 2017-2018;
- ▶ During the year 2017-2018, Percentage of Net Profit to Net Sales ratio is 9.63;
- ▶ During the year 2017-2018, Earnings Per Share is BDT 6.74 on one Equity Share of BDT 10.00 each;
- ▶ Net Assets Value per share is BDT 83.39 as at 30 June 2018;
- ▶ Followed consistent dividend policy over the last three years. i.e. 35% cash dividend (proposed) during the year 2017-2018; 35% cash dividend for the years 2016-2017 and 2015-2016 respectively;

The Company is expecting that in the upcoming year, the company will commercially launch its Steroid & Hormone project, Penicillin project and extension unit of Solid Dosages project which will contribute to increase its profitability.



A world class facility to manufacture lifesaving Intravenous Fluids





41st AGM



Our performance

Business Journey

The ACME Laboratories Ltd., one of the oldest and top-ranking Pharmaceutical Companies of the Country, has been engaged in manufacturing, marketing and distribution of Pharmaceuticals formulation products. Initially, in the year 1954, the Company was a proprietorship concern engaged manufacturing in few oral liquid products. Later on, the enterprise converted into a Private Limited Company on 17 March 1976 and it was converted into a Public Limited Company on 30 November 2011.

ACME has an outstanding record of all-around excellence and growth in the relevant business activities. It is one of the largest manufacturer, distributor and exporter of Human, Herbal and Animal Health Pharmaceutical Products in Bangladesh and abroad. Since inception in 1954, it has been working relentlessly with a vision to ensure Health, Vigor and Happiness for all. The quality slogan of the Company is: “Perpetual Quest for Excellence”. The ACME Laboratories Ltd. is committed to maintain state-of-the-art manufacturing facilities for ensuring best quality products to the customers. ACME is committed to achieve excellence by proper execution of ISO 9001:2015 standard, WHO cGMP standard and best practices that are proven effective.

In the year 1999, the Company awarded ISO: 9001 certifications. In the same year, the Company launched its veterinary division. The Company added Dry Powder Inhaler (DPI) and Suppository to its product line in the year 2003 and Metered Dosage Inhaler (MDI) added its product line in the year 2004. The ACME Laboratories Ltd. was awarded ‘Enterprise of the Year – 2006’ organized by DHL and the Daily Star. In the year 2006, the Company started marketing Baby Zink which was a R&D of ACME and ICDDR. The Company added IV Infusion products in its products line in the year 2007.

In the way of success, in 2008, ACME family built another milestone in its core business activities by establishing The ACME Specialized Pharmaceuticals Limited (ASPL), a subsidiary of The ACME Laboratories Ltd., in order to cater upcoming national and global demand of various types of products and also to meet the challenges of 21st century. However, The Supreme Court of Bangladesh, High Court Division, vide its judgement dated 20.11.2013 approved the scheme of amalgamation of the “The ACME Specialized Pharmaceuticals Limited (ASPL)” (the transferor Company) with “The ACME Laboratories Ltd.” (the Transferee Company)” whereby the entire undertaking of the Transferor Company as a going concern together with all the assets and liabilities relating there to be transferred to and vest in the Transferee Company. In this regard, the Board of Directors of the Transferee Company and the Transferor Company in its respective meetings held on 27.12.2013 resolved that the books of accounts of the Transferor Company to be closed through transferring all balances to the books of the Transferee Company by/as of 31.01. 2014. The amalgamation pave the way for availing International Accreditation benefit for the products being produced in the ASPL unit with International GMP compliance as earlier enjoyed by the Company.

As a part of continuous improvement policy, the Company renewed and upgraded its ISO Certification to ISO 9001:2008 in the year 2009. The Company started functioning of its own distribution hub at Bogra, Rangpur, Barishal, Mymensingh, Brahmanbaria, Dhaka City North, Savar and Central sales center.

In the year 2011, the Company upgraded its MDI facility to HFA based from CFC based in order to make the project more environments friendly. On 4 November 2013, the Company has successfully completed and launched separate Cephalosporin facility. The facility of Blue Fill Seal (BFS) -LVP & SVP products already has been commissioned and commercially launched its productions in October 2014.

In the year 2016, the Company listed with Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE). Besides, the Company started the construction works of Steroid & Hormone and Penicillin projects during the year.

In the year 2017, The ACME Laboratories Ltd. endorsed with immense pleasure the certificate of up gradation of ISO standard from 9001:2008 to 9001:2015 version after a thorough audit of all relevant departments of Plant, Head Office and Depots by Orion Registrar, Inc., USA, “The Quality Management System is applicable to Marketing Human Resources and Supply chain etc. of Human and Veterinary Pharmaceutical products” of the Company.

In the year 2018, the Company received Certificate on Outstanding Contribution to the Mitigation of Climate Change from Global Climate Partnership Fund and The City Bank Limited Jointly.

In the next year, the Company is going to launch the products of its Steroid & Hormone project, Penicillin project and extension unit of Solid Dosages project which will contribute to increase its profitability.

Performance 2017-2018

During the financial year 2017-2018, revenue has been increased by 9.12% and reached to BDT 14,813.91 million, compared to BDT 13,576.32 million in 2016-2017. Gross profit margin is 39.64% and the net income ratio is 9.63%. The fixed assets has been increased by 15.84% implying higher capacity to generate future long-term economic benefits.

Net Assets Value per share has reached at BDT 83.39 and the Earnings per share (EPS) reached at BDT 6.74 as well.

In summary, during the Financial Year 2017-2018, the Company has met the target revenue and earning goals which was driven by an increasingly diversified portfolio of generic pharmaceuticals formulation products which include human, veterinary, premix and herbal drugs dosages.

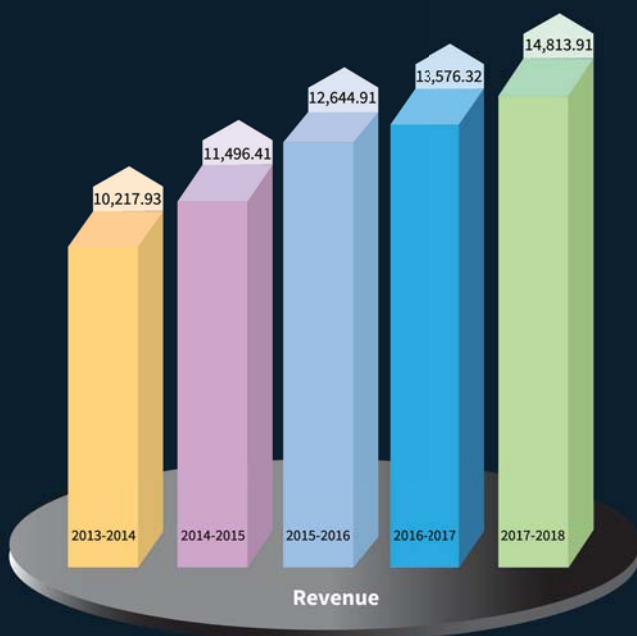
2017-2018 Performance at a glance



SELECTED GROWTH INDICATORS

BDT in million





VETERINARY PRODUCTS



INDUSTRY OUTLOOK AND GLOBAL PHARMA TREND

Pharmaceutical sector is technologically the most developed manufacturing industries in Bangladesh and the second largest industry in terms of contribution to government's exchequer. The industry contributes about 1.85% of the total GDP. Pharmaceutical Industry of Bangladesh has come a long way in the past four decades and has already established itself in domestic as well as in global market.

In the year 2015-2016 and 2016-2017, Bangladesh has achieved GDP growth rate of 7.11% and 7.28% respectively (Source: Bangladesh Bureau of Statistics). According to industry experts, market size of Pharmaceuticals may reach about BDT 330,000 million by 2020.

Pharmaceuticals industry of Bangladesh has tremendous opportunity to grow in the future. According to Zion Market Research, Global generic drug market is expected to grow at a CAGR of 10.8% from 2016 to 2021 and reach at USD 380.60 billion by 2021.

Bangladesh is enjoying good number of factors as competitive advantages like comfortable size of local market, competitive labor, available technical know-how, reasonable power costs, low costs white collar labor.

Population growth rate, growing income level of people and increase in modern health-care facilities, health awareness of the mass people and contract manufacturing service and export of pharmaceutical products are major drivers for future growth in pharma market in Bangladesh which logically attracts the scope for further growth in investment for expansion and development in this industry.

Once the API Park is completed, Bangladeshi companies would be able to produce substantial portion of their raw materials from the units of the said API park which will reduce the reliance of imports and lead time related to import of Raw Materials. Apart from this, we understand that from the said API Park Bangladesh will be able to export substantial quantity of Raw Materials to different countries. API Park will also create job opportunity for about 25,000 unskilled and semi-skilled labourers.

From the API Park, The ACME Laboratories Ltd. has already got the allotment of 3 plots against which we have started paying installments as per their schedule. Besides, we have contributed for the central Effluent Treatment Plant (ETP) which will be constructed jointly by all the plot owners.



Our role in Bangladesh

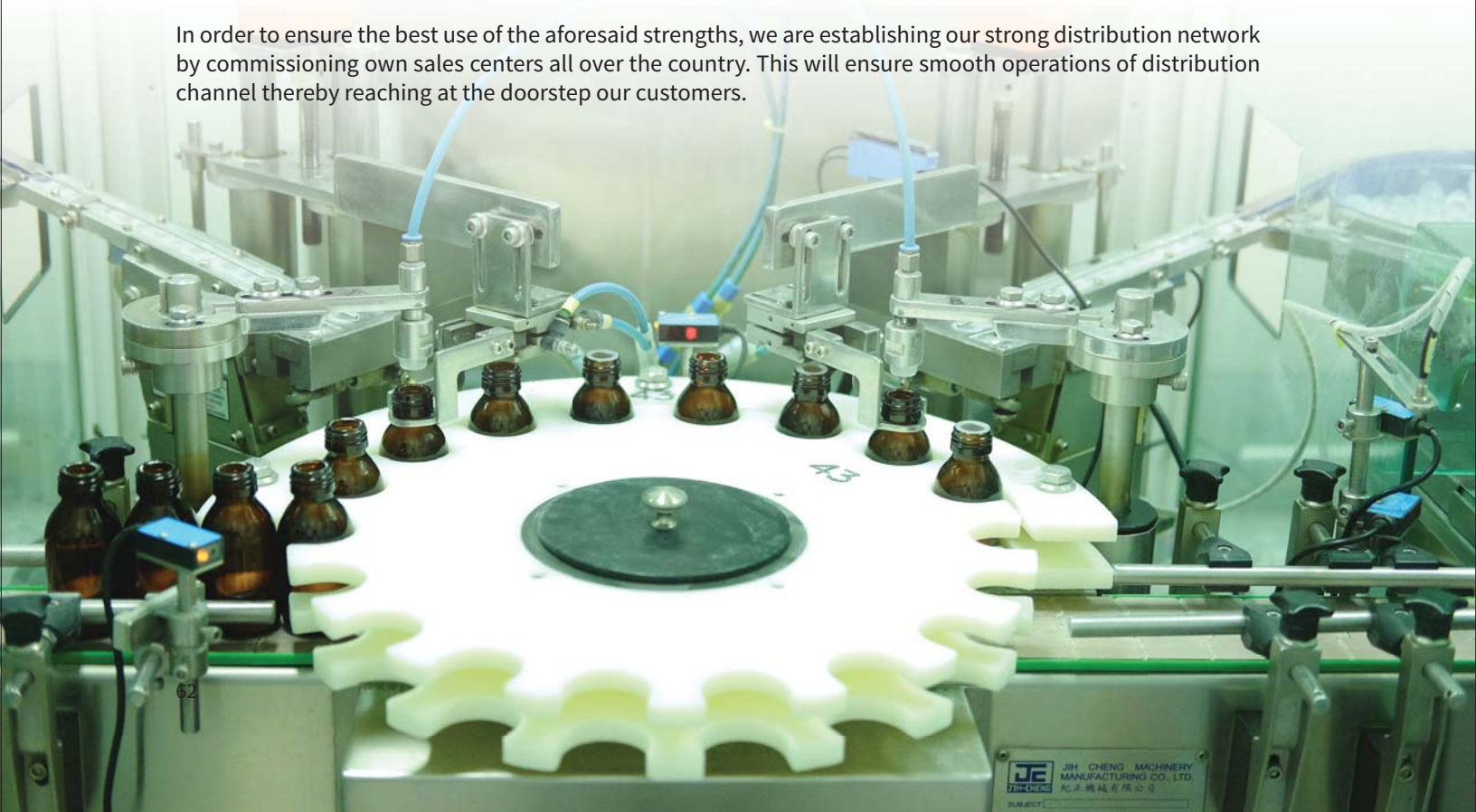
In line with the growth of the market, ACME has invested in quality, lab equipment and human resources to raise the standard up to international level, which will enable us to enter into developed and highly regulated markets.

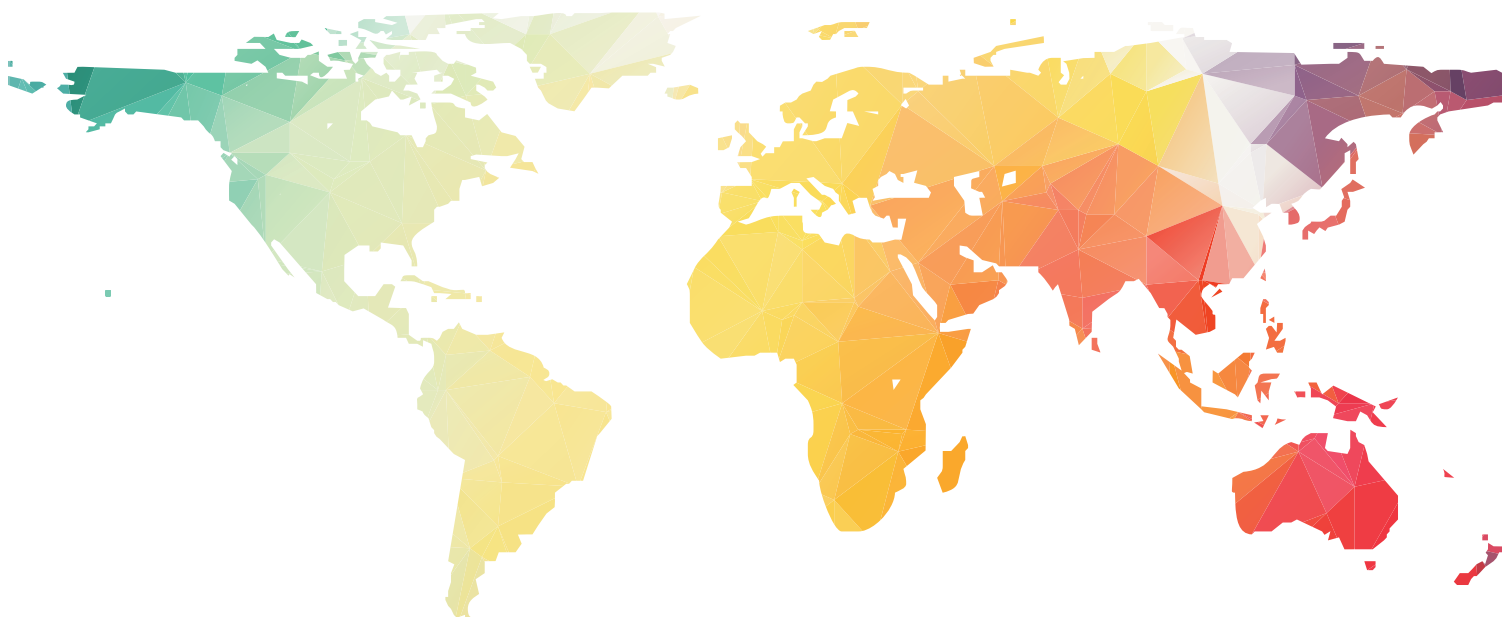
From 2010 phase-wise, ACME has been introducing “Integrated Pharmaceutical Marketing - Ideas for New Vision” as its main business philosophy. Integrated Marketing serves the whole business. The operating policies, values, decision-making and practices of promotion, medical education, public relations, the sales force, personnel of other divisions of the Company and Customer Relationship Management (CRM) technology should be aligned around a service based ideal marketing.”

ACME's Marketing & Distribution Strengths

- Novel Mission, Vision and Commitments
- Over 64 years Company brand image
- Consistent Quality Policies
- Fool-proof scientific integrated marketing strategy
- Time-tested high quality products
- Excellent relationship with doctors, chemists and other concerned persons.
- Mega sales force comprising of more than three thousand experienced, skilled and devoted persons.
- World class manufacturing facilities
- Comprehensive marketing and distribution network (Both in domestic and international markets)
- Cultivation of medicinal plant over the northern area and hill tracks of the country that helps to conserve the nature.
- Divers range of products along with enhancement of products range through introduction of new products in product basket.

In order to ensure the best use of the aforesaid strengths, we are establishing our strong distribution network by commissioning own sales centers all over the country. This will ensure smooth operations of distribution channel thereby reaching at the doorstep our customers.





Expanding the Horizon

ACME's relentless efforts alleviated the Company to establish strong footing in the domestic market which also facilitated to expand its scope in the global market. The first export of the Company went to Bhutan in the year 1995. Following this, now it exports its products around 20 countries across continents and many other countries in Asia, Europe, Africa, and Latin America are under exploration. As a top ranking Pharmaceuticals Company, ACME is continuously trying to strengthen its competencies and enhancing its capacity horizontally as well as vertically. It has established sophisticated cutting edge technologies which comply with WHO, cGMP, UK MHRA, US FDA and European Standards.

For enhancing the capacity of the Company, the Company has planned and accordingly in some cases necessary steps has already been taken to add some other products by implementing number of new projects; those projects will not only strengthen the footing of ACME but also advance the Pharmaceutical industry of the country as a whole. These projects are:

- Steroid and Hormone
- Penicillin
- Active Pharmaceuticals Ingredients (API)
- Extension Unit of Solid Dosages
- Oncology
- Ayurvedic, Modern Herbal & Neutraceuticals

With the implementation of these projects, ACME will not only fulfill the domestic demands but also will be able to serve the global markets.

Strategy and Outlook

Business development initiatives

We are dedicated to capitalizing on growth opportunities by progressing our own pipeline and maximizing the value of our in-line products. We view our business development activity as an enabler of our strategies, and we seek to generate profitable revenue growth and enhance shareholders value by pursuing a disciplined, strategic and financial approach to evaluating business development opportunities.

Considering the market demand, the Company is going to commission its utmost project like Steroid & Hormone, Penicillin and extension unit of Solid Dosages in the middle of 2019. After commissioning the aforesaid three projects, the Company is being strengthened its capacity which will contribute more to fulfill local and global demand as well. Besides, we have medium term high-priority on therapeutic areas and new projects like Oncology and Ayurvedic, Modern Herbal & Neutraceuticals. We assess our businesses and assets as part of our regular, ongoing portfolio review process and also continue to consider business development activities for our businesses.

Guidance for 2018-2019

- Ensure maximization of shareholders wealth through increasing operational performance;
- Effective application of Corporate Governance Code;
- Compliance of Financial Reporting and Disclosure;
- Establishment of Strong brand and Company image through quality products;
- Strengthening our existing market share, cope with the changing scenario in the pharmaceuticals industry to ensure higher business growth, transparency and launching of new products and services for our existing and potential customers;
- Seek new ways of working to improve efficiency and ensure sustainability;
- Provide utmost efforts, by all available means, for stabilization and development of our position in both local and global pharma market;
- Ensure commercial operation and best utilization of newly developed facilities like Steroid & Hormone, Penicillin and Extension unit of Solid Dosages projects.
- Continue to grow the net asset value of the Company and increase earnings per share by:
 - maximizing free cash flow from existing operations;
 - enhancing export by penetrating new markets and exploiting contract manufacturing opportunities;
 - advancing our pipeline of compliance and capacity building projects;
 - Continue trend of strong earnings and cash flow generation;
- Providing Priority to facilitate efficient distribution network.

The ACME Laboratories Ltd., as a responsible enterprise is committed to the conservation of nature and the growth of society. The Company is involved in a series of activities including plantation of medicinal and Herbal plants, training, poverty alleviation, women empowerment and education.

CANTEEN & TRAINING CENTER





SALES CENTER



REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE 2017-2018

Audit Committee of the Board

In compliance with the Bangladesh Securities and Exchange Commission (BSEC) notification on Corporate Governance, the Board of Directors of The ACME Laboratories Ltd. formed the Audit Committee (AC) to provide independent oversight of the Company's Financial Reporting, Internal Control Systems and compliance to governing rules and law etc.

The Committee was comprised of Ms. Fouzia Haque, FCA (Independent Director & Chairman of Audit Committee), Syed Shahed Reza (Independent Director & Member of Audit Committee) and Mr. Kazi Sanaul Hoq (Nominee Director of ICB & Member of Audit Committee). All members of the present Committee are non-executive Directors and the Chairman of Audit Committee is an Independent Director. As required, all members of the Audit Committee are 'Technically Sound, Literate and Financially Solvent.' and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities.

Purpose of Audit Committee

The role of the Audit Committee is to monitor the integrity of the financial statements of the Company and review and make recommendations to the Board on business risks, internal controls and compliance. The Committee satisfies itself, by means of suitable steps and appropriate information, that proper and satisfactory internal control systems are in place to identify and contain business risks and that the Company's business is conducted in a proper and financially sound manner. The Audit Committee assists the Board of Directors to ensure that the financial statements reflect a true and fair view of the state of affairs of the Company and ensuring a good monitoring system within the business. The Audit Committee is responsible to the Board of Directors. The duties of the Audit Committee are clearly set forth in writing.

Responsibilities and Duties

The responsibilities and duties of the Audit Committee are:

Financial Reporting

- To review the quarterly and annual financial statements of the Company, focusing particularly on:
 - Any significant changes to accounting policies and practices;
 - Significant adjustments arising from the audits;
 - Compliance with applicable Financial Reporting Standards and other legal and regulatory requirements; and
 - The going concern assumption.

Related Party Transactions

- To review statement of significant related party transactions submitted by the management and conflict of interest situations that may arise within the Company, including any transaction, procedure or code of conduct that may raise questions of management integrity.

Audit Reports

- To prepare the annual Audit Committee report and submit to the Board which includes the composition of the Audit Committee, its terms of reference, number of meetings held, a summary of its activities and the existence of internal audit services and summary of the activities for inclusion in the Annual Report; and
- To review the Board's statements on compliance with the BSEC Codes of Corporate Governance for inclusion in the Annual Report.

Internal Control

- To consider annually the Risk Management Framework adopted within the Company and to be satisfied that the methodology deployed allows the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Company to minimize losses and maximize opportunities;
- To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored;
- To review the extent of compliance with established internal policies, standards, plans and procedures including, for example, the Company's Standards of Business Conduct;
- To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the Company; and
- To recommend to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the Audit Committee itself.

Internal Audit

- To be satisfied that the strategies, plans, manning and organization for internal auditing are communicated down through the Company. Specifically:
 - To review the internal audit plans and to be satisfied as to their consistency with the Risk Management Framework used and adequacy of coverage;
 - To be satisfied that the Internal Audit has the competency and qualifications to complete its mandates and approved audit plans.
 - To review status reports from the Internal Audit and ensure that appropriate actions have been taken to implement the audit recommendations;
 - To recommend any broader reviews deemed necessary as a consequence of the issues or concerns identified;
 - To ensure that Internal Audit has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties; and
 - To request and review any special audit which it deems necessary.

External Audit

- To review the external auditors' audit play nature and scope of the audit plan, audit report, evaluation of internal controls and coordination of the external auditor. The Audit Committee will consider a consolidated opinion on the quality of external auditing at one of its meetings;

- To review with the external auditor the Statement on Risk Management and Internal Control of the Company for inclusion in the Annual Report;
- To review any matters concerning the appointment and re-appointment, audit fee and resignation or dismissal of the external auditor;
- To review and evaluate factors related to the independence of the external auditor and assist them in preserving their independence;
- To be advised of and decide to or not to make significant use of the external auditor in performing non-audit services within the Company, considering both the types of services rendered and the fees, so that its position as auditor is not deemed to be compromised; and
- To review the external auditors' findings arising from audits, particularly any comments and responses in management letters as well as the assistance given by the employees of the Company in order to be satisfied that appropriate action is being taken.

