

CORPORATE OFFICE
Court de la **ACME**



OUR VISIONARY LEADERS



Late Hamidur Rahman Sinha



Late Noor Jahan Sinha

ANNUAL REPORT 2015-2016

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ANNUAL REPORT 2015-2016

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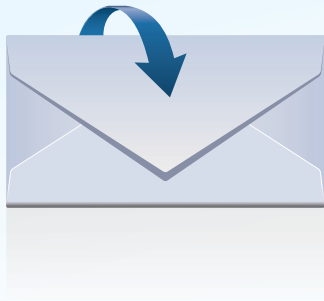
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TRANSMITTAL LETTER

18 October 2016

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

Subject: Annual Report for the year ended 30 June 2016.

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 2016, 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 2016 along with notes thereon and all related Statements for your record/necessary measures.

Yours sincerely,

(Md. Rafiqul Islam, FCS)
Company Secretary

NOTICE

18 October 2016

NOTICE OF THE 40TH ANNUAL GENERAL MEETING

Notice is hereby given that the **40th** Annual General Meeting (AGM) of the Shareholders of The ACME Laboratories Ltd. will be held on **Monday, 7 November 2016** at 10:30 a.m. at PSC Convention Hall (1st Floor), Police Staff College, Mirpur -14, Dhaka -1216 to transact the following businesses:

AGENDA

- A 2016-40- 01** : To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2016 and the Report of the Directors and the Auditors thereon.
- A 2016-40- 02** : To approve proposed dividend for the year ended 30 June 2016.
- A 2016-40- 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 2016-40- 04** : To appoint Auditors and to fix their remuneration. The retiring Auditors, Messrs Pinaki & Company, Chartered Accountants (An Independent Associate Members of Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, New Delhi, India), being eligible, offer themselves for re-appointment.
- A 2016-40- 05** : Use of IPO proceeds in any other suitable purpose.

By order of the Board



(Md. Rafiqul Islam, FCS)
Company Secretary

Notes:

- i. The record date is fixed on 13th day of October 2016. 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 40th AGM 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 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. In case of non-receipt of Annual Report of the Company sent through postal services, Shareholders may collect the same from the Company's Share Division. Annual Report is also available in the Investors Information corner of the Company's website: www.acmeglobal.com.
- vi. **As per notification of BSEC No. SEC/SRMI/2000-953/1950; dated: 24 October 2000, no gift or any other kind of benefit will be given to the shareholders attending the AGM.**



ACME

MESSAGES & DIRECTORS' PROFILE

MESSAGE FROM THE CHAIRMAN



Dear Shareholders, Colleagues, Ladies and Gentlemen,

We have the pleasure to welcome you all at the 40th Annual General Meeting of The ACME Laboratories Ltd. being the first Annual General Meeting since its listing. Dear shareholders, ACME is the first Company, which came to the public through Book Building Method under Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015. Our heartfelt thanks and gratitude to those eligible investors (EIs) who showed their confidence on ACME by participating in the bidding process jointly arranged by Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. Thanks to Mutual Funds, Non-Residence Bangladeshis (NRBs) and other General Publics including affected small investors who have also participated in the IPO of the ACME and finally became the shareholders of the Company.

On this auspicious occasion, we would like to introduce the Annual Report 2015-2016 furnishing before you the Company's Financial Statements for the year ended 30 June 2016, the achievements and a review of gradual and sustainable progress of the Company.

On behalf of the Board of Directors, we would like to express our gratitude and greetings to all the respected stakeholders for their continuous support and attention in achieving excellence in the performance of The ACME Laboratories Ltd. We would also like to take the opportunity to thank you for providing us a unique opportunity to share and exchange our thoughts and views on the performance of the Company in the past year and the potentials and possibilities for going forward.


We are delighted to inform you that in the year under review, ACME had been able to maintain its sustainable advancement in terms of earnings per share, net 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 would be ensured by your active co-operation and suggestion in the overall function of the Company alongside the management of the Company.

ACME is determined to keep on its diligent effort in smooth marketing and abiding the ethically guided principle in all aspects with a view to attainment of great objective like welfare of human being in the therapeutic field by applying latest technological innovation following WHO-cGMP requirements for the production of quality goods.

Qualified human resources are our highest valuable capital. So, a standard and continuous training environment had been ensured to enrich their proficiency and competencies.