Other Matters

To act on any other matters as may be directed by the Board.

REPORTING OF THE AUDIT COMMITTEE

Reporting to the Board of Directors:

- The Audit Committee reports on its activities to the Board of Directors. The Audit Committee immediately reports to the Board of Directors on the following findings, if any:
 - Report on conflicts of interests;
 - Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;
 - Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;
 - Any other matter which the audit committee deems necessary shall be disclosed to the Board immediately.

Reporting to the Authorities

The Audit Committee reports to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the Management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Committee shall reports such findings to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.

Reporting to the Shareholders and General Investors

Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 5(6)(a)(ii) of the BSEC Corporate Governance Notification during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the Annual Report of the Issuer Company.

Authority

The Audit Committee is authorized by the Board to review any activity within the business as per its terms of reference. It is authorized to seek any information or attendance it requires from any director or member of management at any of its meetings. All employees are expected to cooperate with any request made by the Committee. The Committee is also authorized to have information and advice from the Company's Legal Advisor, Tax Consultant and Statutory Auditor if required. The terms of reference of Audit Committee may be amended from time to time as required for the business in line with BSEC notifications subject to approval by the Board.

Meeting Attendance

The Audit Committee met with the internal auditors on an annual basis without any Member of the Management being present. The Company Secretary is the Member Secretary of the Audit Committee, who facilitates the Chairman and other members for effective functioning of the Committee as per its terms of reference as well as Corporate Governance notification of BSEC. The details of attendance of each member at the Audit Committee meetings during 2017-2018 are given below:

| Name of Directors | Position | No. of Meetings held | No. of Meetings attended |
|-----------------------|----------|----------------------|--------------------------|
| Ms. Fouzia Haque, FCA | Chairman | 06 | 06 |
| Mr. Kazi Sanaul Hoq | Member | 06 | 05 |
| Syed Shahed Reza | Member | 06 | 04 |

Summary of Activities during the Year

In 2017-2018 the Audit Committee reviewed its terms of reference in line with requirements of BSEC notification on Corporate Governance. The Audit Committee carried out its responsibilities and duties in accordance with the terms of reference and carried out the following activities in the year 2017-2018.

Financial Reporting

Reviewed the Quarterly and Annual Financial Statements of the Company focusing on particularly significant changes to accounting policies and practices, adjustments arising from the audit compliance with accounting standards and other legal requirements before recommending them to the Board of Directors for approval and concluded that the financial statements presented a true and fair view of the Company's financial performance.

Internal Control

- Reviewed the Company's Risk Management Programme, including deep drive into the key functional risks for the Company and Risk Management Programme work plan.
- Reviewed and recommended to the Board steps to improve the Company's changes to accounting policies and practices, adjustments arising from the audits.
- Received updates on breaches of the Standards of Business Conduct and whistle blowing incidents.

Internal Audit

- Reviewed internal audit plans as to their consistency with the Risk Management Framework used and adequacy of coverage.
- Reviewed status reports from internal audit to ensure that appropriate actions had been taken to implement the audit recommendations.
- Reviewed and enhanced the internal control processes. Where appropriate, the Audit Committee instructed to rectify and improve the internal control processes based on internal audit.

External Audit

- Reviewed the Company's monthly report, conducted by the external auditor on use of IPO proceeds, quarterly and annual financial statements focusing on findings arising from audits, particularly comments and responses in the management letter as well as assistance given by the employees of the Company before recommending them to the Board of Directors for approval.
- Reviewed the external auditors' audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and coordination of the external auditor.
- Reviewed the external auditors' findings arising from audits, particularly comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.
- Exercised its right to hold meetings with the external auditor (private audience with statutory auditor) without the presence of the Executive Directors or management. These private sessions help to reinforce the independence of the external audit function of the Company.
- Reviewed the overall performance of the external auditor for the year 2017-2018.

Related Party Transactions

- Reviewed reports of related party transactions and possible conflict of interest transactions to ensure that all related party transactions are undertaken on an arm's length basis and on normal commercial terms, consistent with the Company's usual business practices and policies, which are generally not more favorable than those generally available to the public and other suppliers and are not detrimental to the minority shareholders.
- Periodically reviewed recurrent related party transactions to ensure that they are undertaken on an arm's length basis and on normal commercial terms.
- Reviewed the estimated recurrent related party transactions mandate for the running year and recommended to the Board to seek shareholders mandate at the upcoming Annual General Meeting of the Company.

Ethical and Integrity Areas

- Deliberated on reports on Whistle Blowing and Standards of Business Conduct Breach incidents.
- Deliberated on the security and safety matters and loss reports.
- Deliberated on the Environmental Health and Safety review reports.

Annual Reporting

- Reviewed disclosures required by the Statement on Corporate Governance, Audit Committee Report, Standards of Business Conduct, Statement on Risk Management and Internal Control for the financial year ended 30 June 2018 for inclusion in the Annual Report for the year 2017-2018 and recommended their adoption by the Board.

Focus Internal Audit

The role of Internal Audit for the Company is designed in line with the laws of the land. This approach ensures a high level of independence and gives access to more skilled and specialized resources than would otherwise be available within the Company. The Audit Committee formally approves the internal audit plan and reviews the plan on a quarterly basis. Any subsequent changes to the internal audit plan are approved by the audit committee. The scope of Internal Audit covers the audits of all divisions and operations. Internal Audit adopts a risk-based approach towards the planning and conduct of audits which is consistent with the Company's established framework in designing, implementing and monitoring its control systems. Other main activities performed by the Internal Audit are as follows:

- Undertake special reviews requested by the Audit Committee and/or management.
- Review the findings and action plans resulting from internal audits.
- During the financial year, the audits conducted by Internal Audit are as follows:
 - Field Force Management;
 - Health & Safety;
 - Requisition to Pay;
 - Record to Report.

This Audit Committee Report is made in accordance with the resolution of the Board of Directors on 2 October 2018.



Ms. Fouzia Haque, FCA
Chairman of Audit Committee

VALUE ADDED STATEMENT

Value Added Statement (VAS) for the year ended 30 June 2018

The value added statement for the Company shows the value is created and distributed among different stakeholders of the Company.

Gross Turnover & Other Income
Less: Brought in Material & Services
Total value added

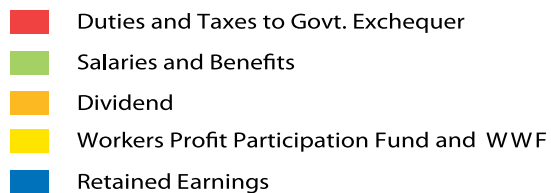
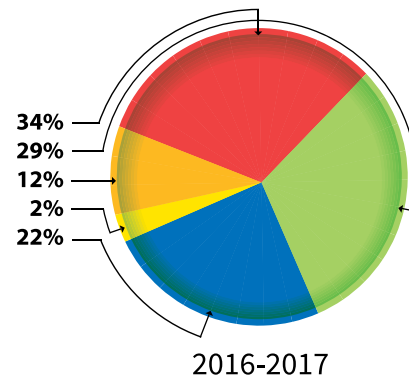
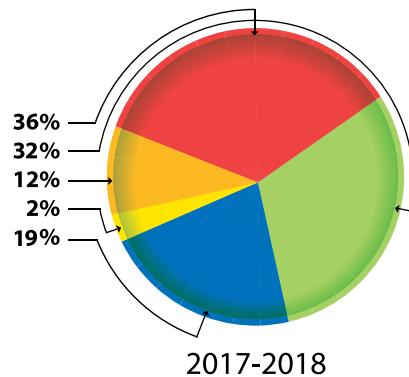
Application:

Duties and Taxes to Government Exchequer
Salaries and Benefits
Dividend
Workers Profit Participation Fund and WWF
Retained Earnings

(BDT in Thousand)

| 2017-2018 | | 2016-2017 | |
|------------------|-------------|------------------|-------------|
| Amount | % | Amount | % |
| 17,161,376 | 61.3% | 15,855,974 | 61.9% |
| 10,832,776 | 38.7% | 9,764,484 | 38.1% |
| 6,328,600 | 100% | 6,091,489 | 100% |

| | | | |
|------------------|-------------|------------------|-------------|
| 2,267,861 | 36% | 2,092,201 | 34% |
| 2,035,164 | 32% | 1,787,897 | 29% |
| 740,606 | 12% | 740,606 | 12% |
| 97,742 | 2% | 101,778 | 2% |
| 1,187,227 | 19% | 1,369,008 | 22% |
| 6,328,600 | 100% | 6,091,489 | 100% |





ACME

**The ACME Laboratories Ltd.**

MANUFACTURERS OF ETHICAL DRUGS & MEDICINES

ISO 9001: 2015 CERTIFIED COMPANY

Annexure-A

[As per condition No. 1(5) (xxvi)]

Date: 02.10.2018

The Board of Directors
The ACME Laboratories Limited
¼, Kallyanpur, Mirpur Road
Dhaka-1207, Bangladesh

Subject: Declaration on Financial Statements for the year ended on 30 June 2018

Dear Sirs,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- 1) The Financial Statements of The ACME Laboratories Limited for the year ended on 30 June 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- 2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- 3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- 5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- 6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Corporate Office:
Court de la ACME
1/4 Kallayanpur, Mirpur Road
Dhaka-1207, Bangladesh.
Phone : +88-02-9004194-6
Fax : +88-02-9016872
E-mail : headoffice@acmeglobal.com

www.acmeglobal.com
Page 1 of 2

Plant:
Dhamrai, Dhaka, Bangladesh.
Phone : +88-02-7730881-2
+88-02-7730816-7, 7730142
Fax : +88-02-7730141
E-mail : plant@acmeglobal.com



The ACME Laboratories Ltd.

MANUFACTURERS OF ETHICAL DRUGS & MEDICINES

ISO 9001: 2015 CERTIFIED COMPANY

In this regard, we also certify that: -

- (i) We have reviewed the financial statements for the year ended on 30 June 2018 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,


Md. Arshadur Kabir FCA
Head of Finance and Accounts


Mizanur Rahman Sinha
Managing Director

Corporate Office:
Court de la ACME
1/4 Kallayanpur, Mirpur Road
Dhaka-1207, Bangladesh.
Phone : +88-02-9004194-6
Fax : +88-02-9016872
E-mail : headoffice@acmeglobal.com

www.acmeglobal.com
Page 2 of 2

Plant:
Dhamrai, Dhaka, Bangladesh.
Phone : +88-02-7730881-2
+88-02-7730816-7, 7730142
Fax : +88-02-7730141
E-mail : plant@acmeglobal.com



ACI



এম, জেড, ইসলাম এন্ড কোং
M.Z. ISLAM & CO.
chartered accountants

Eastern View (10th Floor)
50 D.I.T. Extension Road, Nayapaltan
Dhaka-1000, Tel : 880-2-9350992, 9330365
Cell: 01712 000 588, 01972 000 588
E-mail : mzislam.ca@gmail.com, afakrul@yahoo.com

REPORT TO THE SHAREHOLDERS OF THE ACME LABORATORIES LIMITED ON COMPLIANCE ON THE CORPORATE GOVERNANCE CODE

We have examined the compliance status to the Corporate Governance Code by **The ACME Laboratories Limited** for the year ended on **30 June 2018**. This Code relates to the Notification No.BSEC/CMRRCD/2006-158/207/Admin/80; dated: **3 June 2018** of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- The company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the company as required under: the Companies Act, 1994, the securities laws and other relevant laws; and
- The governance of the company is highly satisfactory.

M. Z. ISLAM & CO.
Chartered Accountants

Dated : 30th October, 2018
Place : Dhaka



Annexure -C

[As per condition No.1 (5) (xxvii)]

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80; dated: 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition NO.9)

| Condition No. | Title | Compliance Status (Put “√” in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 1. | BOARD OF DIRECTORS: | | | |
| 1.1. | The total number of members of a company’s Board of Directors (hereinafter referred to as “Board”) shall not be less than 5 (five) and more than 20 (twenty). | √ | | |
| 1.2. | Independent Directors: All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following: | | | |
| 1.2(a) | At least 1/5th of the total number of Directors in the Company’s Board shall be as Independent Directors; | √ | | |
| 1.2(b)(i) | Independent Director does not hold any share or holds less than one percent (1%) shares of the total paid-up Shares of the Company; | √ | | |
| 1.2(b)(ii) | Independent Director is not a Sponsor of the Company or is not connected with the Company’s any Sponsor or Director or Nominated Director or Shareholder of the Company or any of its associates, sister concern, subsidiaries and parents or holding entities who holds 1% or more shares to the total paid-up share of the Company on the basis of family relationship and his/her family members all shall not hold above mentioned shares in the company | √ | | |
| 1.2(b)(iii) | Independent Director should not be an executive of the Company in immediately preceding 2 (two) financial years; | √ | | |
| 1.2(b)(iv) | Independent Directors does not have any other relationship, whether pecuniary or otherwise, with the Company or its Subsidiary or Associated Companies; | √ | | |
| 1.2(b)(v) | Independent Director is not a member or TREC (Trading Right Entitlement Certificate) holder, Director or Officer of any Stock Exchange; | √ | | |
| 1.2(b)(vi) | Independent Director is not a shareholder, Director excepting independent director or officer of any member or TREC holder of Stock Exchange or an intermediary of the Capital Market; | √ | | |

| Condition No. | Title | Compliance Status (Put “√” in the appropriate column) | | Remarks (if any) |
|----------------|---|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 1.2(b)(vii) | Independent Director is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned Company’s Statutory Audit Firm or Audit Firm engaged in Internal Audit Services or Audit Firm conducting Special Audit or Professional certifying compliance of this Code; | √ | | |
| 1(2)(b)(viii) | Independent Director is not Independent Director in more than 5 (five) Listed Companies; | √ | | |
| 1(2)(b)(ix) | Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a Bank or a Non-Bank Financial Institution (NBFI); | √ | | |
| 1(2)(b)(x) | Independent Director has not been convicted for a criminal offence involving moral turpitude; | √ | | |
| 1(2)(c) | The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM); | √ | | |
| 1(2)(d) | The post of Independent Director(s) cannot remain vacant for more than 90 (ninety) days; | √ | | |
| 1(2)(e) | The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only; | √ | | |
| 1(3) | Qualification of Independent Director:- | | | |
| 1(3)(a) | Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business; | √ | | |
| 1(3)(b) | Independent Director shall have following qualifications: | | | |
| 1(3)(b)(i) | Business Leader who is or was a Promoter or Director of an unlisted Company having minimum paid-up capital of Tk. 100.00 million or any listed Company or a member of any National or International Chamber of Commerce or Business Association; | √ | | |
| 1(3)(b)(ii) | Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted Company having minimum paid up capital of Tk. 100.00 million or of a Listed Company; | √ | | |

| Condition No. | Title | Compliance Status (Put “√” in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 1(3)(b)(iii) | Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; | √ | | |
| 1(3)(b)(iv) | University Teacher who has educational background in Economics or Commerce or Business Studies or Law; | | | |
| 1(3)(b)(v) | Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification; | √ | | |
| 1(3)(c) | The Independent Director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b); | √ | | |
| 1(3)(d) | In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission. | √ | | N/A |
| 1(4) | Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:- | | | |
| 1(4)(a) | The positions of the Chairperson of the Board and the Managing Director (MD) and / or Chief Executive Officer (CEO) of the company shall be filled by different individuals. | √ | | |
| 1(4)(b) | The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed Company shall not hold the same position in another listed Company; | √ | | |
| 1(4)(c) | The Chairperson of the Board shall be elected from among the non-executive directors of the Company; | √ | | |
| 1(4)(d) | The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and or Chief Executive Officer; | √ | | |
| 1(4)(e) | In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive Directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | √ | | |
| 1(5) | The Directors' Report to Shareholders | | | |
| 1(5)(i) | An Industry outlook and possible future developments in the industry; | √ | | |
| 1(5)(ii) | Segment-wise or product-wise performance; | √ | | |

| Condition No. | Title | Compliance Status (Put “√” in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 1(5)(iii) | Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any; | √ | | |
| 1(5)(iv) | A discussion on Cost of Goods sold, Gross profit Margin and Net Profit Margin, where applicable; | √ | | |
| 1(5)(v) | A discussion on continuity of any extraordinary activities and their implications (gain or loss); | √ | | |
| 1(5)(vi) | A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions; | √ | | |
| 1(5)(vii) | A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments; | √ | | |
| 1(5)(viii) | An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering(RPO), Rights Share Offer, Direct Listing, etc. | √ | | |
| 1(5)(ix) | An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements; | √ | | |
| 1(5)(x) | A statement of remuneration paid to the directors including Independent Directors; | √ | | |
| 1(5)(xi) | A statement that the financial statements prepared by the management of the Issuer Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity; | √ | | |
| 1(5)(xii) | A statement that proper books of account of the Issuer Company have been maintained; | √ | | |
| 1(5)(xiii) | A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment; | √ | | |
| 1(5)(xiv) | A Statement that International Accounting Statement (IAS) /International Financial Reporting standard (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed; | √ | | |
| 1(5)(xv) | A statement that the system of internal control is sound in design and has been effectively implemented and monitored; | √ | | |

| Condition No. | Title | Compliance Status (Put “√” in the appropriate column) | | Remarks (if any) |
|----------------|--|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 1(5)(xvi) | A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress; | √ | | |
| 1(5)(xvii) | A statement that there is no significant doubts upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons thereof shall be disclosed; | √ | | |
| 1(5)(xviii) | An explanation that significant deviations from the last year's operating results of the Issuer Company shall be highlighted and the reasons there of shall be explained; | √ | | |
| 1(5)(xix) | A statement where key operating and financial data of at least preceding 5 (Five) years shall be summarized; | √ | | |
| 1(5)(xx) | An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year; | | | |
| 1(5)(xxi) | Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend; | √ | | |
| 1(5)(xxii) | The total number of Board Meetings held during the year and attendance by each Director shall be disclosed; | √ | | |
| 1(5)(xxiii) | A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:- | √ | | |
| 1(5)(xxiii)(a) | Parent or Subsidiary or Associated Companies and other related parties (name-wise details); | √ | | |
| 1(5)(xxiii)(b) | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details); | √ | | |
| 1(5)(xxiii)(c) | Executives; | √ | | |
| 1(5)(xxiii)(d) | Shareholders holding ten percent (10%) or more voting interest in the Company (name-wise details); | √ | | |
| 1(5)(xxiv) | In case of the appointment or re-appointment of a Director, a disclosure on the following information to the Shareholders:- | √ | | |
| 1(5)(xxiv)(a) | A brief resume of the Director; | √ | | |
| 1(5)(xxiv)(b) | Nature of his/her expertise in specific functional areas; | √ | | |
| 1(5)(xxiv)(c) | Names of Companies in which the person also holds the Directorship and the Memberships of Committees of the Board; | √ | | |

| Condition No. | Title | Compliance Status (Put “√” in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 1(5)(xxv) | A Management’s Discussion and Analysis signed by CEO or MD presenting detailed analysis of the Company’s position and operations along with a brief discussion of changes in the Financial Statements, among others, focusing on: | √ | | |
| 1(5)(xxv(a)) | Accounting policies and estimation for preparation of Financial Statements; | √ | | |
| 1(5)(xxv(b)) | Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes; | √ | | |
| 1(5)(xxv(c)) | Comparative analysis (including effect of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof; | √ | | |
| 1.(5)(xxv(d)) | Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario; | √ | | |
| 1(5)(xxv(e)) | Briefly explain the financial and economic scenario of the country and the globe; | √ | | |
| 1(5)(xxv(f)) | Risks and concerns issues related to the financial statements, explaining such risks and concerns mitigation plan of the Company; | √ | | |
| 1(5)(xxv(g)) | Future plan or projection or forecast for Company’s operation, Performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM; | √ | | |
| 1(5)(xxvi) | Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A ; | √ | | |
| 1(5)(xxvii) | The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C. | √ | | |
| 1(6) | Meetings of the Board of Directors | | | |
| | The Company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code. | √ | | |

| Condition No. | Title | Compliance Status (Put “√” in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 1(7) | Code of Conduct for the Chairperson, other Board members and Chief Executive Officer | | | |
| 1(7)(a) | The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the Company; | √ | | |
| 1(7)(b) | The code of conduct as determined by the NRC shall be posted on the website of the Company including, among others, prudent conduct and behavior; confidentiality, conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency. | √ | | |
| 2. | GOVERNANCE OF BOARD OF DIRECTORS OF SUBSIDIARY COMPANY:- | | | |
| 2(a) | Provisions relating to the composition of the Board of the holding Company shall be made applicable to the composition of the Board of the subsidiary Company; | | | N/A |
| 2(b) | At least 1 (one) Independent Director on the Board of the holding Company shall be a Director on the Board of the Subsidiary Company; | | | N/A |
| 2(c) | The minutes of the Board Meeting of the Subsidiary Company shall be placed for review at the following Board meeting of the Holding Company; | | | N/A |
| 2(d) | The minutes of the respective Board meeting of the holding Company shall state that they have reviewed the affairs of the Subsidiary Company also; | | | N/A |
| 2(e) | The Audit Committee of the Holding Company shall also review the Financial Statements in particular the investments made by the Subsidiary Company. | | | N/A |
| 3. | MANAGING DIRECTOR (MD) OR CHIEF EXECUTIVE OFFICER (CEO), CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPLIANCE (HIAC) AND COMPANY SECRETARY (CS):- | | | |
| 3(1) | Appointment | | | |
| 3(1)(a) | The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), Chief Financial Officer (CFO), and Head of Internal Audit and Compliance (HIAC); | √ | | |
| 3(1)(b) | The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals; | √ | | |

| Condition No. | Title | Compliance Status (Put “√” in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 3(1)(c) | The MD or CEO, CS, CFO, and HIAC of a listed company shall not hold any executive position in any other Company at the same time; | √ | | |
| 3(1)(d) | The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS; | √ | | |
| 3(1)(e) | The MD or CEO, CS, CFO, and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and Stock Exchange(s). | √ | | |
| 3(2) | Requirement to attend Board of Directors’ Meetings | | | |
| | The MD or CEO, CS, CFO and HIAC of the Company shall attend the meetings of the Board. | √ | | |
| 3(3) | Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO) | | | |
| 3(3)(a) | The MD or CEO and CFO shall certify to the Board that they have reviewed Financial Statements for the year and that to the best of their knowledge and belief: | √ | | |
| 3(3)(a)(i) | These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; | √ | | |
| 3(3)(a)(ii) | These statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards and applicable laws; | √ | | |
| 3(3)(b) | The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company’s Board or its members; | √ | | |
| 3(3)(c) | The certification of the MD or CEO and CFO shall be disclosed in the Annual Report | √ | | |
| 4. | BOARD OF DIRECTORS’ COMMITTEE:- | | | |
| 4(i) | Audit Committee | | | |
| 4(ii) | Nomination and Remuneration Committee | | | |
| 5. | AUDIT COMMITTEE:- | | | |
| 5(1) | Responsibility to the Board of Directors. | | | |
| 5(1)(a) | The Company shall have an Audit Committee as a sub-committee of the Board; | √ | | |

| Condition No. | Title | Compliance Status (Put “√” in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 5(1)(b) | The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business; | √ | | |
| 5(1)(c) | The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing. | √ | | |
| 5(2) | Constitution of the Audit committee: | | | |
| 5(2)(a) | The Audit Committee shall be composed of at least 3 (three) members; | √ | | |
| 5(2)(b) | The Board shall appoint members of the Audit Committee who shall be non-executive directors of the Company excepting Chairperson of the Board and shall include at least 1 (one) Independent Director; | √ | | |
| 5(2)(c) | All members of the Audit Committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience; | √ | | |
| 5(2)(d) | When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee; | √ | | |
| 5(2)(e) | The Company Secretary shall act as the Secretary of the Audit Committee; | √ | | |
| 5(2)(f) | The quorum of Audit Committee meeting shall not constitute without at least 1 (One) Independent Director. | √ | | |
| 5(3) | Chairperson of the Audit Committee: | √ | | |
| 5(3)(a) | The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent Director; | √ | | |
| 5(3)(b) | In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | √ | | |

| Condition No. | Title | Compliance Status (Put “√” in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 5(3)(c) | Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): | √ | | |
| 5(4) | Meeting of the Audit Committee: | | | |
| 5(4)(a) | The Audit Committee shall conduct at least its four meetings in a financial year; | √ | | |
| 5(4)(b) | The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an Independent Director is a must. | √ | | |
| 5(5) | Role of Audit Committee The Audit Committee shall:- | | | |
| 5(5)(a) | Oversee the financial reporting process; | √ | | |
| 5(5)(b) | Monitor choice of accounting policies and principles; | √ | | |
| 5(5)(c) | Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report; | √ | | |
| 5(5)(d) | Oversee hiring and performance of external auditors; | √ | | |
| 5(5)(e) | Hold meeting with the external or statutory auditors for review of the Annual Financial Statements before submission to the Board for approval or adoption; | √ | | |
| 5(5)(f) | Review along with the management, the Annual Financial Statements before submission to the Board for approval; | √ | | |
| 5(5)(g) | Review along with the management, the quarterly and half yearly Financial Statements before submission to the Board for approval; | √ | | |
| 5(5)(h) | Review the adequacy of internal audit function; | √ | | |
| 5(5)(i) | Review the Management’s Discussion and Analysis before disclosing in the Annual Report; | √ | | |
| 5(5)(j) | Review statement of all related party transactions submitted by the management; | √ | | |
| 5(5)(k) | Review Management Letters or Letter of Internal Control weakness issued by statutory auditors; | √ | | |
| 5(5)(l) | Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; | √ | | |

| Condition No. | Title | Compliance Status (Put “√” in the appropriate column) | | Remarks (if any) |
|----------------|---|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 5(5)(m) | Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: | √ | | |
| 5(6) | Reporting of the Audit Committee | | | |
| 5(6)(a) | Reporting to the Board of Directors: | | | |
| 5(6)(a)(i) | The Audit Committee shall report on its activities to the Board. | √ | | |
| 5(6)(a)(ii) | The Audit Committee shall immediately report to the Board on the following findings, if any:- | √ | | |
| 5(6)(a)(ii)(a) | Report on conflicts of interests; | √ | | |
| 5(6)(a)(ii)(b) | Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the Financial Statements; | √ | | |
| 5(6)(a)(ii)(c) | Suspected infringement of laws, regulatory compliance including securities related laws, rules and regulation; | √ | | |
| 5(6)(a)(ii)(d) | Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately; | √ | | |
| 5(6)(b) | Reporting to the Authorities: | | | |
| | If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier. | √ | | |
| 5(7) | Reporting to the Shareholders and General Investors: | √ | | |
| 5(7) | Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the Annual Report of the issuer Company. | √ | | |
| 6. | NOMINATION AND REMUNERATION COMMITTEE (NRC). | | | |
| 6(1) | Responsibility to the Board of Directors: | | | |

| Condition No. | Title | Compliance Status (Put “√” in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 6(1)(a) | The Company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board; | √ | | |
| 6(1)(b) | The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive; | √ | | |
| 6(1)(c) | The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b). | √ | | |
| 6(2) | Constitution of the NRC | | | |
| 6(2)(a) | The Committee shall comprise of at least three members including an Independent Director; | √ | | |
| 6(2)(b) | All members of the Committee shall be non-executive directors; | √ | | |
| 6(2)(c) | Members of the Committee shall be nominated and appointed by the Board; | √ | | |
| 6(2)(d) | The Board shall have authority to remove and appoint any member of the committee; | √ | | |
| 6(2)(e) | In case of death, resignation, disqualification, or removal of any member of the Committee or in any another cases of vacancies the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee; | √ | | |
| 6(2)(f) | The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee; | √ | | |
| 6(2)(g) | The Company Secretary shall act as the Secretary of the Committee. | √ | | |
| 6(2)(h) | The quorum of the NRC meeting shall not constitute without attendance of at least an independent director; | √ | | |

| Condition No. | Title | Compliance Status (Put “√” in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 6(2)(i) | No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium form the Company. | √ | | |
| 6(3) | Chairperson of the NRC: | | | |
| 6(3)(a) | The Board shall select 1 (One) member of the NRC to be Chairperson of the Committee, who shall be an Independent Director; | √ | | |
| 6(3)(b) | In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes; | √ | | |
| 6(3)(c) | The Chairperson of the NRC shall attend the Annual General Meeting (AGM) to answer the queries of the shareholders. | √ | | |
| 6(4) | Meeting of the NRC: | | | |
| 6(4)(a) | The NRC shall conduct at least one meeting in a financial year; | √ | | |
| 6(4)(b) | The Chairperson of the NRC, may convene any emergency meeting upon request by any member of the NRC; | √ | | |
| 6(4)(c) | The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an Independent Director is must as required under condition No. 6(2)(h); | √ | | |
| 6(4)(d) | The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC. | √ | | |
| 6(5) | Role of NRC: | | | |
| 6(5)(a) | NRC shall be independent and responsible or accountable to the Board and to the shareholders; | √ | | |
| 6(5)(b) | NRC shall oversee, among others, the following matters and make report with recommendation to the Board: | √ | | |
| 6(5)(b)(i) | Formulating the criteria for determining qualification, positive attributes and independence of a Directors and recommend a policy to the Board, relating to the remuneration of the Directors, top level executives considering the following: | √ | | |
| 6(5)(b)(i)(a) | The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to run the Company successfully; | √ | | |

| Condition No. | Title | Compliance Status (Put “√” in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 6(5)(b)(i)(b) | The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; | √ | | |
| 6(5)(b)(i)(c) | The remuneration to Directors, top level executive involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to working of the Company and its goals; | √ | | |
| 6(5)(b)(ii) | Devising a policy on Board’s diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality; | √ | | |
| 6(5)(b)(iii) | Identifying persons who are qualified to become Directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board; | √ | | |
| 6(5)(b)(iv) | Formulating the criteria for evaluation of performance of Independent Directors and the Board; | √ | | |
| 6(5)(b)(v) | Identifying Company’s needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; | √ | | |
| 6(5)(b)(vi) | Developing, recommending and reviewing annually the Company’s human resources and training policies; | √ | | |
| 6(5)(c) | The Company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its Annual Report; | √ | | |
| 7. | EXTERNAL OR STATUTORY AUDITORS: | | | |
| 7(1) | The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:- | | | |
| 7(1)(i) | Appraisal or valuation services or fairness opinions; | √ | | |
| 7(1)(ii) | Financial information systems design and implementation; | √ | | |
| 7(1)(iii) | Book-keeping or other services related to the accounting records or Financial Statements; | √ | | |
| 7(1)(iv) | Broker-dealer services; | √ | | |
| 7(1)(v) | Actuarial services; | √ | | |
| 7(1)(vi) | Internal audit services or special audit services; | √ | | |
| 7(1)(vii) | Any service that the Audit Committee determines; | √ | | |
| 7(1)(viii) | Audit or certification services on compliance of Corporate Governance as required under condition No. 9(1); | √ | | |

| Condition No. | Title | Compliance Status (Put “√” in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 7(1)(ix) | Any other service that may create conflict of interest | √ | | |
| 7(2) | No partner or employees of the External or Statutory Auditors audit firms shall possess any share of the Company they audit at least during the tenure of their audit assignment of that Company; his or her family members also shall not hold any share in the said Company; | √ | | |
| 7(3) | Representative of External or Statutory Auditors shall remain present in the Shareholders Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders. | √ | | |
| 8 | MAINTAINING A WEBSITE BY THE COMPANY: | | | |
| 8(1) | The Company shall have an official website linked with the website of the Stock Exchange. | √ | | |
| 8(2) | The Company shall keep the website functional from the date of listing; | √ | | |
| 8(3) | The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned Stock Exchanges(s); | √ | | |
| 9. | REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE: | | | |
| 9(1) | The Company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.; | √ | | |
| 9(2) | The professional who will provide the certificate on compliance of Corporate Governance Code shall be appointed by the Shareholders in the Annual General Meeting; | √ | | |
| 9(3) | The directors of the Company shall state, in accordance with the Annexure-C attached, in the Directors' Report whether the Company has complied with these conditions or not. | √ | | |

Social, Environmental and Economic Development (SEED) Project of ACME and its Current Training Activities

As a part of Corporate Social Responsibility (CSR), the ACME Laboratories Ltd. has been implementing medicinal plant cultivation activities in different parts of the country since 2006. In the beginning, medicinal plant cultivation activities were mainly concentrated in Bogura and Gaibandha district of the North Bengal involving only a few farmers. However, due to active involvement of ACME and better coordination with the medicinal plant growers, the initiative expanded rapidly in other districts of Rajshahi and Rangpur division. In 2016, the Company started a dedicated project namely “Social, Environmental and Economic Development (SEED)” project for continuing medicinal plant cultivation activities in the existing areas as well as expanding the initiative in other parts of the country such as, Khulna, Madhupur, Jamalpur and Chittagong Hill Tracts. Currently, more than 50,000 trained medicinal plant growers are engaged with medicinal plant cultivation and supplying quality herbal raw materials to ACME on regular basis. The company started procuring herbal raw materials from the trained medicinal plant growers of Chittagong Hill Tracts as well. The main objectives of these CSR activities are to procure quality herbal raw materials produced as per guideline of World Health Organization (WHO), contribute to self employment generation, women empowerment, and meeting the challenges of mass extinction crisis of medicinal plants in Bangladesh.

Key activities of SEED Project are:

☐ Training of Trainers (ToT) Program on Medicinal Plant Cultivation Technique, Adult Education, Primary Health Care and Sanitation for Medicinal Plant Local Service Providers

Skilled human resources development is prerequisite for ensuring the quality of herbal raw materials. Hence, the Company emphasized on developing skilled human resources on medicinal plant cultivation, collection and post harvest practices and other practical aspects useful for the medicinal plant growers. The SEED project developed two comprehensive training manuals in line with “**WHO guidelines on Good Agricultural and Collection Practices (GACP) for medicinal plants**” namely – i) প্রশিক্ষণ নির্দেশিকা - নির্বাচিত ঔষধি উদ্ভিদের পরিচিতি ও চাষাবাদ ii) ঔষধি উদ্ভিদ চাষিদের জন্য ব্যবহারিক শিক্ষা.

The project has been organizing series of Training of Trainers (ToT) programs for medicinal plant Local Service Providers (LSPs) on medicinal plant cultivation technique, adult education, primary health care and sanitation in different parts of the country using the training manuals.

Some pictures of Training of Trainers (ToT) programs are given below:



Mr. AKM Mamunur Rashid, Deputy Commissioner, Rangamati attended as Chief Guest in the Inauguration Session of Training of Traininers (ToT) program in Rangamati



Inaugural Ceremony of Herbal Material Procurement from Chittagong Hill Tracts



Technical Session of ToT Program in Rangamati



Mr. Ziaur Rahman, Additional Deputy Commissioner, Khulna attended as Chief Guest in the Inauguration Session of Training of Trainers (ToT) Program in Khulna



Technical Session of Training of Trainers (ToT) Program in Khulna



Technical Session of ToT Program in Gaibandha

□ **Lawn Meeting (Uthan Boithak) on Medicinal Plant Cultivation Technique, Adult Education, Primary Health Care and Sanitation for Medicinal Plant Growers**

The project has organized 65 Lawn meetings (Uthan Boithaks) for medicinal plant growers on medicinal plant cultivation technique, adult education, primary health care and sanitation in different areas. Trained medicinal plant Local Service Providers (LSP) and other resource persons have been imparting training on medicinal plant cultivation technique and practical aspects such as, Bengali alphabet learning, basic mathematics, primary health care, sanitation etc. to the medicinal plant growers in Uthan Boithak.

Some pictures of Uthan Boithaks and Medicinal plant cultivation are given below:



***Uthan Boithak in Kettarpara,
Palashbari, Gaibandha***



***Uthan Boithak in Bulakipur,
Ghoraghat, Dinajpur***



***Uthan Boithak in Sreepur,
Sundargonj, Gaibandha***



***Uthan Boithak in Pirgonj,
Rangpur***



***Uthan Boithak in Namuja,
Bogura Sadar, Bogura***



***Uthan Boithak in Uttor Joypur
Bogapara, Dogachi, Joypurhat
Sadar, Joypurhat***



***Uthan Boithak in
Hatpangashi, Roygonj,
Sirajgonj***



***Uthan Boithak in Baliaghata,
Panchbibi, Joypurhat***

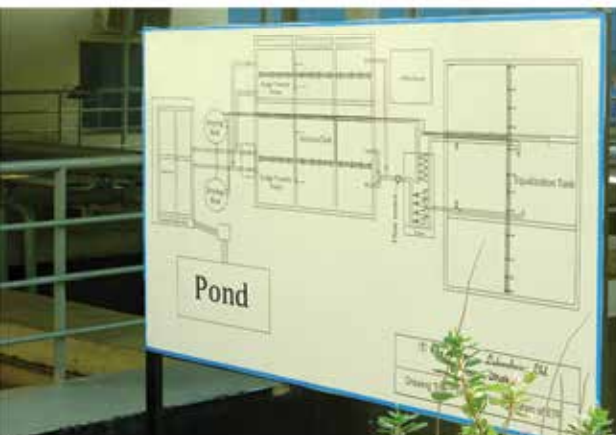


***Medicinal Plant Cultivation
in Rangamati***

***Medicinal Plant Cultivation
in Pirgacha, Rangpur***



***Medicinal Plant Cultivation in
Roygonj, Sirajgonj***





AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE ACME LABORATORIES LTD.

We have audited the accompanying financial statements of **The ACME Laboratories Ltd.** which comprises the Statement of Financial Position as at 30 June 2018 and the related Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, 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 International Financial Reporting Standards (IFRS), the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA) applicable in Bangladesh ensuring the provisions of the (কোম্পানী আইন, ১৯৯৪ ১৮নং আইন) (Companies Act, 1994), the Financial Reporting Act, 2015, Securities laws and other relevant laws. Those standards require that we comply with the provisions or professionalisms or practices or ethical requirements of the International Standards on Auditing (ISA), system of quality control requirement under the International Standard on Quality Control (ISQC), the code of Ethics for Professional Accountants and other relevant standards and pronouncements as applicable in Bangladesh. We also plan and perform the audit to obtain reasonable assurance 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 auditor's 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 auditor considers 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.

In our opinion, the financial statements prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations give a true and fair view of the state of the company's affairs as at 30 June 2018 and of the results of its operations and its cash flows for the year then ended and comply with the Bangladesh Securities and Exchange Rules 1987, the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- (i) 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;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received;
- (iii) The Company's Statement of Financial Position and Statement of Profit or Loss and other comprehensive Income and its statements of Cash Flows dealt with by the report are in agreement with the books of account and returns;
- (iv) The expenditure incurred was for the purpose of the company's business;

Dhaka
Dated: 2nd October 2018


Pinaki & Company
Chartered Accountants

The ACME Laboratories Ltd.
Statement of Financial Position
As at 30 June 2018

| ASSETS | Notes | Amount in Taka | |
|--|--------------|-----------------------|-----------------------|
| | | As at 30-06-2018 | As at 30-06-2017 |
| Non-Current Assets : | | 21,162,036,812 | 18,275,901,469 |
| Property, Plant and Equipment | 6 | 21,105,678,957 | 18,220,229,667 |
| Intangible Assets | 7 | 120,375 | 162,000 |
| Investment in Shares | 8 | 34,892,667 | 32,405,390 |
| Investment Property | 9 | 21,344,813 | 23,104,412 |
| Current Assets: | | 11,462,209,428 | 11,671,330,040 |
| Inventories | 10 | 3,143,134,830 | 2,907,608,895 |
| Trade Receivable | 11 | 1,506,585,427 | 1,227,081,694 |
| Other Receivable | 12 | 14,003,447 | 135,275,733 |
| Advance, Deposits & Pre-Payments | 13 | 1,728,861,666 | 1,434,353,400 |
| Advance Income Tax | 14 | 2,234,845,243 | 2,037,434,874 |
| Material In Transit | 15 | 595,929,689 | 492,696,854 |
| Term Deposit | 16 | 1,103,779,169 | 2,054,000,000 |
| Cash and Cash Equivalents | 17 | 1,135,069,957 | 1,382,878,590 |
| TOTAL | | 32,624,246,240 | 29,947,231,509 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Equity : | | 17,645,034,827 | 16,956,277,126 |
| Share Capital | 18 | 2,116,017,000 | 2,116,017,000 |
| Share Premium | 19 | 5,127,599,728 | 5,127,599,728 |
| Revaluation Surplus | 6.a | 5,402,713,591 | 5,487,674,207 |
| Gain/(Loss) on Marketable Securities (Unrealized) | 8.1 | 8,720,809 | 6,233,532 |
| Tax Holiday Reserve | (Refer-SOCE) | 179,464,241 | 179,464,241 |
| Retained Earnings | 20 | 4,810,519,458 | 4,039,288,418 |
| Non Current Liabilities: | | 4,615,514,545 | 3,675,912,676 |
| Long Term Loan- Net off Current Maturity | 21 | 3,780,826,927 | 3,025,882,035 |
| Provision For Gratuity | 22 | 330,362,700 | 268,364,985 |
| Deferred Tax Liability | 23 | 504,324,918 | 381,665,656 |
| Current Liabilities: | | 10,363,696,868 | 9,315,041,707 |
| Loans & Overdrafts | 24 | 5,826,848,423 | 5,304,039,335 |
| Current Maturity of Long Term Loans | 25 | 2,109,615,101 | 1,791,905,667 |
| Trade Payable | 26 | 208,815,093 | 211,268,759 |
| Provision for Income Tax | 27 | 1,992,201,935 | 1,804,196,185 |
| Liability for Expenses and Others | 28 | 222,407,023 | 201,024,941 |
| Dividend Payable | 29 | 3,809,293 | 2,606,820 |
| TOTAL | | 32,624,246,240 | 29,947,231,509 |
| The annexed notes 1 to 53 form an integral part of the financial statements. | | | |
| Net Asset Value Per Share (NAVPS) | 18.1 | 83.39 | 80.13 |


Head of Finance & Accounts


Company Secretary


Managing Director


Chairman


Pinax & Company
Chartered Accountants

The ACME Laboratories Ltd.
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2018

| Particulars | Notes | Amount in Taka | |
|--|-------|----------------------|----------------------|
| | | July'17 to June'18 | July'16 to June'17 |
| Revenue | 30 | 14,813,914,266 | 13,576,322,298 |
| Less: Cost of Goods Sold | 31 | 8,942,398,576 | 8,039,829,556 |
| Gross Profit/(loss) | | 5,871,515,690 | 5,536,492,742 |
| Add: Other Income | 32 | 106,611,149 | 190,150,441 |
| | | 5,978,126,839 | 5,726,643,183 |
| Less: Selling, Marketing and Distribution Expenses | 33 | 2,232,988,549 | 1,963,666,866 |
| | | 3,745,138,290 | 3,762,976,317 |
| Less: Administrative Expenses | 34 | 589,467,718 | 533,384,270 |
| | | 3,155,670,572 | 3,229,592,047 |
| Less: Financial Expenses | 35 | 1,103,084,302 | 1,015,500,106 |
| | | 2,052,586,270 | 2,214,091,941 |
| Less: Loss due to Fire Incident | 36 | - | 76,763,961 |
| Profit before Contribution to WPPF and WWF | | 2,052,586,270 | 2,137,327,980 |
| Less: Contribution to WPPF and WWF | 37 | 97,742,203 | 101,777,523 |
| Net profit before Tax | | 1,954,844,067 | 2,035,550,457 |
| Less: Current Tax Expenses | 38 | 405,613,809 | 370,458,379 |
| Less: Deferred Tax (Income)/Expenses | 38 | 122,659,262 | 267,242,140 |
| Net Profit after Tax | | 1,426,570,996 | 1,397,849,938 |
| Other Comprehensive Income | | | |
| Gain/(loss) on Marketable Securities (Unrealized) | | 2,487,277 | 3,978,877 |
| Total Comprehensive Income for the Year | | 1,429,058,273 | 1,401,828,815 |
| Earnings Per Share (on the Equity share of Tk. 10 each) | 39 | 6.74 | 6.61 |

The annexed notes 1 to 53 form an integral part of the financial statements.


Head of Finance & Accounts


Company Secretary


Managing Director


Chairman


Pinaki & Company
Chartered Accountants

The ACME Laboratories Ltd.
Statement of Changes in Equity
For the year ended 30 June 2018

(Amount in Taka)

| Particulars | Share Capital | Share Premium | Revaluation Surplus | Gain/(loss) on Marketable Securities (Unrealized) | Tax Holiday Reserve | Retained Earnings | Total |
|--|----------------------|----------------------|----------------------|---|---------------------|----------------------|-----------------------|
| Balance as at July 01, 2016 | 2,116,017,000 | 5,127,599,728 | 5,642,930,494 | 2,254,655 | 172,245,959 | 3,303,424,145 | 16,364,471,981 |
| Net Profit after Tax for the year ended June 30, 2017 | - | - | - | - | - | 1,397,849,938 | 1,397,849,938 |
| Final Dividend for the year 2015-2016 | - | - | - | - | - | (740,605,950) | (740,605,950) |
| Gain/(loss) on Marketable Securities (Unrealized) | - | - | - | 3,978,877 | - | - | 3,978,877 |
| Tax Holiday Reserve | - | - | - | - | 7,218,282 | (7,218,282) | - |
| Adjustment for Depreciation on Revaluation Surplus | - | - | (85,333,938) | - | - | 85,333,938 | - |
| Adjustment of Revaluation Surplus for disposal of Motor Vehicles | - | - | (668,573) | - | - | 504,629 | (163,944) |
| Adjustment of Revaluation Surplus due to loss on fire | - | - | (69,253,776) | - | - | - | (69,253,776) |
| Balance as at June 30, 2017 | 2,116,017,000 | 5,127,599,728 | 5,487,674,207 | 6,233,532 | 179,464,241 | 4,039,288,418 | 16,956,277,126 |
| Balance as at July 01, 2017 | 2,116,017,000 | 5,127,599,728 | 5,487,674,207 | 6,233,532 | 179,464,241 | 4,039,288,418 | 16,956,277,126 |
| Net Profit after Tax for the year ended June 30, 2018 | - | - | - | - | - | 1,426,570,996 | 1,426,570,996 |
| Final Dividend for the year 2016-17 | - | - | - | - | - | (740,605,950) | (740,605,950) |
| Gain/(loss) on Marketable Securities (Unrealized) | - | - | - | 2,487,277 | - | - | 2,487,277 |
| Adjustment for Depreciation on Revaluation Surplus | - | - | (84,740,994) | - | - | 84,740,994 | - |
| Adjustment for disposal of Motor Vehicle | - | - | (219,622) | - | - | 525,000 | 305,378 |
| Balance as at June 30, 2018 | 2,116,017,000 | 5,127,599,728 | 5,402,713,591 | 8,720,809 | 179,464,241 | 4,810,519,458 | 17,645,034,827 |

The annexed notes 1 to 53 form an integral part of the financial statements.