Our management had been able to keep uninterrupted production process in factory through financing as required, duly repayment of Bank Finance, proper arrangement of procuring and storing of required raw materials as well.

In the year under review, 30 (thirty) new products have been added with the existing product portfolio of the ACME, production capacity increased and marketing territory of ACME in both local and abroad expanded. This is the sign of our gradual growth that preserves the interest of the investors through accomplishment of our strategic objective.



Considering the industry outlook, bright prospect, domestic and global market demand ACME planned to start several new projects. As per proposal mentioned in the Prospectus, the construction of Steroid and Hormone project has already been started and it is going on. Commencement of construction works of other projects will be started later on and to be implemented gradually. We are hopeful that after completing of all the upcoming projects, the annual sales as well as profitability of the Company will be increased significantly.

The Board of Directors of the Company Consists of eight Directors. Out of the eight members in the Board, five are non-executive Directors, one Nominee Director and two Independent Directors. We sincerely thank all of our Board Members for their commendable contributions that enabled the Management to achieve sustainable results during the year 2015-2016.

We would also like to mention here that Directors' relentless endeavor to achieve the aims and objectives, timely effort both in thinking and action and our employees' diligence to the duty with determination derived from the ethical ideology is our guiding principle and this is the key yardstick of our success. We are delighted for acquiring the credibility of the physicians, healthcare professionals, consumers, shareholders and other stakeholders.

We would express our sincere acknowledgement the contribution made by our management team and employees of all levels for their tireless efforts. We also would like express our heartfelt gratitude to our valued customers, Healthcare Professional, Bankers, suppliers, Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE), Central Depository Bangladesh Ltd., Registrar of Joint Stock Companies and Firms, National Board of Revenue (NBR), Government Agencies, Issue Manager, Underwriters, Registrar to the Issue, Banker to the Issue (SCB), Post Issue Manager, Directorate General of Drug Administration (DGDA) and all concerned for their continued support and cooperation. This is the beginning of a journey that we believe will be productive, beneficial and bring constructive happiness to all.

Thanking you all with best wishes for the days ahead.



Afzalur Rahman Sinha
Chairman



MESSAGE FROM THE MANAGING DIRECTOR



Dear Shareholders, Colleagues, Ladies and Gentlemen,

It gives me immense pleasure to report our first Annual result as a listed Company.

Year 2015 -2016 was an exciting year for The ACME Laboratories Ltd. It is really overwhelming how we earned the trust of our investors with their positive energy to become a publicly traded Company. It is another milestone for us to have our presence in the Capital Market.

On behalf of the Board of Directors, I would like to thank all of our shareholders, investors, management team, other stakeholders for your interest to our Company.

I take the privilege to thank you all on behalf of myself and Members of the Board for attending at the 40th Annual General Meeting of The ACME Laboratories Ltd. I feel delighted to submit on behalf of the Board of Directors the Annual Report on Business for the year 2015-2016 containing the Directors' Report and Audited Financial Statements are required under Companies Act 1994 and Regulations of Bangladesh Securities and Exchange Commission for consideration and approval thereof by you at this 40th Annual General Meeting.

Despite all odds in macro economic environment of the Bangladesh's economy continued to grow above 6%, largely due to agricultural expansion, modest growth in apparel export, remittance from abroad and record foreign exchange reserve. The Bangladesh Pharma market is currently valued at a more than BDT 156 billion which is clearly dominated by local manufacturers. Ninety seven percent of country's demand is met by local production; all the top 10 companies are local who have consistently occupied nearly 70% of the market share.

In spite of all the challenges, we achieved 9.99% sales growth during the year 2015-2016. In the year a good numbers of new products have been added to our portfolio. The financial year 2015-2016 was vastly significant to us in respect of not only the huge business diversification initiatives that we implemented but also due to the progress we made towards the business values. It was only possible for the cooperation of the valuable stakeholders, dedication and commitment of the team members. Thanks to our devoted workforce and their professional approach to business, their collective efforts made The ACME Laboratories Ltd. a renowned Pharmaceuticals giant in Bangladesh.

While we move to hold towards to better position in the domestic market we are progressively grabbing into the global market. During the year, we have expanded to our export few other new countries. 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.