Head of Finance & Accounts


Company Secretary


Managing Director


Chairman


Pinaki & Company
Chartered Accountants

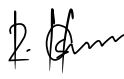
The ACME Laboratories Ltd.
Statement of Cash Flows
For the year ended 30 June 2018

| Particulars | Amount in Taka | |
|---|------------------------|----------------------|
| | July'17 to June'18 | July'16 to June'17 |
| Cash Flows From Operating Activities: | | |
| Collection from Sales and others | 14,772,685,829 | 13,450,570,597 |
| Payment to Suppliers & Others | (11,586,461,496) | (10,651,510,255) |
| Payment to WPPF and WWF | (91,599,771) | (63,094,548) |
| Cash generated from operation | 3,094,624,562 | 2,735,965,794 |
| Financial Expenses | (1,101,287,317) | (1,014,470,803) |
| Income Tax Paid | (415,018,428) | (302,904,990) |
| A. Net cash generated from operating activities | 1,578,318,817 | 1,418,590,001 |
| Cash Flows From Investing Activities: | | |
| Acquisition of Property, Plant & Equipments | (3,622,541,357) | (1,966,429,605) |
| Term Deposit | 950,220,831 | 1,521,000,000 |
| Sale Proceeds of Property, Plant & Equipments (Motor Vehicle) | 1,270,000 | 5,050,000 |
| Dividend received | 498,555 | 792,301 |
| Investment in share | - | (6,383,251) |
| Received from ACMUNIO Int. Ltd. against advance | - | 5,000,000 |
| B. Net cash used in investing activities | (2,670,551,971) | (440,970,555) |
| Cash Flows From Financing Activities: | | |
| Dividend Paid | (739,403,477) | (800,191,056) |
| Net Increase / (Decrease) in Loans and Overdrafts | 522,809,088 | 594,386,381 |
| Net Increase / (Decrease) in Long Term Borrowings | 1,061,018,910 | (537,046,791) |
| C. Net cash generated/(used) from financing activities | 844,424,521 | (742,851,466) |
| Increase/(Decrease) in Cash and Cash Equivalents | (247,808,633) | 234,767,980 |
| Cash and Cash Equivalents at the Opening | 1,382,878,590 | 1,148,110,610 |
| Cash and Cash Equivalents at the Closing | 1,135,069,957 | 1,382,878,590 |
| Net Operating Cash Flow Per Equity Share (NOCFPS) | 7.46 | 6.70 |
| (Net cash generated from operating activities / No. of outstanding Ordinary Shares) | | |

The annexed notes 1 to 53 form an integral part of the financial statements.



Head of Finance & Accounts



Company Secretary



Managing Director



Chairman


Pinaki & Company
Chartered Accountants

The ACME Laboratories Ltd.

Notes to the Financial Statements

As at & for the year ended 30 June 2018

1.00 Corporate Information

The ACME Laboratories Limited was founded in the year 1954 as a Proprietorship Firm and it was converted into a Private Limited Company on 17th March, 1976 vide registration no. C-4745/163 of 1975-76 under the Companies Act-1913. Thereafter, it was converted into a public limited company on 30th November, 2011.

In the Year 2016, the Company achieved a major milestone of public offering of 50,000,000 Ordinary Shares of Tk. 10 each which are listed at Dhaka Stock Exchange Ltd & Chittagong Stock Exchange Ltd with effect from 31 May 2016 and traded with effect from 07 June 2016 at both the stock exchanges under the trade name ACME LAB and trading codes -18491 and 13031 respectively:

1.01 Address of Registered Office and Factories

The Registered Office of the Company is situated at 1/4, Kallayanpur, Mirpur Road, Dhaka-1207, Bangladesh and the industrial units are established at Dhulivita, Dhamrai, Dhaka, Bangladesh.

2.00 Nature of business of the Company and Tax Holiday Period

The Company is engaged in manufacturing, marketing and distribution of generic pharmaceuticals formulation products which includes human drugs dosages form like tablet, capsule, dry syrup, cream, ointment, powder, injection, dry powder inhaler, metered dosage inhaler, suppository, eye and nasal drop, liquid, liquid in hard gelatine, Blow Fill Seal (BFS) products, sachet products; veterinary drugs dosages form like bolus, liquid, injection, water soluble powder, premix and herbal drugs dosages form like liquid, capsule, tablet, cream & ointment. The products of the company are sold in domestic and in international markets.

The erstwhile 'The ACME Specialized Pharmaceuticals Limited' (Presently called "Solid Dosages Unit") was engaged in manufacturing of non-penicillin & non-cephalosporin solid dosages generic pharmaceuticals formulation products including dosages form like tablet, capsule and dry syrup, liquid in hard gelatine, sachet products and is enjoying Tax Holiday for the period from 29 September 2011 to 28 September 2016.

As a Consequence of the amalgamation, business of the "Solid Dosages Unit" has been transferred as a going concern to The ACME Laboratories Limited, however the said unit of the company had enjoyed tax holiday up to 28 September 2016.

The ACME Laboratories Ltd.
Notes to the Financial Statements
 As at & for the year ended 30 June 2018

3.00 Share Capital

Details of Authorized, Issued, Subscribed and Fully Paid up Capital as at the balance sheet 30th June, 2018 are as under:

| Particulars | 30 June 2018 (Tk.) | 30 June 2017 (Tk.) |
|--|-----------------------|-----------------------|
| Authorized Capital | | |
| 500,000,000 Ordinary Shares @ Tk. 10 each | 5,000,000,000 | 5,000,000,000 |
| Total | 5,000,000,000 | 5,000,000,000 |
| Issued, Subscribed and Fully Paid up Capital: | | |
| 211,601,700 Ordinary Shares @ Tk.10 each. | 2,116,017,000 | 2,116,017,000 |
| Total | 2,116,017,000 | 2,116,017,000 |

4.00 Basis of Preparation of Financial Statements

4.01 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except; “Land and Land Development; Buildings; Machinery & Equipment; Motor Vehicle; Utilities, Electrical Installations & Engineering; Office Equipment and Investment Property,” which had been revalued by an independent valuer M/S Mashih Muhit Haque & Co. Chartered Accountants, Dhaka, Bangladesh during the financial year 2015-2016. The entire class of above mentioned Property, Plant and Equipment and Investment Property had been revalued on the basis of Current Cost Accounting (CCA) Method, as applicable. However, Investment Property has been valued on yearly basis. The valuation report of the valuer had been prepared in accordance with International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), notification dated 18th August, 2013 issued by the Bangladesh Securities and Exchange Commission in this regard and other applicable laws, rules, regulations and guidelines. The Financial Statements however, do not take into consideration the effects of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

The revaluation surplus is not available for distribution as dividend to the shareholders.

4.02 Accrual Basis of Accounting

The Financial Statements of the Company are prepared as per accrual basis of accounting except for cash flows information. Accordingly, The Company recognises items of assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definition and recognition criteria as per the accounting framework.

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at & for the year ended 30 June 2018

4.03 Materiality, Aggregation and Offsetting

The Company presents material items separately. Financial Statements is a result of processing a large number of transactions or events that are aggregated into classes according to the nature or function. However, the company does not offset assets and liabilities or income and expenses unless required or permitted by IAS or IFRS.

4.04 Statement of compliance

These Financial Statements have been prepared in accordance with Frame work, applicable International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), Companies Act 1994, Bangladesh Securities and Exchange Rules 1987 and other relevant laws and regulations applicable in Bangladesh.

4.05 Presentation of Financial Statements

The Financial Statements are presented in accordance with guidelines provided by IAS 1: 'Presentation of Financial Statements'.

The Financial Statements comprises of:

- (i) A Statement of Financial Position as at 30 June 2018;
- (ii) A Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018;
- (iii) A Statement of Changes in Equity for the year ended 30 June 2018;
- (iv) A Statement of Cash Flows for the year ended 30 June 2018; and
- (v) Notes, comprising a summary of significant accounting policies and explanatory information.

4.06 Reporting Period

The Financial Statements cover the accounting year commencing from 01 July 2017 to 30 June 2018.

4.07 Authorisation for Issue

The Financial Statements have been authorised for issue by the Board of Directors of the Company in their meeting held on 02 October 2018.

4.08 Functional and Presentation Currency

The Financial Statements have been prepared and presented in Bangladeshi Currency (Taka), which is the functional currency of the Company. All financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

The ACME Laboratories Ltd.
Notes to the Financial Statements
 As at & for the year ended 30 June 2018

4.09 Comparative information

Comparative information disclosed is of the financial year 2016-2017 for all numerical information in the Financial Statements and also the narrative and descriptive information wherever it is relevant for understanding of the current year's Financial Statements.

Figures for the comparative year have been regrouped / rearranged wherever considered necessary to ensure better comparability with the current year.

4.10 Use of Estimates and Judgments

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the reported value of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates arise because of uncertainties inherent within them but this does not undermine reliability. However, the estimates and underlying assumptions are reviewed as an on-going basis and the revision is recognized in the year in which the estimates are revised. Such revision however were made in the year 2015-2016 for Property, Plant and Equipment as required by the International Accounting Standard 16 "Property, Plant and Equipment" in respect periodicity of revaluation except in the useful life of two classes of non-current assets. There is no material impact of change of estimates on the financial results of the Company for the financial year 2017-2018.

4.11 Capital Management

The primary objective of the capital structure is to maintain an efficient combination of debt and equity ratio to achieve a low cost of capital. The management of the Company regularly reviews the return on equity, capital structure in light of the economic conditions, business strategies and future commitments. For that purpose, capital includes issued share capital, securities premium and all other equity reserves and debt covering foreign currency term loan, Long-term & Short Term Loan from domestic Financial Institutions / Banks and finance lease obligations, etc. During the financial year ended 30 June 2018, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

4.12 Going Concern

The Company has adequate resources to continue in operation for a foreseeable future. To finance the further business expansion, in the financial year 2015-2016, the Company made for a public issue of Ordinary Shares through "Book Building Process" allotted and issued 50,000,000 Ordinary Shares. The current credit facilities and resources of the Company provide sufficient funds to meet the present requirements of its existing business operations and expansion. For these reasons, the Board of Directors of the Company continue to adopt the policy of a "Going Concern" basis in preparing the Financial Statements.

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Notes to the Financial Statements
 As at & for the year ended 30 June 2018

4.13 Application of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS)

| Name of the Accounting Standards | Ref. No. | Status of Application |
|---|----------|-----------------------|
| Financial Instruments : Disclosure | IFRS-7 | Applied |
| Financial Instruments | IFRS-9 | Applied |
| Fair Value Measurement | IFRS-13 | Applied |
| Presentation of Financial Statements | IAS-1 | Applied |
| Inventories | IAS-2 | Applied |
| Statement of Cash Flows | IAS-7 | Applied |
| Accounting Policies, Changes in Accounting Estimates and Errors | IAS-8 | Applied |
| Events after the Reporting Period | IAS-10 | Applied |
| Income Taxes | IAS-12 | Applied |
| Property, Plant and Equipment | IAS-16 | Applied |
| Leases | IAS-17 | Applied |
| Revenue Recognition | IAS-18 | Applied |
| Employee Benefits | IAS-19 | Applied |
| The effects of Changes in Foreign Exchange Rates | IAS-21 | Applied |
| Borrowing Costs | IAS-23 | Applied |
| Related Party Disclosures | IAS-24 | Applied |
| Financial Instruments: Presentation | IAS-32 | Applied |
| Earnings Per Share | IAS-33 | Applied |
| Impairment of Assets | IAS-36 | Applied |
| Provisions, Contingent Liabilities and Contingent Assets | IAS-37 | Applied |
| Intangible Assets | IAS-38 | Applied |
| Financial Instruments: Recognition & Measurement | IAS-39 | Applied |
| Investment Property | IAS-40 | Applied |

The ACME Laboratories Ltd.

Notes to the Financial Statements

As at & for the year ended 30 June 2018

5.00 Significant Accounting Policies

Background:

The Company selects and applies accounting policies consistently unless a IFRS or IAS specifically requires or permit a different and appropriate accounting policy for the same or results in the financial statements providing more relevant information about the effects of transaction on company's financial position, financial performance or cash flows.

The Company corrects and discloses the material prior period's/year's error/s, if any, retrospectively by restating the comparative amount for the prior periods/years in which the error has occurred.

5.01 Revenue Recognition

- (a) **Sales of Goods:** In compliance with the requirements of IAS-18: "Revenue", revenue is recognized for local sales of Pharmaceuticals Drugs and Medicines at the time of delivery to chemists/Institutions and for Export sales of Pharmaceuticals Drugs and Medicines at the time of delivery to Custom Port. i.e. when the significant risk and rewards of ownership is transferred to the buyer, whereby there is no continuing management involvement with the goods and the amount of revenue and cost in respect of the transaction can be measured reliably.
- (b) Rental income is recognized when accrued on a time proportion basis.
- (c) Interest income is recognized when accrued on a time proportion basis.
- (d) Dividend income is recognised when the right to receive payment is established.

5.02 Sales

Turnover comprises the invoice value of goods supplied by the Company, representing domestic and export sales. Revenue from Sales is exclusive of VAT.

5.03 Property, Plant and Equipment (PPE)

i) Recognition and Measurement

The Cost of an item of property plant and equipment (PPE) is recognized as an asset if, and only if it is probable that the future economic benefit will flow to the company and cost of the item can be measured reliably.

PPE have been measured and stated at cost or revalued amount less accumulated depreciation and accumulated impairment loss, if any, in compliance with the requirement of IAS 16: Property Plant and Equipment and IAS 36 Impairment of Assets. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its present location and working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

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Notes to the Financial Statements
 As at & for the year ended 30 June 2018

ii) Maintenance Costs

The company incurs maintenance costs for all its major items of Property, Plant and Equipment. Repair and maintenance costs are charged as expenses, as and when incurred.

iii) Depreciation

Land is held on a freehold basis and is not depreciated considering its unlimited useful life. In respect of all other Non-current assets, depreciation is provided on a straight line method to amortize the cost of the asset after commissioning over their expected useful life. In respect of addition to property, plant and equipment, depreciation begins from the date of respective asset available for use up to the date immediately preceding the date of disposal.

The rate at which assets are depreciated per annum depending on the nature and estimated useful life of assets are given below:

| Category of Assets | Rate |
|---|-----------------|
| Building | 2.50% to 13.33% |
| Machinery and Equipment | 7.50% to 100% |
| Furniture and Fixtures | 10% to 100% |
| Motor Vehicles | 8.33% to 100% |
| Utilities, Engineering and Electrical Installations | 7.50% to 100% |
| Office Equipment | 10% |
| Books and Periodicals | 10% |

iv) Impairment of Assets

If the recoverable amount of a PPE (except Investment Property) is less than its carrying amount, the carrying amount of the PPE is reduced to its recoverable amount. This reduction is an impairment loss. An Impairment loss on a non revalued asset is recognised in the Statements of Profit or Loss and Other Comprehensive Income. However, an impairment loss on a revalued asset is recognized in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset. Such impairment loss on a revalued asset reduces the revaluation surplus to the extent for the asset. The Company do impairment testing at the end of each reporting period if indication of any impairment exists.

v) Retirement and Disposal

On disposal of Non-current assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is recognized in the Statement of Profit or Loss and Other

The ACME Laboratories Ltd.

Notes to the Financial Statements

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Comprehensive Income, which is determined with reference to the net book value of the assets and net sales proceeds. The revaluation surplus included in Equity in respect of disposed/demolished/discarded Property, Plant and Equipment is treated as per the principle enunciated in the IAS 16.

5.04 Intangible Assets

Intangible assets are stated at cost less provision for amortization and impairment. The cost of acquiring and developing computer software for internal use and internet sites for internal/external use are capitalized as “Intangible Assets” where the software or site support a significant business system and the expenditure lead to the creation of a durable asset.

Amortization is recognized in the Statement of Profit or Loss and Other Comprehensive Income under the head of Administrative Expenses on a straight line basis @ 7.50% over the estimated useful lives of Intangible Assets, from the date that they are available for use.

5.05 Leased Assets

In compliance with IAS 17: “Leases”, Lease in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases and all other leases are classified as operating lease.

Upon initial recognition, the lease assets is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payment. Subsequent to initial recognition, the assets is accounted for in accordance with accounting policy applicable to the assets.

Though there are financing in the name of lease financing however, as per the substance of the agreement, these financing are not in the nature of lease financing, hence has been grouped as ‘Long Term Loan’ and its current maturity as ‘Current Maturity of Long Term Loans’.

5.06 Financial Instruments

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

i) Financial Assets

Financial assets of the company include cash and cash equivalents, trade receivable, other receivables and equity instrument of another entity. The company initially recognized receivable on the date they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provision of the transaction. The company derecognizes a financial asset when, and only when the contractual rights or

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probabilities of receiving the cash flow from the assets expire or it transfer the right to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

Trade Receivable

Trade receivable are created at original invoice amount less any provisions for doubtful debts. Provision is made where there is evidence of a risk of non-payments, taking into consideration aging, previous experience and general economic conditions. When a trade receivable is determined to be uncollectable, it is written off firstly against any provision available and then to the Statement of Profit or Loss and Comprehensive Income. Subsequent recoveries of amounts previously provided for and/or written off are credited to the Statement of Profit or Loss and Other Comprehensive Income. During the year under audit, the company has no uncollectable trade receivable to be written off and for which it created any provision in the earlier years.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash in hand, cash at bank and cash at BO Account that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

ii) 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 derecognises the financial liabilities when its contractual obligations are discharged or cancelled or expired. Financial liabilities include payable for expense, liability for capital expenditure and other current liabilities.

5.07 Impairment

i) Financial Assets

Trade receivable and others 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 effect on the estimated future cash flow of that asset, that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indicates that a debtor or issuer will enter bankruptcy etc.

The ACME Laboratories Ltd.

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As at & for the year ended 30 June 2018

ii) 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 cost to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impaired loss if, and only if, the recoverable amount of the asset is lesser than its carrying amount. Impaired loss is recognized immediately in the Statement of Profit or Loss and Other Comprehensive Income unless the asset is carried at revalued amount. Any impaired loss of a revalued asset shall be treated as a revaluation decrease to the extent to availability of revaluation surplus. If it more than the revaluation surplus available, then it is routed through the Statement of Profit or Loss and Other Comprehensive Income.

5.08 Investment in Shares

According to the relevant laws applicable, the company used to invest in shares of listed companies through stock exchange, by using the income generated in Tax Holiday Unit. Initially, the investments in shares are recognized at cost including transaction cost. Further, the entity recognises subsequent changes in Other Comprehensive Income.

5.09 Inventories

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

| Type of Stock | Basis of Valuation |
|---------------------|--|
| Raw Materials | At cost on First in First Out basis |
| Packing Materials | At cost on First in First Out basis |
| Work-in-Process | At cost |
| Finished Goods | At lower of cost or net realizable value |
| Printing Stationery | At cost on First in First Out basis |
| Spare & Accessories | At cost on First in First Out basis |

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Notes to the Financial Statements
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5.10 Provisions:

Provisions and accrued expenses are recognized in the Financial Statements in line with the International Accounting Standard (IAS) 37: “Provisions, Contingent Liabilities and Contingent Assets” when:

- The company has a legal or constructive obligation as a result of past events.
- It is probable that an outflow of economic benefit will be required to settle the obligations.
- A reliable estimate can be made of the amount of the obligations.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resource embodying economic benefits will be required to settle the obligation, the provision is reversed.

5.11 Income Tax Expense

Income tax expense comprised 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 requirement of IAS 12: “Income Taxes”.

Current Tax

Current tax is the expected tax payable on the taxable income for the period/year and any adjustment to tax payable in respect of previous years as per the Provisions of Income Tax Ordinance, 1984 and duly amended by the Finance Act time to time.

Deferred Tax

The company has recognized deferred tax using balance sheet method in compliance with the provision of IAS 12: “Income Taxes”. The 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 or expense has been considered to determine Net Profit after Tax and Earnings Per Share (EPS).

5.12 Loans – Long Term and Short Term from Banks, Financial Institutions and Others.

i) Borrowing Cost

Interest and other cost incurred by the Company in connection with the borrowings of fund are recognized as expenses in the year in which they are incurred unless such borrowing cost related to acquisition/construction of assets in progress that are capitalized as per IAS 23: “Borrowing costs”.

The ACME Laboratories Ltd.
Notes to the Financial Statements
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ii) Charges on the Assets of the Company:

There are Fixed and Floating charges over:

- All the Plant, Machinery and Equipment (both present and future) ;
- Floating assets (both present and future) including but not limited to book debts, bills receivable, goodwill and other floating assets both tangible and intangible and all documents title, undertakings, contracts, engagements securities and other documents whatsoever related to such assets of the Company in favor of various bankers securing the various kinds of loans taken by the company from them through a Pari Passu security sharing agreement dated 18 April 2018 (7th Supplemental to the lenders' Pari Passu Security Sharing Agreement) amongst the banks. As per the agreement under the names of the participating banks in the charges through Pari Passu agreement are stated here under:
 - Dutch Bangla Bank Limited.
 - Dhaka Bank Limited.
 - The Hongkong and Shanghai Banking Corporation Limited.
 - Standard Chartered Bank.
 - Trust Bank Limited.
 - Eastern Bank Ltd.
- Registered mortgage of the specified Land of the Company executed in favor of Concerned Banks/ Financial Institutions.
- Personal Guarantee of some /all sponsored directors in favor of certain Banks/Financial Institutions.

5.13 Employee Benefits

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

The Company has accounted for and disclosed employee benefits in compliance with the provision of IAS19: 'Employee Benefits'.

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

The Company's employee benefits include the following:

i) Defined Contribution Plan (Provident Fund)

The Company got recognition from Commissioner of Taxes its provident fund scheme (Defined Contribution Plan) vide order no.: নথি নং পি,এফ অনুমোদন/৩২/ক:অ:-৩/২০১০-২০১১, তারিখ: ২৩/০৩/২০১১

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for employees of the company eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrevocable trust. All permanent employees contribute to the provident fund and the Company also makes equal contribution.

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

ii) Defined Benefit Plan (Gratuity)

The Company has formulated a policy related to “Payment of Gratuity” payable to its eligible Permanent Employees who are serving the Company for a considerable duration, at the time of severance of their relationship from the Company. Eligibility for getting the said Benefit mainly depends upon the length of service with the organization subject to compliance of the eligibility criteria as prescribed by the management in the policy and accordingly the company has made necessary provision (non-funded) in the books of accounts.

iii) Short-Term Employee Benefits

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

iv) Contribution to Worker’s Profit Participation Fund (WPPF) and Worker’s Welfare Fund (WWF)

This represents 5% of net profit before tax and before charging the contribution to WPPF by the Company as per provision of the section 15 of the Bangladesh Labor (Amendment) Act, 2013 and is payable to beneficiary as defined in the said law and accordingly the Company has made necessary provision in the books of accounts.

v) Insurance Schemes

Employees of the company are covered under group hospitalization and group term life insurance including accidental benefits. Summary of the plans are stated here under:

A. Group Hospitalization Insurance Plan:

In this scheme, the Company covers its employees under hospitalization and other medical expenses related with hospitalization of the employees from salary Grade K and above. The hospitalization benefits are provided to employees as per three tier system and each tier of benefits covering from different group of employees based on salary grade in the Company. The Company pay annual premium to the insurance Company for this cover of their employees.

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Notes to the Financial Statements
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B. Group Term Life Insurance Including Accidental Death Benefit:

In this policy, all the permanent and salaried employees of the Company are covered. If an insured employee dies irrespective of the cause of death, Insurance Company upon receipt of written proof pays to the employer the sum insured in respect of that employee as per the terms of the contract between the insurance Company and the employer.

In respect of fourth class (i.e. Driver, Peon, Cleaner, Guard, Electrician, Loader, Packing Man, Worker and Helper etc.) married employees, as a family planning incentive, if he/she leaves behind not more than two children then additional sum equivalent to 15% of sum insured is being paid to them.

Employee Position:

During the year there were 7,942 employees employed in the Company with remuneration above Tk. 3,000 per month, among them 5,910 employees employed for the full year and remaining 2,032 employees employed less than full year.

During the year tax had been deducted at source from the salary income of 1,270 employees as per the provision of section 50 of Income Tax Ordinance 1984 against their payment.

5.14 Investment Property

For Investment Property, the Company follows fair value model as subsequent measurement. The Investment Property has been revalued based on cost approach and cost has been ascertained considering various factors including quality of maintenance, the accumulated depreciation of the expired portion of their effective lives and the present condition of the assets in question as well as other relevant factors.

A gain or loss arising from a change in the fair value of Investment Property is recognized in Statement of Profit or Loss and Other Comprehensive Income for the year in which it arises.

5.15 Share Premium

As per IAS-32 “Financial Instruments: Presentation”, Para-37, an entity typically incurs various costs in issuing or acquiring its own equity instruments. Those costs might include registration and other regulatory fees amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have not been incurred.

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The Company shows share premium account balance after netting off of relevant transaction costs. The balance in share premium account shall be utilized in accordance with provisions of Section 57(2) of the Companies Act, 1994 and as directed by the Bangladesh Securities and Exchange Commission in this respect from time to time.

5.16 Research Development and Experimental Cost:

In compliance with the requirements of IAS-38 “Intangible Assets”, research, development and experimental costs are usually absorbed as revenue charges to the Statement of Profit or Loss and Other Comprehensive Income as and when incurred, as being not material in the company’s and /local context.

5.17 Earnings Per Share (EPS)

This has been calculated in compliance with the requirement of IAS 33: “Earnings per Share”, by dividing the basic earnings by the weighted average number of Ordinary Shares outstanding during the year.

Basic Earnings Per Share (Numerator/Denominator)

Earnings (Numerator)

This represents earning for the year attributable to Ordinary Shareholders.

No. of Ordinary shares (Denominator)

This represents weighted average number of Ordinary Shares outstanding during the year.

Diluted Earnings per Share

As per the existing term and conditions of the loans taken by the Company from various financial institutions and bank or contracts with various parties including employees, there is no condition related to conversion of loan into Ordinary Share Capital or stipulation related to share based payments for material and services supplied by them to the Company. Hence, the Diluted EPS of the Company is same as Basic EPS.

5.18 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 accounted as revenue expenditure/income in compliance with the provision of IAS 21: “The Effects of Changes in Foreign Exchange Rates”.

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5.19 Directors' Responsibility Statement

The Board of Directors of the Company take the responsibility for the preparation and presentation of these Financial Statements.

5.20 Triple Bottom Line Practice in ACME

In ACME, we believe that there is more to business than just making profit. Long term business success and sustainability relies on economic value, environmental health, and social progress. Our values are rooted in the concept of the 'Triple Bottom Line' (TBL) and we assume ourselves accountable in relationship to Profit, Planet and People. We strongly believe that earning profit can't be the only goal of any organization, well-being of the people and environment are also equally important, hence ACME has adopted Triple Bottom Line concept as its business philosophy.

5.21 Segmental Reporting

As required by IFRS – 8 “Operating Segments”, if an entity operates and engages in different economic environments and activities then the entity has to disclose information, to enable users of its Financial Statements to evaluate the nature and financial effects of the business so carried out.

The Company consider the operation on aggregate basis and manage the operations as a single operating segment. Hence, it is felt that such segment reporting is not required to be disclosed.

5.22 Contingent Liabilities and Contingents Assets

Contingent liabilities and Contingent assets are present or possible obligations or on liabilities or assets, arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the Company or which amount of the obligations cannot be measured with sufficient reliability. In accordance with IAS-37 “Provisions, Contingent Liabilities and Contingent Assets”, they are disclosed in the Note # 47 hereunder.

5.23 Statement of Cash Flows

Statement of Cash Flows has been prepared in accordance with IAS-7: ‘Statement of Cash Flows’ by using direct method.

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5.24 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 the going concern assumption is not appropriate are reflected in the Financial Statements. Events after the reporting period that are not adjusting events are disclosed when material.

5.25 Insurance Claim

The Company recognizes the insurance claim only when the compensation in respect of loss claimed/assessed becomes receivable from the insurer.

5.26 Highest and Lowest Equity Share Price at Stock Exchanges:

The monthly highest and lowest price of each equity shares of Taka 10 each fully paid up of the company listed at Dhaka and Chittagong stock exchange during the financial year 2017-18 is as under:

| Trade Name | Date | Dhaka Stock Exchange | | Chittagong Stock Exchange | |
|------------|----------------|----------------------|---------------------|---------------------------|---------------------|
| | | Highest Quoted price | Lowest Quoted Price | Highest Quoted price | Lowest Quoted Price |
| ACMELAB | July 2017 | 120.00 | 115.30 | 120.10 | 115.40 |
| | August 2017 | 120.80 | 117.20 | 120.70 | 116.70 |
| | September 2017 | 119.20 | 113.20 | 119.30 | 112.90 |
| | October 2017 | 117.00 | 112.20 | 116.50 | 112.10 |
| | November 2017 | 115.10 | 109.40 | 115.10 | 108.80 |
| | December 2017 | 116.30 | 113.20 | 115.50 | 112.90 |
| | January 2018 | 116.60 | 113.10 | 116.50 | 112.60 |
| | February 2018 | 114.80 | 110.20 | 113.80 | 109.20 |
| | March 2018 | 111.00 | 101.50 | 110.50 | 101.30 |
| | April 2018 | 105.80 | 103.10 | 106.70 | 102.90 |
| | May 2018 | 104.00 | 96.00 | 103.30 | 96.90 |
| | June 2018 | 100.00 | 92.80 | 100.00 | 91.80 |

5.27 Risk Management

Efficient and effective Risk management is a part and parcel of today's business. As such, The ACME Laboratories Ltd. would be subject to systematic risks of the industry and market as well. The majority of these risks are commercial and business risks in nature that can

The ACME Laboratories Ltd.
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be mitigated effectively. Such major risk factors and management approaches on the same are described in brief as under:

Operational Risk

ACME relies on suppliers for ingredients and various third parties for certain manufacturing-related services to produce material that meets appropriate content, quality and stability standards of the company products and after approval it is being released for commercial distribution. ACME may not be able to produce its drug substance or drug product to appropriate standards without the required supports from its suppliers and vendors. Again, if it fails to maintain important manufacturing and service relationships, may not find a replacement supplier or required vendor or develop Company's own capabilities which could delay or impair Company's ability to obtain regulatory approval for its products and substantially increase Company's costs or deplete profit margins, if any.

Management Perception

ACME has a good number of vendors and for each and every ingredient and service, the Company have more than one approved vendors. It uses to conduct vendor audit and its professionals are very conscious and concerned regarding the vendor issue. Further, none of the supplier accounts for significant amount of total purchases.

Interest Rate Risk

Interest rate risk is the risk that Company faces due to unfavourable movement in the interest rates. Changes in the government's monetary policy, along with increased demand for loans/investments tend to increase the interest rates. Such rises in interest rates mostly affect Companies having floating rate loans or Companies investing in debt securities.

Management Perception

In order to manage this risk and overcome it, the Company exercises prudence in its cash flow management, supported by continued strength in sales and marketing. ACME is very careful in forecasting the prices of ingredients and manages its costs in an effective manner. To maintain effective rate of return ACME also follow knowledge and information based products mix, so as to ensure that the debt repayments are met on schedule, even if the interest rates were to rise.

Exchange Rate Risk

Exchange rate risk occurs due to changes in foreign currency exchange rates. As the Company has taken foreign currency loan, imports major raw materials and some packing materials from abroad and earns most of the revenue in local currency, unfavourable volatility or fluctuation may affect the

The ACME Laboratories Ltd.

Notes to the Financial Statements

As at & for the year ended 30 June 2018

profitability of the Company. On the other hand, if exchange rate decreased against local currency opportunity will be created for generating more profit/surplus.

Management Perception

ACME earns some of its revenue in US dollars, thereby creating to built-up auto hedging scope. Besides, in case of significant BDT devaluation, to keep the cost to minimum, appropriate and responsible hedging mechanisms may be applied. However, if the price of the US dollar appreciates too sharply against the BDT, this will be a nation-wide phenomenon experienced by the entire industry. In such a scenario, there will be a market adjustment in end product prices, subject to the approval of the concerned authorities.

Industry Risk

The pharmaceutical industry has witnessed challenges such as intellectual property rights, a historic fuel price peak, and material cost increase across the globe. It stands as one of the most challenging and dynamic industries to operate as on date. Fortunately, Bangladesh is only least developed country who demonstrates significant competencies in pharmaceuticals industry and it requires huge quantity of medicine for its present 166 million (approx.) populations. As such, local pharmaceutical industry is not in a trouble; rather the said industry has ample opportunities to grow.

Management Perception

As the per capital income and per person consumption of medicine has been increasing over the years, management is optimistic about growth opportunities of pharmaceutical industry in Bangladesh. The Company is trying to adopt sophisticated state of art cutting edge technology driven manufacturing facilities and making efforts to catch the opportunity of regulated global market apart from domestic market.

Market Risk

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the Company. Mostly, the risk arises from falling demand for the pharmaceutical products which would adversely affect the performance of the Company. On the other hand, strong marketing and brand management system would help the Company to increase its customer and market base.

Management Perception

The products of pharmaceuticals industry are of basic nature and have a wide market as they are giving a good market share to The ACME Laboratories Ltd. at present. Hence, it will hardly be the case that there will be a lack of demand for the products. Moreover, as explained earlier, the

The ACME Laboratories Ltd.
Notes to the Financial Statements
 As at & for the year ended 30 June 2018

pharmaceuticals industry is only increasing year-on-year basis and ACME is following full-proof scientific integrated marketing policy hence, has marginal probability for shrinkage of the market share.

Technology Related Risk

Pharmaceutical industry is dynamic in nature and heavily driven by technology. Hence, technology always plays a vital role here. Adaptation of better technology may help to gain remarkable core competencies that certainly create competitive advantages like increase productivity; reduce costs, better perception of customers. Firms are exposed to technology risks when there are better technologies available in the market than one used by the Company which may cause operational inefficiency.

Management Perception

As a one of the leading pharmaceutical company of the country, there are clear intent regarding adaptation of the latest technology in the Company here and the management is aware of technological changes and always trying to adopt new technology according to its needs. Furthermore, routine and proper preventive maintenance of the equipment carried out by the Company ensures longer service life for the existing equipment and facilities. Finally, ACME is committed to hold its leading edge and maintaining quality and brand image.

Potential or Existing Government Regulations

The Company operates under the Drugs Ordinance 1982, Companies Act 1994, Directorate General of Drug Administration (DGDA) Regulations, Income Tax Ordinance 1984, Income Tax Rules 1984, Customs Act 1969, Value Added Tax (VAT) Act 1991, and Value Added Tax (VAT) Rules 1991, Bangladesh Securities and Exchange Rules, 1987 and other rules and regulations of the country. Any abrupt changes of the policies made by the regulatory authorities may adversely affect the business of the Company.

Management Perception

Since product of pharmaceuticals industry is essential one for lives and it is an import substitute industry and degree of value addition is remarkable, we see the government regulations are mostly investment friendly for this sector particularly. As ACME is one of the top ranking pharmaceutical Companies of the country, it is doing business by following all the rules and regulations of the land. Change in regulations will bring changed strategies for doing the business by the dynamic management of the Company. Besides, many of the patented drugs/molecules will be off patented and it will be an opportunity for the manufacturer to freely manufacture, promote and distribute without any restriction.

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at & for the year ended 30 June 2018

Potential Changes in Global and National Policies

Changes of Government policies may affect business. 47 least developed country (LDCs) including Bangladesh are not required to provide patent protection, give exclusive marketing rights to companies with patented products or comply with the “mailbox” program – create a process to receive complaints about pharmaceutical product patent right violations until 1 January 2033, or until such a date on which they cease to be a LDCs Member, whichever date is earlier.

Management Perception

Pharmaceuticals, over the years have been proved as a thrust sector for the country and growing at a considerable pace each year. In addition, ACME is continuously trying to adopt right technology and build infrastructure to meet TRIPS standards.

History of Non-operation

The ACME Laboratories started its journey in the year 1954 and converted into a private limited company on 17 March 1976 vide registration no. C-4745/163 of 1975-76 under the Companies Act-1913. Since commencement of its operation, it has no history of non-operation till now. The Company is running by a professional team and pursues continuous full-proof market promotion system, which reduce the non-operating risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Credit risk information helps users of Financial Statements assess the credit quality of the entity’s financial assets and level and sources of impairment loss. Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. As at 30 June 2018 substantial part of the receivables are subject to insignificant credit risk. Risk exposures from other financial assets i.e. cash at bank and other external receivables are very nominal.

Management Perception

To mitigate the credit risk the management of the Company follows robust credit control and collections policies. The Company has dedicated credit collections team who are responsible for collection of dues and they have been demonstrating remarkable performances in collecting receivables as per Company’s credit and collection policy.

The ACME Laboratories Ltd.
Notes to the Financial Statements
 As at & for the year ended 30 June 2018

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 bringing 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 fund to make the expected payment within due date.

Management Perception

Effective liquidity risk management requires both a top-down and a bottom-up approach. Strategy, principles and objectives are set at Board and Management levels. ACME conducts liquidity management in a manner that maintains stability and flexibility in day-to-day funding activities. Our liquidity risk management starts by managing daily payment of cheques, daily cash inflow and outflow, maturity of deposits and our access to other funding sources as and when required.

5.28 General Comments & Observations:

- a) Previous year's figures have been regrouped/reclassified wherever considered necessary to confirm to current year's presentation. Figures have been rounded off to the nearest taka, as the currency represented in this Financial Statements.
- b) All shares are fully paid up.
- c) The company has not incurred any expenditure in foreign currency against royalties.
- d) No foreign exchange remitted to the relevant shareholders during the year under audit.
- e) No amount of money was expended by the company for compensating any members of the Board for special service rendered.
- f) No brokerage was paid against sales during the year under audit.
- g) There was no bank guarantee issued by the company on behalf of directors.



ACME

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2018

Property, Plant and Equipment* - Schedule - A

(Amount in Taka)

| C O S T / R E V A L U A T I O N S | | | | | | | | | | D E P R E C I A T I O N | | | | | |
|---|--------------------------------|------------------------------------|----------------------------------|---------------|---------------------|---|----------------------|--|--|---|---|---------------|---------------------|----------------------|-----------------------------------|
| Particulars of Assets | Historical Cost as at 01.07.17 | Revaluation Surplus as at 01.07.17 | Additions during the year (Cost) | Disposal | | Adjustment of Machinery in transit/CWIP | Total as at 30.06.18 | Accumulated Dep. As at 01.07.17 on Historical Cost | Accumulated Dep. As at 01.07.17 on Revaluation Surplus | Depreciation on Historical Cost during the year | Depreciation on Revaluation Surplus during the year | Disposal | | Total as at 30.06.18 | Written Down Value as at 30.06.18 |
| | | | | Cost | Revaluation Surplus | | | | | | | Cost | Revaluation Surplus | | |
| Land and land development | 652,169,954 | 4,065,335,080 | 21,610,131 | - | - | - | 4,739,115,165 | - | - | - | - | - | - | - | 4,739,115,165 |
| Building | 3,892,225,751 | 1,871,772,126 | 71,103,565 | - | - | - | 5,835,101,442 | 699,888,351 | 504,527,242 | 141,140,714 | 67,212,758 | - | - | 1,412,769,065 | 4,422,332,377 |
| Machinery & Equipment | 4,170,173,222 | 36,624,041 | 940,643,850 | - | - | - | 5,147,441,113 | 1,200,557,045 | 17,843,811 | 327,767,811 | 3,870,573 | - | - | 1,550,039,240 | 3,597,401,873 |
| Furniture & Fixture | 316,176,053 | - | 24,267,169 | - | - | - | 340,443,222 | 177,774,205 | - | 11,173,717 | - | - | - | 188,947,922 | 151,495,300 |
| Motor Vehicle | 554,147,447 | 30,875,048 | 100,913,455 | (3,192,064) | (459,473) | - | 682,284,413 | 298,965,772 | 21,490,668 | 28,462,294 | 4,070,760 | (3,192,064) | (239,851) | 349,557,579 | 332,726,834 |
| Utilities, Electrical Installation & Eng. | 1,845,920,003 | 57,205,328 | 144,827,107 | - | - | - | 2,047,952,438 | 700,552,992 | 30,528,507 | 133,025,487 | 9,533,471 | - | - | 873,640,457 | 1,174,311,981 |
| Office Equipment | 132,341,382 | 1,503,819 | 58,432,622 | - | - | - | 192,277,823 | 79,307,152 | 1,251,007 | 5,693,654 | 53,432 | - | - | 86,305,245 | 105,972,578 |
| Books and Periodicals | 6,343,045 | - | - | - | - | - | 6,343,045 | 4,648,171 | - | 140,752 | - | - | - | 4,788,923 | 1,554,122 |
| Sub Total | 11,569,496,857 | 6,063,315,442 | 1,361,797,899 | (3,192,064) | (459,473) | - | 18,990,958,661 | 3,161,693,688 | 575,641,235 | 647,404,429 | 84,740,994 | (3,192,064) | (239,851) | 4,466,048,431 | 14,524,910,230 |
| Machinery in Transit | 875,454,374 | - | 2,596,301,729 | - | - | (1,050,526,063) | 2,421,230,040 | - | - | - | - | - | - | - | 2,421,230,040 |
| Construction Work in progress | 3,449,297,918 | - | 787,954,465 | - | - | (77,713,696) | 4,159,538,687 | - | - | - | - | - | - | - | 4,159,538,687 |
| Sub Total | 4,324,752,292 | - | 3,384,256,194 | - | - | (1,128,239,759) | 6,580,768,727 | - | - | - | - | - | - | - | 6,580,768,727 |
| Total Taka (As at 30.06.2018) | 15,894,249,149 | 6,063,315,442 | 4,746,054,093 | (3,192,064) | (459,473) | (1,128,239,759) | 25,571,727,388 | 3,161,693,688 | 575,641,235 | 647,404,429 | 84,740,994 | (3,192,064) | (239,851) | 4,466,048,431 | 21,105,678,957 |
| Total Taka (As at 30.06.2017) | 14,271,010,597 | 6,155,194,067 | 3,200,445,219 | (258,446,088) | (91,878,625) | (1,318,760,579) | 21,957,564,591 | 2,673,835,956 | 512,263,574 | 616,428,277 | 85,333,938 | (128,570,545) | (21,956,276) | 3,737,334,924 | 18,220,229,667 |

ALLOCATION OF DEPRECIATION:

| | On Cost | On Revaluation | Total |
|---------------------------------|--------------------|-------------------|--------------------|
| Factory Overhead | 543,819,720 | 71,182,435 | 615,002,155 |
| Selling & Distribution Expenses | 53,410,865 | 6,991,132 | 60,401,997 |
| Administrative Expenses | 50,173,843 | 6,567,427 | 56,741,270 |
| | 647,404,429 | 84,740,994 | 732,145,422 |

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2018

| Note No. | Particulars | Amount in Taka | |
|----------|--|-----------------------|-----------------------|
| | | As at 30-06-2018 | As at 30-06-2017 |
| 6 | Property Plant and Equipment: Tk. 21,105,678,957 | | |
| | Details of Property, Plant and Equipment and Depreciation as at 30 June 2018 are shown in the annexed Schedule - A. This is arrived at as follows: | | |
| | Cost | 19,508,871,419 | 15,894,249,149 |
| | Opening Balance (Cost) | 15,894,249,149 | 14,271,010,597 |
| | Addition during the year (Cost) | 4,746,054,093 | 3,200,445,219 |
| | Disposal (Cost) | (3,192,064) | (258,446,088) |
| | Adjustment for CWIP/MIT | (1,128,239,759) | (1,318,760,579) |
| | Revaluation | 6,062,855,969 | 6,063,315,442 |
| | Opening Balance (Revaluation) | 6,063,315,442 | 6,155,194,067 |
| | Addition during the year (Revaluation Surplus) | - | - |
| | Disposal (Revaluation Surplus) | (459,473) | (91,878,625) |
| | Accumulated Depreciation on Cost | 3,805,906,053 | 3,161,693,688 |
| | Opening Balance | 3,161,693,688 | 2,673,835,956 |
| | Addition during the year | 647,404,429 | 616,428,277 |
| | Disposal | (3,192,064) | (128,570,545) |
| | Accumulated Depreciation on Revaluation Surplus | 660,142,378 | 575,641,236 |
| | Opening Balance | 575,641,235 | 512,263,574 |
| | Addition during the year | 84,740,994 | 85,333,938 |
| | Disposal | (239,851) | (21,956,276) |
| | Carrying Value | 21,105,678,957 | 18,220,229,667 |
| | Cost | 15,702,965,366 | 12,732,555,461 |
| | Revaluation Surplus | 5,402,713,591 | 5,487,674,206 |
| | Allocation of depreciation charge for the year has been made in the accounts as follows: | | |
| | Factory Overhead | 615,002,155 | 589,480,261 |
| | Selling, Marketing and Distribution Expenses | 60,401,997 | 57,895,384 |
| | Administrative Expenses | 56,741,270 | 54,386,570 |
| | Total | 732,145,422 | 701,762,215 |

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2018

Note No. Particulars

Amount in Taka

| As at 30-06-2018 | As at 30-06-2017 |
|------------------|------------------|
|------------------|------------------|

6.a Revaluation Surplus: Tk. 5,402,713,591

Current balance has been arrived as below:

Masih Muhith Haque & Co. Chartered Accountants, Dhaka, Bangladesh the valuer revalued the Land and Land Development, Building, Machinery & Equipment, Motor Vehicle, Utilities Electrical Installation & Engineering and Office Equipment as at 30 June 2016 at "Current Cost Accounting Method (CCA)". Due to these revaluation, a net revaluation surplus amounting to Tk. 430,577,063 had arisen.

Revaluation Surplus

Opening Balance

Less: Adjustment due to Loss on Revaluation

Add : Adjustment due to disposal/Discard

6,063,095,820

6,063,315,442

6,063,315,442

6,155,194,067

-

1,384,500

(219,622)

(90,494,125)

Less: Accumulated depreciation on revaluation & Loss on Disposal

660,382,229

575,641,235

Opening Balance

575,641,235

512,263,573

Add: Depreciation charged for the year

84,740,994

85,333,938

Add: Adjustment due to disposal/Discard

-

21,956,276

5,402,713,591

5,487,674,207

7 Intangible Assets :Tk. 120,375

The Details are as under:

Application Software (Note no. 7.1)

940,285

940,285

Less: Amortization

819,910

778,285

Accumulated balance till last financial year

778,285

736,660

For the Year

41,625

41,625

120,375

162,000

7.1 Application Software: Tk. 120,375

Details have been given below :

| Year of acquisition | Amount (Tk.) | Rate | Amortization | | | |
|---------------------|----------------|-------|-----------------|---------------|----------------|-----------------|
| | | | Opening balance | for the year | Total | Closing Balance |
| 2000-01 | 385,285 | 7.50% | 385,285 | - | 385,285 | - |
| 2007-08 | 400,000 | 7.50% | 300,000 | 30,000 | 330,000 | 70,000 |
| 2009-10 | 155,000 | 7.50% | 93,000 | 11,625 | 104,625 | 50,375 |
| Total | 940,285 | | 778,285 | 41,625 | 819,910 | 120,375 |

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2018

| Note No. | Particulars | Amount in Taka | |
|----------|---|-------------------|-------------------|
| | | As at 30-06-2018 | As at 30-06-2017 |
| 8 | Investment in Shares : Tk. 34,892,667 | | |
| | Public Limited Co.'s Securities (Details are given in Note no. 8.1 below) | 34,892,667 | 32,405,390 |
| | | 34,892,667 | 32,405,390 |

8.1 Public Limited Co.'s Securities

| Particulars | No. of Equity Shares held | FV | Total cost | Market Price as at 30.06.2018 | Unrealize gain/(loss) |
|--|---------------------------|----|-------------------|-------------------------------|-----------------------|
| AB Bank Ltd. | 28,476 | 10 | 522,446 | 353,102 | (169,344) |
| Eastern Bank Ltd. | 24,150 | 10 | 583,480 | 816,270 | 232,790 |
| Pioneer Insurance Co. Ltd. | 28,875 | 10 | 1,050,013 | 773,850 | (276,163) |
| Southeast Bank Ltd. | 25,000 | 10 | 504,509 | 392,500 | (112,009) |
| EXIM Bank Ltd. | 27,500 | 10 | 256,530 | 327,250 | 70,720 |
| Square Pharma Ltd. | 88,687 | 10 | 18,538,586 | 25,994,160 | 7,455,574 |
| Square Textile Ltd. | 250 | 10 | - | 12,675 | 12,675 |
| Grammeen Phone Ltd. | 16,000 | 10 | 4,715,424 | 6,222,400 | 1,506,976 |
| C & A Textiles Ltd. | 92 | 10 | 870 | 460 | (410) |
| | | | 26,171,858 | 34,892,667 | 8,720,809 |
| Comparative year as at 30.06.2017 | | | 26,171,858 | 32,405,390 | 6,233,532 |

9 Investment Property: Tk. 21,344,813

The company has an Investment Property (Building) which has been rented to ACMUNIO International Ltd. As per BAS-40: Investment Property, the company is following fair value model as subsequent measurement and any gain or loss arising from a change in fair value of Investment Property is recognized in Statement of Profit or Loss and Other Comprehensive Income for the year in which it arises. In the year ended 30 June 2018 the company has revalued its Investment Property by an independent valuer M/S MM Rahman & Co., Chartered Accountants, Dhaka, Bangladesh. The valuer revalued the property by using current replacement cost method as mentioned in Paragraph B8 of BFRS 13: "Fair Value Measurement".

The details are hereunder :

| | | |
|-----------------------------------|-------------------|-------------------|
| Opening balance | 23,104,412 | 26,185,000 |
| Add/(Less): Changes in fair value | (1,759,599) | (3,080,588) |
| Closing Balance | 21,344,813 | 23,104,412 |

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2018

| Note No. | Particulars | Amount in Taka | |
|-----------|---------------------------------------|----------------------|----------------------|
| | | As at 30-06-2018 | As at 30-06-2017 |
| 10 | Inventories: Tk. 3,143,134,830 | | |
| | This consists of as follows: | | |
| | Raw Materials | 877,645,698 | 817,689,878 |
| | Packing Materials | 578,765,497 | 538,976,580 |
| | Work-in-Process | 537,645,987 | 497,654,654 |
| | Finished Goods | 849,934,278 | 806,736,527 |
| | Printing & Stationery | 106,891,025 | 87,647,739 |
| | Spare & Accessories | 192,252,345 | 158,903,517 |
| | Total | 3,143,134,830 | 2,907,608,895 |

11 Trade Receivable : Tk. 1,506,585,427

Trade Receivable both domestic and exports occurred in the ordinary course of business are unsecured but consider good. The above Trade Receivable is as follows:

| | | |
|---------------------------------------|-----------------------------|-----------------------------|
| Domestic | 1,383,709,037 | 1,154,566,982 |
| Exports | 120,141,776 | 69,640,036 |
| | <u>1,503,850,813</u> | <u>1,224,207,018</u> |
| Add: Foreign exchange Unrealized Gain | 2,734,614 | 2,874,676 |
| | <u>1,506,585,427</u> | <u>1,227,081,694</u> |

11.a Trade Receivable: Tk. 1,506,585,427

Ageing of the above receivables are given below:

| Particulars | Up to 6 Months | | Above 6 Months | | Total | |
|-----------------------------------|----------------|---------------|----------------|---------|-----------------------------|-----------------------------|
| | 2017-2018 | 2016-2017 | 2017-2018 | 2016-17 | 2017-2018 | 2016-2017 |
| Domestic | 1,383,709,037 | 1,154,566,982 | - | - | 1,383,709,037 | 1,154,566,982 |
| Export | 120,141,776 | 69,640,036 | - | - | 120,141,776 | 69,640,036 |
| | | | | | <u>1,503,850,813</u> | <u>1,224,207,018</u> |
| Add: Foreign exchange Gain/(Loss) | | | | | 2,734,614 | 2,874,676 |
| | | | | | <u>1,506,585,427</u> | <u>1,227,081,694</u> |

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2018

| Note No. | Particulars | Amount in Taka | |
|-----------|---|----------------------|----------------------|
| | | As at 30-06-2018 | As at 30-06-2017 |
| 12 | Other Receivable: Tk. 14,003,447 | | |
| | This consists of as follows: | | |
| | Rent on Investment Property | 12,924,000 | 6,462,000 |
| | Interest Receivable | 827,834 | 1,166,495 |
| | Claim receivable from Insurance Company due to fire (Inventory) | - | 52,171,000 |
| | Claim receivable from Insurance Company due to fire (Machinery) | - | 75,476,238 |
| | Dividend Receivable on Marketable Securities | 251,613 | - |
| | | 14,003,447 | 135,275,733 |
| 13 | Advances, Deposits and Prepayments : Tk 1,728,861,666 | | |
| | The followings items are unsecured but considered good and consists of as follows : | | |
| | Advances: | | |
| | Advances against Salary | 129,431,007 | 109,631,013 |
| | Motor Cycle Advance to Employees | 317,145,175 | 327,388,519 |
| | Employee Advances (Others) | 241,945,326 | 187,429,096 |
| | Advance for API Industrial Park | 109,148,652 | 66,330,000 |
| | Advance to ACMUNIO International Ltd. | 96,479,473 | 96,479,473 |
| | Advance to Suppliers | 242,522,687 | 207,140,525 |
| | Advance to Suppliers for Construction | 240,293,380 | 224,866,357 |
| | Advance against Land | 24,450,000 | 35,150,000 |
| | Others | 21,369,984 | 8,512,500 |
| | Deposit : | | |
| | Security Deposit and Earnest Money | 34,278,038 | 27,130,418 |
| | Security Deposit to Dhaka Polli Biddut Samity-3 | 15,140,000 | 15,140,000 |
| | Lease Deposit | 186,000 | 2,186,000 |
| | Presumptive Tax on Share Premium | 13,064,814 | 13,064,814 |
| | Deposit for Gas | 13,346,750 | 11,604,600 |
| | VAT Deposit | 208,126,436 | 86,287,647 |
| | Security Deposit to CDBL | 500,000 | 500,000 |
| | Others | 5,442,900 | 3,700,750 |
| | Prepayments : | | |
| | Office Rent | 2,519,125 | 2,915,750 |
| | Insurance | 13,471,919 | 8,895,938 |
| | | 1,728,861,666 | 1,434,353,400 |

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2018

| Note No. | Particulars | Amount in Taka | |
|-----------|---|----------------------|----------------------|
| | | As at 30-06-2018 | As at 30-06-2017 |
| 14 | Advance Income Tax: Tk. 2,234,845,243 | | |
| | The breakup of the above amount is as under: | | |
| | Opening Balance as per last A/C | 2,037,434,874 | 1,843,423,421 |
| | Adjustment of Current Tax Provision and Advance Income Tax for completed assessment | | |
| | - For the assessment year 2008-2009 | - | (108,893,537) |
| | - For the assessment year 2007-2008 | (92,762,703) | - |
| | - For the assessment year 2009-2010 | (124,845,356) | - |
| | Payment during the year: | | |
| | AIT collected by Customs Authority | 158,615,765 | 113,645,388 |
| | AIT collected by Bank from Export Bills | 3,252,789 | 3,093,176 |
| | AIT deducted against supply of Medicines | 17,716,146 | 9,813,848 |
| | AIT collected by BRTA Authority | 4,026,000 | 3,891,000 |
| | AIT deducted on Bank Interest on FDRs and STD account | 11,431,296 | 19,863,441 |
| | AIT deducted from Dividend Received | 99,711 | 158,460 |
| | Paid by pay order/Cheque: | | |
| | for the assessment year 2008-09 | - | 2,439,677 |
| | for the assessment year 2010-11 | 3,600,000 | - |
| | for the assessment year 2017-18 | 49,993,066 | 150,000,000 |
| | for the assessment year 2018-19 | 145,000,000 | - |
| | for the assessment year 2005-06 | 1,985,445 | - |
| | for the assessment year 2009-10 | 19,298,210 | - |
| | | 2,234,845,243 | 2,037,434,874 |
| 15 | Material in Transit: Tk. 595,929,689 | | |
| | Raw Materials | 354,851,528 | 295,427,053 |
| | Packing Materials | 136,789,870 | 109,490,475 |
| | Spare Parts | 104,288,291 | 87,779,326 |
| | | 595,929,689 | 492,696,854 |

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2018

| Note No. | Particulars | Amount in Taka | |
|-----------|---|----------------------|----------------------|
| | | As at 30-06-2018 | As at 30-06-2017 |
| 16 | Term Deposit: Tk. 1,103,779,169 | | |
| | As a part of efficient treasury management the company has made some short term investment with various Commercial Banks and Non Banking Financial Institutions which are stated below: | | |
| | Dhaka Bank Limited | - | 506,750,000 |
| | Investment Corporation of Bangladesh (ICB) | 1,103,779,169 | 1,547,250,000 |
| | | 1,103,779,169 | 2,054,000,000 |
| 17 | Cash and Cash Equivalents: Tk. 1,135,069,957 | | |
| | This is made up as follows : | | |
| | Cash in Hand | 563,638,102 | 439,947,387 |
| | Cash at Bank : | | |
| | Agrani Bank Ltd. | 15,280,963 | 8,456,107 |
| | Dhaka Bank Ltd. | 675,375 | 767,876 |
| | National Bank Ltd. | 50,757,067 | 25,030,599 |
| | Uttara Bank Ltd. | 69,842,839 | 124,032,389 |
| | Marcantile Bank Ltd. | 20,023,732 | 39,255,107 |
| | Standard Chartered Bank | 138,616,879 | 320,391,380 |
| | Sonali Bank Ltd. | 959,191 | 144,756 |
| | Islami Bank Ltd. | 44,093,281 | 229,544 |
| | NCC Bank Ltd. | 18,638,902 | 29,571,850 |
| | Eastern Bank Ltd. | 6,686,866 | 15,932,828 |
| | Dutch Bangla Bank Ltd. | 124,603,712 | 123,250,276 |
| | HSBC | 7,896,847 | 7,721,453 |
| | United Commercial Bank Ltd. | 494,821 | 495,546 |
| | The City Bank Ltd. | 4,671,214 | 2,907,964 |
| | Trust Bank Ltd. | 26,945,677 | 192,899,779 |
| | Exim Bank Ltd. | 233,719 | 235,939 |
| | Bank Asia Ltd. | 19,476,325 | 38,179,368 |
| | Southeast Bank Ltd. | 9,993,651 | 11,707,742 |
| | Prime Bank Ltd. | 9,820,544 | - |
| | Cash at BO Account | 1,720,250 | 1,720,700 |
| | | 1,135,069,957 | 1,382,878,590 |

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2018

| Note No. | Particulars | Amount in Taka | |
|-------------|---|----------------------|----------------------|
| | | As at 30-06-2018 | As at 30-06-2017 |
| 18 | Share Capital : Tk. 2,116,017,000 | | |
| | This is arrived at as follows : | | |
| a) | Authorized Capital : Tk 5,000,000,000 500,000,000 Ordinary share of Tk. 10 each | <u>5,000,000,000</u> | <u>5,000,000,000</u> |
| b) | Issued, Subscribed and Paid - up Capital: 211,601,700 Ordinary Shares @ Tk. 10 each. Previous year 211,601,700 Ordinary Shares @ Tk. 10 each) | <u>2,116,017,000</u> | <u>2,116,017,000</u> |
| c) | Movement in Number of Ordinary Shares is as under: | | |
| | Opening Balance | 211,601,700 | 211,601,700 |
| | Add: Issued during the year | - | - |
| | Closing Balance | <u>211,601,700</u> | <u>211,601,700</u> |
| 18.1 | Calculation of Net Asset Value (NAV) per ordinary share of Tk. 10 each: | | |
| | A Total Equity of the Company | 17,645,034,827 | 16,956,277,126 |
| | B Total Number of outstanding ordinary share at the end of the year | <u>211,601,700</u> | <u>211,601,700</u> |
| | C Net Asset Value per Ordinary Share (A/B) rounded of upto two decimal places | <u>83.39</u> | <u>80.13</u> |

18.2 History of allotment of Shares by the Company:

| Date of Allotment | Particulars of allotment | Number of ordinary shares allotted | Face Value (Tk) | Amount of Share Capital(Tk.) |
|-------------------|---|------------------------------------|-----------------|------------------------------|
| 17.03.1976 | First (Subscription to the Memorandum and Articles of Association at the time of Incorporation) | 600 | 10 | 6,000 |
| 16.05.1976 | Second | 29,500 | 10 | 295,000 |
| 10.08.1989 | Third | 300,000 | 10 | 3,000,000 |
| 29.11.2006 | Fourth | 9,669,900 | 10 | 96,699,000 |
| 05.05.2011 | Fifth | 106,000,000 | 10 | 1,060,000,000 |
| 20.05.2013 | Sixth | 39,631,100 | 10 | 396,311,000 |
| 26.11.2013 | Seventh | 5,970,600 | 10 | 59,706,000 |
| 15.05.2016 | Eighth | 50,000,000 | 10 | 500,000,000 |
| | | <u>211,601,700</u> | | <u>2,116,017,000</u> |

19 Share Premium: Tk. 5,127,599,728

In the year 2015-2016, the company issued 50,000,000 Ordinary Shares of Tk. 10 each of which 30,000,000 Ordinary Shares issued at an issue price of Tk. 85.20 with a premium of Tk. 75.20 each and 20,000,000 Ordinary Shares issued at an issue price of Tk. 77.00 with a premium of Tk. 67.00 each.

| | | |
|-----------------|-----------------------------|-----------------------------|
| Opening balance | 5,127,599,728 | 5,127,599,728 |
| Closing balance | <u>5,127,599,728</u> | <u>5,127,599,728</u> |

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2018

| Note No. | Particulars | Amount in Taka | |
|-----------|--|----------------------|----------------------|
| | | As at 30-06-2018 | As at 30-06-2017 |
| 20 | Retained Earnings: Tk. 4,810,519,458 | | |
| | Opening balance | 4,039,288,418 | 3,303,424,145 |
| | | 1,511,836,990 | 1,483,688,505 |
| | Add: Net profit after tax for the year | 1,426,570,996 | 1,397,849,938 |
| | Adjustment for Depreciation on Revaluation Surplus | 84,740,994 | 85,333,938 |
| | Adjustment for disposal of Motor Vehicle | 525,000 | - |
| | Revaluation surplus transferred to Retained earnings due to disposal of Motor Vehicles | - | 504,629 |
| | | 740,605,950 | 747,824,232 |
| | Less: Tax Holiday Reserve | - | 7,218,282 |
| | Dividend for the year 2016-2017 (comparative year dividend was for the year 2015-2016) | 740,605,950 | 740,605,950 |
| | Closing balance | 4,810,519,458 | 4,039,288,418 |
| 21 | Long Term Loans - Net off Current Maturity: Tk. 3,780,826,927 | | |
| | This represents long term borrowings from Financial Institutions which are as follows: | | |
| | Name of Financial Institutions | | |
| | Trust Bank Ltd. | 575,745,173 | 330,306,597 |
| | Dutch Bangla Bank Ltd. | 628,103,596 | 451,659,092 |
| | Eastern Bank Ltd. | 450,000,000 | 650,000,000 |
| | IDLC Finance Ltd. | 206,857,217 | 62,078,015 |
| | Dhaka Bank Ltd | 42,152,158 | - |
| | Standard Chartered Bank-Foreign Loan (Net of foreign currency gain/loss) | - | 128,952,000 |
| | IIDFC | 257,500,000 | 245,000,000 |
| | IPDC | 467,500,000 | 437,250,000 |
| | HSBC-Foreign Loan (Net of foreign currency gain/loss) | 1,339,964 | 170,191,403 |
| | HSBC Term Loan | 34,655,291 | 20,444,928 |
| | United Finance Ltd. (UFL) | 250,000,000 | 180,000,000 |
| | Lanka Bangla Finance Ltd. | 150,000,000 | 350,000,000 |
| | Lankan Alliance Finance Ltd. | 212,453,528 | - |
| | Bay Leasing & Investment Limited | 140,000,000 | - |
| | Prime Bank Limited | 364,520,000 | - |
| | | 3,780,826,927 | 3,025,882,035 |

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2018

| Note No. | Particulars | Amount in Taka | |
|-----------|---|----------------------|----------------------|
| | | As at 30-06-2018 | As at 30-06-2017 |
| 22 | Provision for Gratuity: Tk. 330,362,700 | | |
| | Opening Balance | 268,364,985 | 206,370,155 |
| | Add: Provision for the year | 107,238,040 | 103,311,473 |
| | Less: Paid during the year | 45,240,325 | 41,316,643 |
| | Closing Balance | 330,362,700 | 268,364,985 |
| 23 | Deferred Tax Liability: Tk. 504,324,918 | | |
| | This represents provision made/assets created related to deferred income tax for taxable/deductable temporary differences which is arrived at as follows: | | |
| | Opening Balance | 381,665,656 | 114,423,516 |
| | Add : Deferred Tax Liability/(Assets) created during the year | | |
| | Increase in Deferred tax liability | 138,158,691 | 297,184,972 |
| | On account of (deductable) /taxable temporary difference of taxable unit | 138,158,691 | 293,457,536 |
| | On account of (deductable)/taxable temporary difference of Tax holiday unit | - | 3,727,436 |
| | Creation of Deferred Tax Assets | (15,499,429) | (29,942,832) |
| | On account of Provision for Gratuity | (15,499,429) | (29,942,832) |
| | Closing Balance | 504,324,918 | 381,665,656 |
| 24 | Loans & Overdrafts: Tk. 5,826,848,423 | | |
| | This represents the amount are as follows : | | |
| | Name of the Bank | | |
| | Dutch Bangla Bank Ltd. | 484,133,632 | 648,457,651 |
| | Standard Chartered Bank | 705,757,816 | 602,225,086 |
| | Dhaka Bank Ltd. | 681,022,137 | 427,010,443 |
| | HSBC | 1,135,327,825 | 1,122,527,704 |
| | Eastern Bank Ltd. | 1,168,193,825 | 1,215,859,615 |
| | Trust Bank Ltd. | 447,329,833 | 149,517,113 |
| | The City Bank Ltd. | 1,109,144,510 | 1,138,441,723 |
| | Prime Bank Limited | 95,938,845 | - |
| | | 5,826,848,423 | 5,304,039,335 |

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2018

| Note No. | Particulars | Amount in Taka | |
|-----------|--|----------------------|----------------------|
| | | As at 30-06-2018 | As at 30-06-2017 |
| 25 | Current Maturity of Long Term Loans: Tk. 2,109,615,101 | | |
| | This amount represents current portion of long term loans from Bank & Non-Banking Financial Institutions which are repayable within next 12 months from the balance Sheet date : | | |
| | Name of Financial Institutions: | | |
| | Trust Bank Ltd. | 269,660,040 | 198,928,757 |
| | IDLC Finance Ltd. | 95,220,806 | 46,077,072 |
| | IIDFC | 130,000,000 | 107,500,000 |
| | IPDC | 207,250,000 | 157,250,000 |
| | Eastern Bank Ltd. | 200,000,000 | 200,000,000 |
| | Standard Chartered Bank - Foreign Loan (Net of foreign currency gain/loss) | 133,960,000 | 257,904,000 |
| | HSBC - Foreign Loan (Net of foreign currency gain/loss) | 175,938,093 | 257,199,665 |
| | HSBC Term Loan | 77,690,965 | 22,303,558 |
| | Dhaka Bank Ltd. | 29,275,172 | 27,198,644 |
| | Dutch Bangla Bank Ltd. | 291,409,553 | 237,543,971 |
| | United Finance Ltd. (UFL) | 120,000,000 | 80,000,000 |
| | Lanka Bangla Finance Ltd. | 200,000,000 | 200,000,000 |
| | Lankan Alliance Finance Ltd. | 37,546,472 | - |
| | Prime Bank Limited | 101,664,000 | - |
| | Bay Leasing | 40,000,000 | - |
| | | 2,109,615,101 | 1,791,905,667 |
| 26 | Trade Payables: Tk. 208,815,093 | | |
| | This consists of : | | |
| | Trade Creditors | 208,815,093 | 211,268,759 |
| | | 208,815,093 | 211,268,759 |
| 27 | Provision for Income Tax: Tk. 1,992,201,935 | | |
| | Opening Balance | 1,804,196,185 | 1,542,631,343 |
| | Add: Provision during the year | 405,613,809 | 370,458,379 |
| | Less: Adjustment of Current Tax Provision and Advance Income Tax for completed assessment | | |
| | - For the assessment year 2008-2009 | - | 108,893,537 |
| | - For the assessment year 2007-2008 | 92,762,703 | - |
| | - For the assessment year 2009-2010 | 124,845,356 | - |
| | | 1,992,201,935 | 1,804,196,185 |

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2018

| Note No. | Particulars | Amount in Taka | |
|-------------|---|--------------------|--------------------|
| | | As at 30-06-2018 | As at 30-06-2017 |
| 28 | Liability for Expenses and Others: Tk. 222,407,023 | | |
| | This is arrived at as follows: | | |
| | Salary & Allowances | 19,197,722 | 18,519,772 |
| | Power & Electricity | 20,588,307 | 9,925,123 |
| | Postage & Telephone | 377,650 | 1,376,156 |
| | Gas Bill | 13,638,742 | 13,787,084 |
| | Office Rent | 645,875 | 479,250 |
| | Audit Fee | 500,000 | 500,000 |
| | Valuation & Certification fee | 184,500 | 55,000 |
| | WASA Bill | 49,893 | 86,613 |
| | Workers Profit Participation Fund (WPPF) and Workers Welfare Fund (WWF) 28.a | 132,324,493 | 126,182,061 |
| | Advance against Export Sales | 2,465,213 | 7,163,193 |
| | Interest on WPPF and WWF | 3,109,114 | 1,312,129 |
| | Other Expenses and TDS & VDS | 29,325,514 | 21,638,560 |
| | | 222,407,023 | 201,024,941 |
| 28.a | Workers Profit Participation Fund (WPPF) and Workers Welfare Fund (WWF): Tk. 132,324,493 | | |
| | The company makes a regular allocation of 5% on net profit before tax to this funds and payment is made to the workers as per provisions of Labor Law 2006 as amended in 2013. | | |
| | Opening Balance | 126,182,061 | 87,499,086 |
| | Add: Addition for the year | 97,742,203 | 101,777,523 |
| | Less: Payment during the year | 91,599,771 | 63,094,548 |
| | Closing Balance | 132,324,493 | 126,182,061 |
| 29 | Dividend Payable: Tk. 3,809,293 | | |
| | The Board of Directors proposed 35% cash dividend of Tk. 740,605,950 for the year 2016-2017 which was duly approved in the 41st AGM by the shareholders . The details are stated below: | | |
| | Opening Balance | 2,606,820 | 62,191,926 |
| | Add: Final dividend declared for the year 2016-2017 (Gross) | 740,605,950 | 740,605,950 |
| | Less: Dividend paid to Shareholders | 739,403,477 | 800,191,056 |
| | Net Dividend Payable | 3,809,293 | 2,606,820 |

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2018

| Note No. | Particulars | Amount in Taka | |
|-----------|-------------------------------------|-----------------------|-----------------------|
| | | July'17 to June'18 | July'16 to June'17 |
| 30 | Revenue : Tk. 14,813,914,266 | | |
| | This is made up as follows: | | |
| | Gross Turnover | | |
| | Domestic | | |
| | Own Products | 16,539,845,362 | 15,206,613,807 |
| | <i>Manufactured by Others :</i> | | |
| | Syringe | 2,733 | 68,379 |
| | Imported Item | 873,500 | 8,723,250 |
| | | 16,540,721,595 | 15,215,405,436 |
| | Export | | |
| | Own Products | 514,043,252 | 450,417,659 |
| | | 514,043,252 | 450,417,659 |
| | Total Gross Turnover | 17,054,764,847 | 15,665,823,095 |
| | Less: VAT | 2,240,850,581 | 2,089,500,797 |
| | Net Turnover | 14,813,914,266 | 13,576,322,298 |

The summarized sales and production quantities are as follows:

| Name of Category | Unit | Opening balance | Production/ Purchase | Sales | Closing balance |
|----------------------|---------|-----------------|----------------------|---------------|-----------------|
| Capsule | Pcs | 17,323,054 | 396,332,267 | 396,088,996 | 17,566,325 |
| Cream | Tube | 727,127 | 5,765,094 | 5,735,892 | 756,329 |
| Dry Syrup | Bottles | 1,167,473 | 9,764,293 | 9,742,842 | 1,188,924 |
| Eye/Ear/Nosal Drop | Phials | 1,542,701 | 10,153,679 | 10,140,501 | 1,555,879 |
| Injection | Pcs | 1,840,914 | 39,963,339 | 39,838,032 | 1,966,221 |
| Liquid | Bottles | 5,448,197 | 73,453,632 | 73,579,242 | 5,322,587 |
| Ointment | Tube | 250,717 | 2,245,479 | 2,284,731 | 211,465 |
| Tablet | Pcs | 132,191,723 | 2,493,583,691 | 2,493,086,669 | 132,688,745 |
| Powder | Pcs | 79,514 | 388,381 | 386,349 | 81,546 |
| Inhaler (DPI) | Cans | 4,595,016 | 37,807,235 | 37,835,923 | 4,566,328 |
| Suppository | Pcs | 1,868,308 | 32,465,918 | 32,543,568 | 1,790,658 |
| Inhaler(MDI) | Cans | 99,749 | 1,400,166 | 1,397,404 | 102,511 |
| Injection (vet) | Pcs | 1,792,221 | 12,491,251 | 12,517,648 | 1,765,824 |
| Liquid (Vet.) | Bottles | 680,118 | 6,645,257 | 6,603,186 | 722,189 |
| Bolus | Pcs | 11,674,769 | 183,297,248 | 183,116,594 | 11,855,423 |
| Primix | Pcs | 5,442,024 | 21,176,176 | 21,105,722 | 5,512,478 |
| Water Soluble Powder | Pcs | 610,038 | 7,432,517 | 7,377,937 | 664,618 |
| Syringe | Pcs | 38,995 | - | 455 | 38,540 |
| Fish Feed | Kg | 2,986 | - | - | 2,986 |
| Infusion | Pcs | 961,008 | 3,854,943 | 3,693,106 | 1,122,845 |
| Sachet | Pcs | 543,664 | 9,757,592 | 9,698,144 | 603,112 |
| Vaporizer | Pcs | 17,097 | - | 3,493 | 13,604 |

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2018

Note No. **Particulars**

| Amount in Taka | |
|--------------------|--------------------|
| July'17 to June'18 | July'16 to June'17 |

31 Cost of Goods Sold : Tk. 8,942,398,576

This is arrived at as follows :

| | | | |
|---|------|----------------------|----------------------|
| Raw Materials Consumed | 31.a | 4,531,832,107 | 4,186,075,384 |
| Packing Materials Consumed | 31.b | 2,520,485,132 | 2,140,317,179 |
| Work in Process (Opening) | | 497,654,654 | 583,838,595 |
| Work in Process (Closing) | | (537,645,987) | (497,654,654) |
| Material Consumption during the year | | 7,012,325,906 | 6,412,576,504 |
| Factory Overhead | 31.c | 1,973,270,421 | 1,709,499,203 |
| Cost of Production | | 8,985,596,327 | 8,122,075,707 |
| Purchase of Finished Goods | | - | 6,761,300 |
| Opening Stock of Finished Goods | | 806,736,527 | 717,729,076 |
| Finished Goods Available | | 9,792,332,854 | 8,846,566,083 |
| Closing Stock of Finished Goods | | (849,934,278) | (806,736,527) |
| Cost of Goods Sold | | 8,942,398,576 | 8,039,829,556 |

31.a Raw Materials Consumed : Tk. 4,531,832,107

This is arrived at as follows :

| | | |
|--------------------------------|----------------------|----------------------|
| Opening Stock of Raw Materials | 817,689,878 | 848,133,333 |
| Purchase during the year | 4,591,787,927 | 4,155,631,929 |
| Closing Stock of Raw Materials | (877,645,698) | (817,689,878) |
| Raw Material Consumed | 4,531,832,107 | 4,186,075,384 |

Item wise summarized quantity and total number of ingredients are as follows:

| Particulars | Pcs | Quantity (kg) | | Quantity (Liter) | | Quantity (Pcs) | |
|--------------------------|--------------------|------------------|------------------|------------------|---------------|----------------|------------------|
| | Cap Shell | Active | Excepients | Active | Excepients | Active | Excepients |
| Opening Balance | 352,245,897 | 2,595,654 | 816,504 | 305 | 12,146 | - | - |
| Purchase | 358,946,395 | 4,673,991 | 5,649,099 | 308 | 50,484 | 28,300 | 2,859,200 |
| Available for use | 711,192,292 | 7,269,645 | 6,465,603 | 613 | 62,630 | 28,300 | 2,859,200 |
| Closing Balance | 292,843,885 | 2,256,097 | 957,427 | 330 | 13,890 | - | 685,200 |
| Consumption | 418,348,407 | 5,013,548 | 5,508,176 | 283 | 48,740 | 28,300 | 2,174,000 |

31.b Packing Materials Consumed : Tk. 2,520,485,132

This is arrived at as follows :

| | | |
|------------------------------------|----------------------|----------------------|
| Opening Stock of Packing Materials | 538,976,580 | 451,563,377 |
| Purchase during the year | 2,560,274,049 | 2,227,730,382 |
| Closing Stock of Packing Materials | (578,765,497) | (538,976,580) |
| Packing Materials Consumed | 2,520,485,132 | 2,140,317,179 |

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2018

Note No. Particulars

| Amount in Taka | |
|--------------------|--------------------|
| July'17 to June'18 | July'16 to June'17 |

The total quantity of Packing Materials are as under:

| Name of Category | Unit | Opening | Purchase | Consumption | Closing |
|--------------------|------|------------|-------------|-------------|------------|
| Ampoule | Pcs | 16,215,489 | 21,673,715 | 27,337,753 | 10,551,451 |
| Bottle | Pcs | 21,215,462 | 71,429,033 | 77,381,921 | 15,262,574 |
| Carton | Pcs | 27,283,553 | 128,562,971 | 131,747,720 | 24,098,804 |
| Plastic Item | Pcs | 23,567,975 | 107,996,064 | 111,017,360 | 20,546,679 |
| Cap | Pcs | 16,536,698 | 94,144,755 | 94,556,406 | 16,125,047 |
| Catch Cover | Pcs | 15,145,896 | 22,334,997 | 23,440,719 | 14,040,174 |
| Inner Leaflet | Pcs | 19,614,726 | 114,886,333 | 114,567,912 | 19,933,147 |
| Label | Pcs | 5,202,577 | 72,711,615 | 73,030,359 | 4,883,833 |
| Shipping Box Label | Pcs | 3,484,917 | 9,405,103 | 8,942,809 | 3,947,211 |
| PVC/PVDC | Pcs | 165,274 | 823,148 | 767,054 | 221,368 |
| Shipping Box | Pcs | 789,335 | 10,759,950 | 10,766,629 | 782,656 |
| Tube | Pcs | 1,718,447 | 8,421,604 | 8,242,526 | 1,897,525 |
| Al. Foil- Blister | Kgs | 31,337 | 166,368 | 160,686 | 37,019 |
| Al. Foil- Strip | Kgs | 390,125 | 631,241 | 670,591 | 350,775 |
| Inner Board | Pcs | 584,474 | 907,730 | 872,995 | 619,209 |
| Vial | Pcs | 2,458,104 | 28,465,592 | 25,701,558 | 5,222,138 |
| Sticker Label | Pcs | 17,619,381 | 80,487,822 | 80,416,993 | 17,690,210 |

31.c Factory Overhead : Tk. 1,973,270,421

This is made up as follows :

| | | |
|--|----------------------|----------------------|
| Salary & Allowances | 464,637,662 | 393,149,863 |
| Daily Wages | 123,028,392 | 92,717,083 |
| Gratuity | 19,331,917 | 22,357,672 |
| Group Insurance Premium | 1,296,437 | 858,700 |
| Postage & Telephone | 3,193,922 | 3,275,875 |
| Fuel, Power & Electricity | 299,946,282 | 197,825,145 |
| Conveyance | 2,483,499 | 2,998,660 |
| Company's Contribution to RPF | 19,623,629 | 17,471,983 |
| Gas Bill | 147,881,624 | 134,633,860 |
| Factory Staff Uniform | 6,504,830 | 5,213,204 |
| Carriage Inward | 11,748,388 | 8,453,900 |
| Repairs & Maintenance | 71,245,351 | 67,566,073 |
| Medical Expenses | 529,565 | 544,170 |
| Insurance | 18,156,588 | 17,480,732 |
| Local Tax | 2,000,000 | 2,165,000 |
| Printing & Stationery | 24,670,823 | 21,491,029 |
| Research, Analysis & Product Development | 11,114,480 | 5,554,049 |
| Welfare & Recreation | 9,593,108 | 12,093,503 |
| Entertainment | 6,231,912 | 4,824,493 |
| Canteen Expenses | 17,731,445 | 14,153,333 |
| Spare Parts | 92,780,725 | 92,411,639 |
| Travelling | 4,537,687 | 2,778,976 |
| Depreciation | 615,002,155 | 589,480,261 |
| | 1,973,270,421 | 1,709,499,203 |

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2018

Note
No. **Particulars**

| Amount in Taka | |
|--------------------|--------------------|
| July'17 to June'18 | July'16 to June'17 |

32 Other Income : Tk. 106,611,149

This is made up as follows :

| | | |
|---|--------------------|--------------------|
| Rent on Investment Property | 6,462,000 | 6,462,000 |
| Other Lease Rent | 228,000 | 228,000 |
| Income/(Loss) from Sale of Motor Vehicle | 745,000 | (443,645) |
| Interest Bank's STD and SND A/C | 7,950,217 | 7,634,418 |
| Translation Gain/(loss) for foreign currency fluctuation | (8,900,802) | (19,301,295) |
| Settlement Gain/(loss) for foreign currency fluctuation | (6,647,513) | (2,286,791) |
| Gain due to settlement of Insurance claim for Inventroy lost in transit | - | 151,859 |
| Realized gain on Marketable Securities | - | 2,185,448 |
| Interest on Term Deposit | 106,024,079 | 189,798,344 |
| No Claim Bonus - Group Health Insurer | - | 4,969,177 |
| Dividend Income on marketable securities | 750,168 | 752,926 |
| | 106,611,149 | 190,150,441 |

33 Selling, Marketing and Distribution Expenses : Tk. 2,232,988,549

This is made up as follows :

| | | |
|----------------------------------|----------------------|----------------------|
| Salary & Allowances | 1,298,434,193 | 1,161,519,575 |
| Daily Basis Salary | 11,923,761 | 9,307,129 |
| Gratuity | 67,223,714 | 65,131,667 |
| Company's Contribution to RPF | 60,655,837 | 54,794,945 |
| Office Rent | 9,922,250 | 8,273,500 |
| Electricity & WASA, Gas | 9,450,259 | 8,739,528 |
| Postage & Telephone | 41,384,794 | 31,543,374 |
| Fuel for Generator | 1,955,780 | 1,692,437 |
| Vehicle Expenses | 40,110,484 | 38,462,064 |
| Printing & Stationery | 45,824,972 | 39,760,359 |
| TA/DA | 111,953,188 | 82,888,409 |
| Travelling Kits | 6,551,219 | 5,371,000 |
| Carriage Outward | 53,365,238 | 47,521,215 |
| Seminar & Conference | 16,527,153 | 12,062,053 |
| Medical Expenses | 819,222 | 1,230,988 |
| Sales Promotion Expenses | 163,913,880 | 129,162,085 |
| New Products induction expenses | 616,153 | 1,171,661 |
| Group & Health Insurance Premium | 4,807,201 | 3,955,383 |
| Export Expenses | 19,381,051 | 15,587,653 |
| Welfare & Recreation | 2,736,869 | 2,109,207 |
| Free Sample | 77,355,052 | 76,142,049 |
| Insurance | 8,240,188 | 9,366,151 |
| Fees & Renewals | 29,741,255 | 17,207,498 |
| Repair & Maintenance | 57,313,418 | 55,856,154 |
| Entertainment | 30,333,359 | 25,540,358 |
| Advertisement | 1,809,187 | 874,506 |
| Repacking Materials | 236,875 | 500,534 |
| Depreciation | 60,401,997 | 57,895,384 |
| | 2,232,988,549 | 1,963,666,866 |

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2018

| Note No. | Particulars | Amount in Taka | |
|-----------|--|----------------------|----------------------|
| | | July'17 to June'18 | July'16 to June'17 |
| 34 | Administrative Expenses : Tk. 589,467,718 | | |
| | This is made up as follows : | | |
| | Directors Remuneration | 28,800,000 | 28,800,000 |
| | Salary & Allowances | 272,091,738 | 233,227,185 |
| | Directors Sitting Fees | 2,070,000 | 2,319,167 |
| | Group Health including other Insurance Premium | 2,517,081 | 1,732,284 |
| | Postage & Telephone | 6,375,391 | 5,292,484 |
| | Electricity ,Gas & WASA | 16,536,253 | 14,604,020 |
| | Fuel for Generator & Vehicle | 6,310,919 | 6,060,266 |
| | Conveyance | 4,310,383 | 2,884,450 |
| | Refreshment Expenses | 3,921,457 | 4,319,889 |
| | Office General Expenses | 9,892,891 | 9,655,209 |
| | Vehicle Expenses | 17,799,917 | 16,745,418 |
| | Advertisement for Recruitment & Others | 4,453,308 | 4,241,240 |
| | Printing & Stationery | 7,169,738 | 6,337,328 |
| | Intangible Assets Amortization | 41,625 | 41,625 |
| | Newspaper & Periodicals | 212,501 | 251,325 |
| | AGM Expenses | 2,462,205 | 5,360,423 |
| | Expenses for Legal Procedure | 2,244,752 | 4,129,010 |
| | Gratuity | 20,682,409 | 15,822,134 |
| | Company's Contribution to RPF | 8,744,845 | 8,211,229 |
| | Professional Fee | 11,317,245 | 10,905,534 |
| | Audit Fees | 500,000 | 500,000 |
| | Medicine Expenses | 831,331 | 377,544 |
| | Uniform and liveries | 1,919,308 | 1,058,909 |
| | Travelling Expenses | 9,897,135 | 8,319,057 |
| | Repair and maintenance | 20,036,826 | 18,671,543 |
| | Municipal Tax | 3,726,162 | 3,907,295 |
| | Fees and Renewals | 7,054,212 | 6,673,513 |
| | Welfare and recreation | 2,200,493 | 2,336,854 |
| | Daily basis salary | 10,685,801 | 6,600,369 |
| | Contribution to CSR Activities | 1,170,923 | 1,519,808 |
| | Product Registration fees (US FDA) | 44,990,000 | 45,012,000 |
| | Loss due to revaluation of Investment Property | 1,759,599 | 3,080,588 |
| | Depreciation | 56,741,270 | 54,386,570 |
| | | 589,467,718 | 533,384,270 |
| 35 | Financial Expenses Tk. 1,103,084,302 | | |
| | This is made up as follows : | | |
| | Interest on Cash Credit | 68,814,322 | 51,826,209 |
| | Interest on Overdraft | 57,370,301 | 36,123,001 |
| | Interest on MTL & LTR | 44,238,176 | 35,460,261 |
| | Interest on Revolving & STL | 347,059,018 | 322,741,413 |
| | Interest on Lease Finance | 214,564,076 | 236,826,986 |
| | Interest on Term Loan | 292,972,351 | 273,935,135 |
| | Interest on Accepted Import Loan | 62,026,692 | 43,297,202 |
| | Interest on WPPF | 6,107,193 | 4,555,683 |
| | Bank Charge | 9,932,173 | 10,734,216 |
| | | 1,103,084,302 | 1,015,500,106 |

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2018

| Note No. | Particulars | Amount in Taka | |
|----------|-------------|--------------------|--------------------|
| | | July'17 to June'18 | July'16 to June'17 |

36 Loss due to Fire Incident - At Factory : Tk. 76,763,961

| | Cost | Revaluation | Total | Total |
|--|--------------------|-------------------|----------|--------------------|
| Loss of Machinery due to Fire (A) | | | | |
| Machinery at cost/revaluation | 465,370,705 | 20,667,764 | - | 486,038,469 |
| Less: Accumulated Depreciation till date of incident | 161,048,467 | 8,429,391 | - | 169,477,858 |
| Carrying amount | 304,322,238 | 12,238,373 | - | 316,560,611 |
| Less: Recoverable Amount | 225,938,120 | 7,560,691 | - | 233,498,811 |
| Loss due to fire incident | 78,384,118 | 4,677,682 | - | 83,061,800 |
| Add: Startup cost after fire incident | | | - | 11,283,433 |
| Total loss before adjusting revaluation surplus and insurance claim | | | - | 94,345,233 |
| Less: Loss adjusted through revaluation surplus | | | - | 4,677,682 |
| Total loss before adjusting insurance claim | | | - | 89,667,551 |
| Less: Insurance claim received | | | - | 75,476,238 |
| Net loss after adjusting insurance claim (A) | | | - | 14,191,313 |
| Loss of Inventory due to Fire (B) | | | | |
| Inventory damaged due to fire | | | - | 68,241,240 |
| Less: Value of inventory covered by insurance | | | - | 52,171,000 |
| Net loss after adjusting amount of insurance coverage (B) | | | - | 16,070,240 |
| Loss of Factory Building due to Fire (C) | | | | |
| | Cost | Revaluation | Total | Total |
| Machinery at cost/revaluation | 83,826,307 | 81,916,524 | - | 165,742,831 |
| Less: Accumulated Depreciation till date of incident | 37,323,899 | 17,340,430 | - | 54,664,329 |
| Carrying amount | 46,502,408 | 64,576,094 | - | 111,078,502 |
| Less: Recoverable Amount | - | - | - | - |
| Total loss before adjusting insurance claim and revaluation surplus | 46,502,408 | 64,576,094 | - | 111,078,502 |
| Less: Loss adjusted through revaluation surplus | | | - | 64,576,094 |
| Total loss before adjusting insurance claim | | | - | 46,502,408 |
| Less: Insurance claim received | | | - | - |
| Net loss after adjusting insurance claim (C) | | | - | 46,502,408 |
| Total Loss due to fire incident (D = A +B +C) | | | - | 76,763,961 |

37 Contribution to Workers Profit Participation Fund and Welfare Fund: Tk. 97,742,203

This represent 5% of net profit before tax after charging contribution as per provision of section 15 of Bangladesh Labor Law 2006 as amended in 2013.

| | | |
|---------------------------------------|-------------------|--------------------|
| Contribution to WPPF and Welfare Fund | 97,742,203 | 101,777,523 |
| | 97,742,203 | 101,777,523 |

38 Income Tax Expenses : Tk. 528,273,071

This is arrived at as follows :

| | | |
|--|--------------------|--------------------|
| Current Tax Expenses | | |
| Current Tax for the year under review | 395,467,733 | 350,458,379 |
| Current tax provision for previous years | 10,146,076 | 20,000,000 |
| | 405,613,809 | 370,458,379 |
| Deferred Tax Expenses/(Income) | | |
| Deferred Tax Expenses/(Income) | 122,659,262 | 267,242,140 |
| | 122,659,262 | 267,242,140 |
| | 528,273,071 | 637,700,519 |

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2018

Note No. **Particulars**

| Amount in Taka | |
|--------------------|--------------------|
| July'17 to June'18 | July'16 to June'17 |

39 Basic/Diluted Earning Per Share (EPS) Tk 6.74

The computation is given below :

| | | |
|--|---------------|---------------|
| Net Profit After Tax | 1,426,570,996 | 1,397,849,938 |
| Weighted average number of shares outstanding during the year (39.2) | 211,601,700 | 211,601,700 |
| Basic Earnings Per Share | 6.74 | 6.61 |
| Diluted Earnings Per Share | 6.74 | 6.61 |

Refer Policy notes 5.17

39.1 Number of Ordinary Shares Outstanding

211,601,700 Ordinary Shares @ Tk.10/- each.

| | |
|-------------|-------------|
| 211,601,700 | 211,601,700 |
|-------------|-------------|

39.2 Weighted Average Number of Ordinary Shares

211,601,700 Ordinary Shares @ Tk.10/- each.

| | |
|-------------|-------------|
| 211,601,700 | 211,601,700 |
|-------------|-------------|

40 Reconciliation of Net Income or Net Profit with Cash Flows from Operating Activities-Indirect Method

July'17 to June'18

| | |
|---|---------------------|
| Net Profit after Tax | 1,426,570,996 |
| Add: Non Cash Items | 744,338,507 |
| Less: Net Increase/Decrease in Current Asset | 984,181,829 |
| Add: Net Increase/Decrease in Current Liabilities | 268,931,881 |
| Add: Deferred Tax Liability (Created during the year) | 122,659,262 |
| Net cash generated from operating activities-Direct Method | 1578,318,817 |

41 Related Party Disclosures

The Company carried out a number of transactions with related parties in the normal course of business and on arms length basis. The Directorship of the company mostly are common. The nature of the transaction and their relative value is shown below:

| Name of the company | Nature of Transaction | 2017-2018 | | 2016-2017 | |
|-----------------------------------|-----------------------------|--------------------------------------|----------------------------|--------------------------------------|----------------------------|
| | | Value of transaction during the year | Balance as at 30 June 2018 | Value of transaction during the year | Balance as at 30 June 2017 |
| Sinha Printers Ltd. | Local Supply Received | 550,481,583 | (190,819,988) | 445,803,332 | (139,196,108) |
| | Provide Services & Others | 294,650 | - | 299,133 | - |
| ACMUNIO Int. Ltd. | Advance | - | 96,479,473 | (5,000,000) | 96,479,473 |
| | Finished Goods Purchased | - | - | 68,379 | - |
| | Rent on Investment Property | 6,462,000 | 12,924,000 | 6,462,000 | 6,462,000 |
| The ACME Agrovet & Beverages Ltd. | Local Supply | 34,300,890 | - | 1,259,220 | (1,259,220) |
| Kalyar Packaging Ltd. | Local Supply | 85,935,564 | (4,300,597) | 4,712,459 | (3,606,808) |
| Kalyar Replica Ltd. | Local Supply | 10,237,502 | (1,440,525) | 236,998 | (674,158) |

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2018

Note No. Particulars

42 Details regarding disposal of Motor Vehicle:

| Particulars | Cost/Revaluation (Tk.) | Acc. Dep. on Cost/revaluation (Tk.) | Net Book value (Tk.) | Sales Price (Tk.) | Disposition of total Gain/(Loss) | | |
|----------------------|------------------------|-------------------------------------|----------------------|-------------------|----------------------------------|--------------------------|------------------|
| | | | | | Credited to P/L (Tk.) | Credited to Equity (Tk.) | Total (Tk.) |
| Vehicle THA-11- 6458 | 2,152,537 | 2,137,553 | 14,984 | 300,000 | - | 285,016 | 285,016 |
| Vehicle MA-51- 1662 | 819,000 | 614,362 | 204,638 | 225,000 | - | 20,362 | 20,362 |
| Vehicle MA-51- 4737 | 680,000 | 680,000 | - | 745,000 | 745,000 | - | 745,000 |
| Total | 3,651,537 | 3,431,915 | 219,622 | 1,270,000 | 745,000 | 305,378 | 1,050,378 |

43 Payments/Receipts in Foreign Currency

Payment

Import of Machinery, Spare Parts and Equipment
Import of Raw Material and Packing Material
Foreign Currency Loan

| Amount in Taka | |
|--------------------|--------------------|
| July'17 to June'18 | July'16 to June'17 |

| | |
|----------------------|----------------------|
| 468,695,595 | 785,625,494 |
| 3,180,895,289 | 2,020,578,025 |
| 548,585,381 | 543,797,624 |
| 4,198,176,265 | 3,350,001,143 |

Receipts

Exports

| | |
|--------------------|--------------------|
| 464,684,143 | 441,882,286 |
| 464,684,143 | 441,882,286 |

44 Directors Remuneration and Sitting Allowance

Directors remuneration (Including MD's Remuneration for CY/PY amounting to Tk. 12,000,000)
Directors Sitting fees (Including MD's Sitting Allowance for CY Tk. 268,333 and previous year Tk. 287,500)

| | |
|-------------------|-------------------|
| 28,800,000 | 28,800,000 |
| 2,070,000 | 2,319,167 |
| 30,870,000 | 31,119,167 |

45 Audit Fees

| | |
|----------------|----------------|
| 500,000 | 500,000 |
| 500,000 | 500,000 |

46 Events after the Reporting Period

A fire incident had occurred in the factory premises of the Company (for detail referred note no. 36) as on 15 November 2016 and claim were lodged with respective Insurance Companies with whom assets were insured. A claim in respect of damage of building amounting to Tk. 99,82,744 has been received by the company after the reporting date. Though, the claim had been admitted by the insurance company prior to the reporting date. However, following the principles of conservatism the company has accounted for the loss compensation during the financial year 2018-19 after receipt and encashment of the cheque.

47 Contingent Liability

Large Tax payer unit(LTU),North Commissionerate and Directorate,Inspection,Intelligence & Investigation under National Board of Revenue(NBR) against 3(three) claims of VAT, another 1(one) regarding VAT on VAT exempted medicine and remaining one for reopening of audit proceeding, another 1(one) arising out of review by custom officials, another 1 (one) arising out of review of VAT return by VAT officials and last 1 (one) arising out of VAT officials. The ACME Laboratories Ltd. has filed 7(Seven) writ petitions in The Honorable High Court Division of the Supreme Court of Bangladesh separately vide no. 8650/2008, 785/2009,3948/2004, 14250/2016, 4478/2002, 5196/2015 and 2477/2015 respectively against the said claims. The company reviews status of the same on every reporting date. Details of current status are given/result are as below:

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2018

Note No. **Particulars**

| SL No. | Writ No. | Value in Taka | Reason | Expiry Date/Result |
|--------------|------------|--------------------|--|---|
| 1 | 8650/2008 | Non-monitory | Medicine supply to ICDDR,B as Exempted | Valid up to disposal of hearing |
| 2 | 785/2009 | 13,097,829 | Rebate for exempted of medicine | Valid up to disposal of hearing |
| 3 | 3948/2004 | 2,730,765 | Rebate cancel | Disfavor of our company and further leave to appeal no.1569 |
| 4 | 14250/2016 | Non-monitory | Re-initiation and reopening of audit proceedings | Extended for a period of six months from the of 14 May 2018. |
| 5 | 4478/2002 | 665,525 | Difference in rate of custom duty with the department. | Verdict has already been given by the Honourable High Court Division but formal demand yet to receive from concern authority. |
| 6 | 5196/2015 | 249,018,448 | Premix supply as VAT exemted but VAT authority claim to impose VAT at mfg. Stg. | Valid up to disposal of hearing |
| 7 | 2477/2015 | 4,000,000 | The Writ against penalty in connection with Audit claim after adjustment Tk.7,711,245.36 | Valid up to disposal of hearing |
| Total | | 269,512,567 | | |

48 Un Expired Bank Guarantees

Details of Unexpired Bank Guarantees of Tk. 43,460,395 (as at 30 June 2017 the amount was Tk. 47,984,290) given in the normal course of business on behalf of the company to various parties as at 30 June 2018 are as follows -

| SL No. | Name of Bank | Date of Expiry | Amount in Taka |
|--------------|------------------------|-----------------|-------------------|
| 1 | Trust Bank Ltd. | 15.05.2021 | 12,401,250 |
| 2 | Trust Bank Ltd. | 15.05.2021 | 316,050 |
| 3 | Trust Bank Ltd. | 15.05.2021 | 2,320,400 |
| 4 | Trust Bank Ltd. | 15.05.2021 | 252,700 |
| 5 | Trust Bank Ltd. | 18.04.2019 | 229,000 |
| 6 | Trust Bank Ltd. | 18.04.2019 | 4,507,700 |
| 7 | Trust Bank Ltd. | 30.07.2019 | 848,800 |
| 8 | Trust Bank Ltd. | 22.10.2021 | 1,093,820 |
| 9 | Trust Bank Ltd. | 30.11.2018 | 470,400 |
| 10 | Trust Bank Ltd. | 30.10.2022 | 292,800 |
| 11 | Trust Bank Ltd. | 30.10.2022 | 699,400 |
| 12 | Trust Bank Ltd. | 30.10.2022 | 2,492,100 |
| 13 | Trust Bank Ltd. | 30.10.2022 | 366,300 |
| 14 | Trust Bank Ltd. | Until Clearence | 189,786 |
| 15 | Trust Bank Ltd. | 30.06.2019 | 4,026,000 |
| 16 | Trust Bank Ltd. | 30.06.2019 | 1,491,600 |
| 17 | Trust Bank Ltd. | 13.02.2019 | 942,188 |
| 18 | Trust Bank Ltd. | 20.06.2018 | 886,300 |
| 19 | Trust Bank Ltd. | 20.06.2018 | 1,618,600 |
| 20 | Trust Bank Ltd. | 20.06.2018 | 385,300 |
| 21 | Trust Bank Ltd. | 21.06.2018 | 4,232,510 |
| 22 | Trust Bank Ltd. | 21.06.2018 | 488,312 |
| 23 | Dutch Bangla Bank Ltd. | 17.10.2021 | 249,800 |
| 24 | Dutch Bangla Bank Ltd. | 17.10.2021 | 180,900 |
| 25 | Dutch Bangla Bank Ltd. | 24.05.2022 | 766,350 |
| 26 | Dutch Bangla Bank Ltd. | 24.05.2022 | 164,680 |
| 27 | Agrani Bank Ltd. | 11.09.2018 | 1,547,350 |
| Total | | | 43,460,395 |

The ACME Laboratories Ltd.

Notes to the Financial Statements

For the year ended 30 June 2018

Note No. **Particulars**

49 Claim not acknowledge as debts

There is no claim against the company which have not been acknowledged as debt as at 30 June 2018.

50 Capital Expenditure Commitment

The estimated amount of capital expenditure commitment of the company are mainly in the form of Letter of credit opened in favor of suppliers as at 30 June 2018 Tk.1,067,922,941. (as at 30 June 2017 the amount was Tk. 30,021,322)

51 Production Capacity & Utilization

(Quantity in thousand)

| Name of Category | Unit | Production Capacity | | Actual Production | | Actual Production | |
|--------------------|----------|---------------------|-----------|-------------------|-------|-------------------|-------|
| | | 2017-18 | 2016-17 | 2017-18 | % | 2016-17 | % |
| Human | | | | | | | |
| Tablet | Pcs | 3,987,305 | 3,501,094 | 2,483,244 | 62.28 | 2,430,363 | 69.42 |
| Capsule | Pcs | 676,063 | 635,755 | 387,674 | 57.34 | 381,970 | 60.08 |
| Liquid | Bottle | 90,180 | 84,761 | 55,014 | 61.00 | 54,125 | 63.86 |
| Dry Syrup | Bottle | 20,005 | 19,907 | 9,764 | 48.81 | 9,474 | 47.59 |
| Ointment | Tube | 6,752 | 6,752 | 2,245 | 33.26 | 2,270 | 33.62 |
| Cream | Tube | 19,000 | 18,776 | 5,765 | 30.34 | 5,419 | 28.86 |
| Suppository | Pcs | 37,713 | 37,713 | 32,466 | 86.09 | 25,217 | 66.87 |
| Inhaler (DPI) | Cans | 96,854 | 95,671 | 37,807 | 39.04 | 36,319 | 37.96 |
| Inhaler (MDI) | Canister | 3,095 | 3,095 | 1,400 | 45.23 | 615 | 19.87 |
| Eye/Ear/Nasal Drop | Phials | 23,031 | 21,758 | 10,154 | 44.09 | 11,212 | 51.53 |
| Injection (Amps) | Pcs | 62,113 | 60,467 | 29,046 | 46.76 | 28,456 | 47.06 |
| Injection (Vial) | Pcs | 23,804 | 23,804 | 10,917 | 45.86 | 10,059 | 42.26 |
| Infusion | Pcs | 6,408 | 6,347 | 3,855 | 60.16 | 3,369 | 53.08 |
| Sachet | Pcs | 29,774 | 29,774 | 9,758 | 32.77 | 8,912 | 29.93 |
| Veterinary | | | | | | | |
| Bolus | Pcs | 272,172 | 270,365 | 183,297 | 67.35 | 180,897 | 66.91 |
| Liquid | Pcs | 8,922 | 8,284 | 6,645 | 74.48 | 6,169 | 74.47 |
| Premix | Pcs | 29,380 | 28,253 | 21,176 | 72.08 | 20,514 | 72.61 |
| WSP | Pcs | 9,773 | 9,773 | 7,416 | 75.88 | 6,315 | 64.62 |
| Injection | Vial | 13,378 | 13,378 | 12,491 | 93.37 | 11,561 | 86.42 |
| Herbal & Ayurvedic | | | | | | | |
| Capsule | Pcs | 32,574 | 32,574 | 8,658 | 26.58 | 8,644 | 26.54 |
| Liquid | Pcs | 13,626 | 13,081 | 11,794 | 86.55 | 7,889 | 60.31 |
| Tablet | Pcs | 41,902 | 41,902 | 10,340 | 24.68 | 12,204 | 29.13 |

Note: Capacity is calculated considering 240 days per year; 2 shifts per day and 8 hours per shift

52 Income Tax Assessment:

Among the several disputed assessments, the final assessment for the assessment year 2007-2008 & 2009-2010 have been completed and the company has adjusted the tax liability amounting to Tk. 217,608,059 out of which amounting to Tk. 207,461,983 was kept as provions for those assessment years and shortfall in provision amounting to Tk. 10,146,076 has been made during the financial year 2017-2018.

53 VAT Return and Auditing status as at 30.06.2018

The Company is depositing VAT & filing VAT returns on monthly basis with the concern authority. The authority has conducted and completed their audit up to the financial year 2014-15 and there was a demand of Tk. 3,202,628. Due to change of commissioner, new commissioner has issued a letter to the company in respect of conducting re-audit for the financial year 2014-15. However, the company has filed a Writ petition with High Court Division of the Honorable Supreme Court of Bangladesh. But decision is yet to come in this regard. Further, the audit for the financial year 2015-16 and 2016-17 has been completed by the authority and the observation made out of audit, if any, are yet to be receive by the company.

GOING CONCERN

Going concern is one of the fundamental assumptions in accounting on the basis of which financial statements are prepared. Under the going concern assumptions, an entity is viewed as continuing in business for the foreseeable future and, therefore, it accounts for its assets and liabilities on the basis that it will be able to realize and discharge them in the normal course of business.

The Directors of ACME have assessed three potential conclusions regarding the circumstances of the company, i.e. whether any material uncertainty that may cast significant doubt about the company's ability to continue as a going concern, whether any material uncertainties related to events or conditions that may cast significant doubt about the company's ability, and the use of the going concern is not appropriate. The Directors are convinced from the following indications, which give reasonable assurance as to company's continuance as a going concern for the foreseeable future:

FINANCIAL INDICATIONS

Positive Net Current Asset

ACME has positive net current assets of BDT 1,098.51 million as at 30 June 2018. It indicates the company's abilities to meet its short term immediate obligations.

Uninterrupted financial support by lenders

The company has established long term business relationship with its lenders. So we enjoy easy and fair access to the funding sources to meet our increasing need for growth.

Positive operating cash flows

During the year 2017-2018, the Statement of Cash Flows of the Company shows very positive operating cash flows amounting BDT 1,578.32 million. It revealed that the Company can internally generate excellent cash flows to meet its fixed financial obligation and other liabilities.

Positive key financial ratios

The Company has a very positive financial ratio as evident from financial summary given on this Annual Report. Such positive financial ratios indicate Company's sound financial strength and good prospects.

Consistent payment of dividends

The Company has been paying dividend consistently to its shareholders over last four years i.e. during the year 2017-2018, Board of Directors has proposed 35% cash dividend to the shareholders. In the year 2016-17, 2015-16, 2014-15 the company declared 35% cash dividend consistently to its shareholders. The continuous paying of dividend reflects Company's long-term viability in operational existence.

Credibility in Payment of Obligations

The Company has strong credibility in terms of Payment of its obligation to the lenders. The Company is very particulars in fulfilling the terms of loan agreement.

Performance growth

ACME has excellent growth in its operating performance. Total operating revenue is BDT 14,813.91 million and total profit after tax is BDT 1,426.57 million. All those indicators support Company's continuance in foreseeable periods.

OPERATING INDICATIONS

Expansion of business

The Company has expanded its business line in locally and globally by introducing new projects, new products line and strengthening its distribution channel. In continuation of its regular development with regard to competencies, capabilities and adaptation of sophisticated cutting edge technologies the Company has recently completed and started a couple of projects. Besides, considering the future prospects and market demand, the Management as per directive of the Board decided to initiate few new projects with the existing projects. Among the new projects, the commencement of commercial production of Steroid & Hormone, Penicillin and extension unit of Solid Dosages projects will be started within stipulated timeframe. The construction works of Active Pharmaceutical Ingredients (API) project has already been started which will also be completed within the timeframe.

The Marketing Management Division also expanded its products/services line by introducing 22 new products during the year. It is expected that after introducing all these products in the market, a positive impact will be reflected in the revenue of the Company in near future. These represent Company's intention for perpetuity.

Corporate environment and employee satisfaction

The Company has sound human resource policy to ensure the congenial working environment and better career path. Multidisciplinary human resources comprising above seven thousands full time equivalent qualified, trained and skilled professionals, including a good number of white collar employees such as Pharmacists, Chemists, Doctors, Microbiologists, Scientists, Engineers, Accountants and Business Administration graduates and/or post-graduates are currently working at ACME. Our utmost importance on the continuous development of human resources to enhance their competencies through continuous in-house and external training programs and encourages our people.

The Company maintains defined contribution plan for its eligible permanent employees that is determined according to the policy. Inspiring fringe benefits like incentive bonus, holiday allowance, laundry allowances, night allowances, driver allowances, technical allowances along with a classical working environment in place as part of our talent retention and motivational program. As we do believe, its success immensely depends upon performance of its human resources.

The Concept of Plant Signatures: The Braille of Plants

Introduction

In the 1500s Paracelsus von Hohenheim (1493-1541) developed the concept that the shape, color, taste, smell and other attributes of a plant indicate its use in healing. The “signature” could sometimes also be identified in the environments or specific sites in which plants grew.

“Plant Signatures”, in this article, we have compared with “The Braille” because, Braille is a system of raised dots that can be read with the fingers by people who are blind or who have low vision. Braille is not a language rather, it is a code by which many languages may be written and read. Similarly, plants have their own language and their own special way of existing with us on planet Earth. The way plants show themselves through their colors, shapes, textures, scents, and locations are within our perception and can be understood more fully through the mind’s eye i.e. intuition. These appearances are subtle, yet they reflect the profound marks of a plant’s capabilities within its environment and potentially within human bodies.

Key Elements of the Plant Signatures

Some elements of the plant signatures include, habitat – specific growing sites of a plant, growing behavior such as, whether a plant growing alone or in a group, signatures of stems and roots, leaf shape and texture of plant, overall shape and formations, moisture and stickiness, smell, color, taste etc. are discussed in brief as follows:

Habitat of Plants

Plants that crave a lot of sun will generally bring dryness and heat into the body, for instance, Sunflower (*Helianthus annuus*). Plants that prefer growing in the shade tend to be cooling, e.g. Peppermint (*Mentha piperita*). Plants that thrive in damp areas will help with conditions such as rheumatism, fevers, colds, and coughs, examples include Mint (*Mentha* spp.), Sweet Flag (*Acorus calamus*), Basak (*Justicia adhatoda* Linn.) etc.

Plants that are used to dry up muddy soil will help dry mucous secretions, examples include Sunflower (*Helianthus annuus*), and Eucalyptus (*Eucalyptus globulus*).



Sunflower (*Helianthus annuus*)



Basak (*Justicia adhatoda* Linn.)



Sweet Flag (*Acorus calamus*)

Plants that grow in or around clear ponds and fast-moving brooks tend to be diuretic and will help clear the urinary tract of waste, examples include Mint (*Mentha* spp.), Bedstraw or Cleavers (*Galium aparine*).

Plants that thrive in gravel and rock formations will help clear stone-forming and catarrhal accumulations from the bronchial and alimentary systems, e.g. Parsley (*Petroselinum crispum*).



Bedstraw or Cleavers (*Galium aparine*)



Parsley (*Petroselinum crispum*)

Plants Growing Alone or in a Group

Solitary plants tell that they are powerful and need to be treated with cautious respect. Plants that grow in masses such as Red Clover (*Trifolium pratense*) are more gentle in action or esculent.

Plants that grow near people like Dandelion (*Taraxacum officinale*) can be used safely for a long time.

Plants that grow in the deep woods, such as Blue Cohosh (*Caulophyllum thalictroides*), has more specialized uses and should only be used for a short time period. Plants that grow in fields, the middle distance between house and forest can be used for a while but only during special seasons or for a certain period of time.

The Signatures of Stems and Roots

Plants that have hollow stem will help clean tubes in the human body such as the bronchi and alimentary tract, e.g. Onion (*Allium cepa*) and Garlic (*Allium sativum*, *A. canadense*).



Onion (*Allium cepa*)



Garlic (*Allium sativum*)

Annuals have most thread - thin roots. They do not live longer than one year and lack strong earth energy, thus, they are not grounding to the body and mind. However, they will raise a person's spirit, lighten that person's outlook and promote change. Their medicinal properties will be concentrated in leaves and flowers.

Leaf Shape and Texture of Plant

Understanding the structure of a leaf can point to the use of a plant. For example, Liverwort (*Hepatica* spp.), used to heal liver conditions, has a leaf that is three-lobed, like the liver.



Liverwort (*Hepatica* spp.)

Plants with very soft leaves often ease pain in a diseased or injured area, e.g. Hollyhock (*Althaea rosea*) leaves were once used as a wound dressing. Spotted leaves point to tumorous growths and pus sacks on infected lungs, e.g. Lungwort (*Pulmonaria officinalis*).



Hollyhock (*Althaea rosea*)



Lungwort (*Pulmonaria officinalis*)

Overall Shape and Formations

Plants that help the eyes, such as Carrots (*Daucus carota*) contain vitamin A, which is very beneficial to eye health. Tomatoes (*Solanum lycopersicum*) are red and have four chambers, just like a human heart. They, like all red fruits and vegetables, benefit the heart, blood, and circulation.



Carrots (*Daucus carota*)



Tomato(*Solanum lycopersicum*)

A skull-like shape reveals a brain healer, such as Walnut (*Juglans* spp.). Walnuts look like little brains, with left and right hemispheres and wrinkles that resemble the neocortex. Walnuts are known to improve brain function. Plants with a groin-like shape are used to overcome sterility and sexual lethargy, e.g. Ginseng (*Panax quinquefolius*).



Ginseng (*Panax quinquefolius*)



Walnut (*Juglans* spp.)

Plants with long trailing root systems and vines that resemble veins and the nervous system of the body are often blood purifiers, nervines, and antispasmodics, examples include Licorice (*Glycyrrhiza glabra*), Grapes (*Vitis vinifera*) and Mints (*Mentha* spp).

Strawberry (*Fragaria* spp.) and Blackberry (*Rubus villosus*) contain malic and citric acids, which break up formations that lead to kidney and gall stones. Plants that sting stimulate internal circulation of fluids, e.g. Ginger (*Zingiber officinale*).



Strawberry (*Fragaria* spp.)



Blackberry (*Rubus villosus*)

Moisture and Stickiness

Plants that contain a lot of resin are often healers of moist lesions, cuts, and ulcers, examples include Pine (*Pinus* spp.), Aloe (*Aloe* spp.). Plants with a sticky mucilaginous sap are also great itch healers, e.g. Aloe (*Aloe* spp.), Pine (*Pinus* spp.). If they are very juicy and wet (*Aloe* spp.), they will help swell excretions and benefit the colon.



Pine (*Pinus* spp.)



Aloe (*Aloe* spp.)

Smell

Plants that are highly aromatic are also disinfectant and deodorizing; examples include Rosemary (*Rosmarinus officinalis*), Lemon (*Citrus limon*).



Lemon (*Citrus limon*)

For bad breath and body odor, examples include Mint (*Mentha* spp.), Anise (*Pimpinella anisum*). Other aromatics are antiseptic, germicidal, and antibiotic, examples include Fennel (*Foeniculum vulgare*), Basil (*Ocimum* spp.).



Mint (*Mentha* spp.)



Anise (*Pimpinella anisum*)



Fennel (*Foeniculum vulgare*)



Basil (*Ocimum* spp.)

Color

The color red points to the blood and the plant is likely a blood purifier or beneficial to the heart; examples include Beet (*Beta vulgaris*), Pomegranate (*Punica granatum* L.)



Beet (*Beta vulgaris*)



Pomegranate (*Punica granatum* L.)

Yellow flowers are associated with the liver and gall, jaundice, and yellow bile, examples include Dandelion (*Taraxacum officinale*), Lemon (*Citrus limon*).

Blue and purple flowers point to a plant that will improve the complexion and may also be a remedy for cyanosis (a blueness of the skin resulting from lack of oxygen in the blood and impaired arterial flow), e.g. Lavender (*Lavandula angustifolia*), Red Clover (*Trifolium pratense*).

Taste

There is an old adage: “Bitter taste, sweet to the stomach, sweet taste, bitter to the stomach.” Plants that are yellow and bitter, such as Dandelion benefit the liver. Plants that are sour and taste like lemons have a lot of vitamin C. Plants that taste like carrots have a lot of carotene or vitamin A. Spinach, high in iron, actually tastes like iron. Plants that taste like garlic contain sulfur and can help clear heavy metals out of the body. Pain-killing plants will deaden the lower lip when tasted.

Conclusion

From the above discussion, it appears that, the plant signatures may serve as a very important tool for learning and disseminating knowledge about various plants and their medicinal value. The concept of plant signatures is found throughout the world. Despite its long history, the Plant Signatures concept has had little critical review. There are some concerns as well regarding the scientific basis of the plant signatures. For instance, there is no evidence that morphological plant signatures led to the discovery of medicinal properties. However, the concept of plant signatures cannot be totally ignored stating as post hoc attributions to the utility of medicinal plants. Many claims of the plant signatures have been confirmed by recent research. It is needed to redefine signatures to include organoleptic properties associated with the therapeutic value. Plants with strong odors or bitter tastes, for example, commonly are found in pharmacopoeias. Critical review of the concept of Plant Signatures and thereby more research are required to discover the Braille of plants and utilizing them for the betterment of human and animal health.



The ACME Laboratories Ltd.

1/4, Kallayanpur, Mirpur Road, Dhaka - 1207

FORM OF PROXY

I/We _____
of _____ being a
member of The ACME Laboratories Ltd. do hereby appoint Mr. /Mrs./Ms _____ of
_____ as my / our proxy to attend, vote for my/our behalf at the 42nd
Annual General Meeting of the Company to be held on Thursday, 6 December 2018 at 10:30 A.M. at PSC Convention
Hall (1st Floor), Mirpur-14, Dhaka-1216. and at any adjournment thereof.

(Signature of Proxy)
Dated: _____

Affix
Revenue Stamp
Tk.20.00

Signature of Shareholder(s)

BO ID No. _____
Dated: _____

(Signature of the Witness)

Note: A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

Signature Verified

Authorized Signatory



The ACME Laboratories Ltd.

(SHAREHOLDERS ATTENDANCE SLIP)

I/We hereby record my /our attendance at the 42nd Annual General Meeting being held on Thursday, 6 December 2018 at 10:30 AM at PSC Convention Hall (1st Floor), Mirpur-14, Dhaka-1216.

Name of the Member(s): _____

BO ID.: _____ holding of _____ ordinary Shares of The ACME Laboratories Ltd.

Signature of Shareholder(s)

N.B. 1. Please note that the AGM can only be attended by the honorable shareholder or properly constituted Proxy, thereof any.

2. Please present this slip at the reception desk.





Medicinal Plant Cultivation in Chittagong Hill Tracts
by the Trained Growers of ACME



The ACME Laboratories Ltd.
For Health, Vigour and Happiness

ISO 9001:2015 CERTIFIED COMPANY

www.acmeglobal.com

Corporate Office

Court de la ACME
1/4, Kallayanpur, Mirpur Road, Dhaka -1207



P +88 02 900 4194-6,



F +88 02 903 9399



Email: headoffice@acmeglobal.com