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, 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 62 years' journey rather always moved forward with continuous growth and development. So I would like to assure all stakeholders that their investments in ACME are safe, secure and full of possibilities.

I appreciate the leadership provided by the Board of Directors and Senior Management of the Company and also express my gratitude to all our stakeholders, including investors, shareholders, customers, bankers, NBFIs, professionals, 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. If you carefully go through our financial report, you will find that ACME made significant improvement during the financial year 2015-2016 in all financial indicators.

Thank you all with best wishes.



Mizanur Rahman Sinha
Managing Director



Mr. Afzalur Rahman Sinha
Chairman

Mr. Afzalur Rahman Sinha, a Freedom Fighter, was active in the Southwest front during the Liberation War of Bangladesh, graduated from the University of Dhaka with a degree in Science in 1973. He then proceeded to the United States for further studies in Business Administration. During his studies he worked as an Analytical Chemist at the University of Missouri in the United States and also completed his Masters in Business Administration (MBA). He then returned to Bangladesh in 1982 to join ACME as its Deputy Managing Director. He is also the Director of Sinha Wool Wears Limited, Sinha Knit Industries Limited and Sinha Fabrics Limited. He has become Chairman of the company in 2014. He is a sport loving personality and a key organizer and patron to the cricket and hockey and also other sports events. Presently, he is the Director of Bangladesh Cricket Board and the Chairman of Finance Committee of the Bangladesh Cricket Board. He is also the Chairman of Abahoni Hockey Club.



Mr. Mizanur Rahman Sinha
Managing Director

Mr. Mizanur Rahman Sinha obtained his graduation degree in Commerce from University of Dhaka. After graduation, he joined to 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's achievement a milestone in the Pharmaceuticals industry of the country. Besides, he is the Chairman of Sinha Wool Wears Limited, Sinha Fabrics Limited, Sinha Knit Industries Ltd. and Sinha Knit and Denims Ltd. all of the organizations have achieved a very good export 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. Nagina Afzal Sinha
Director

Mrs. Nagina Afzal Sinha is a Director of The ACME Laboratories Ltd. since 1981. She has a proven capability of contributing values in both family and business areas. She is aware of her own traits, rights and also the work situations. Her skills in facing challenges and opportunities enabled the Company to grow rapidly. She is engaged in various social welfare organizations.



Mr. Md. Iftikhar-uz-Zaman
Nominee Director

Mr. Md. Iftikhar-uz-Zaman has completed his B.A. (Hon's) and M. A. (Masters) in Statistics from Rajshahi University. Presently, he is serving in Investment Corporation of Bangladesh (ICB) as Managing Director. Being Managing Director of ICB, he is now serving as Chairman of ICB Capital Management Limited and Director of Aramit Limited, Wata Chemicals Limited, Navana Engineers Limited, Unique Hotel and Resort Limited, Bashundhara Dredging Company Limited, Energypac Power Generation Limited, Standard Bank Securities Limited, Line Bangladesh Limited, GlaxoSmithkline Bangladesh Ltd. (GSK), Reneta Limited, Bangladesh Krishi Gobeshona Endowment Trust (BKGET), Credit Rating Agency of Bangladesh Ltd. (CRAB), Credit Rating Information and Services Ltd. (CRISL), Standard Bank Limited, National Tea Company Limited, Apex Tanary Limited, Central Depository Bangladesh Ltd. (CDBL), CAPM Venture Capital & Finance Ltd. (CVCFL) and some other Directorship. He is one of the members of ACME's Board of Directors. He has started his career with ICB as a Senior Officer in 1983. During his career of long 29 years he held important position in Economic and Business Research Department, Transactions Department, Personnel Department, Loan Appraisal Department, Administration Department, Legal Affairs Division of ICB in different capacities. Previously he served as Deputy Managing Director, Janata Bank Limited. He is truly a seasoned professional and has strong knowledge on Capital Market and one of the strategic thinker regarding Capital Market and very expertise in public relationship. During his career he attended a number of training programs on different Capital Market issues both at home and in abroad.



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 Arabia 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 is running president of Dhaka Club Ltd. 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.



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	Position in the 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. Parvez Hashim	Executive Director – Plant	Member
05.	Mr. Golam Rabbani Bhuiyan	Director- Sales	Member
06.	Mr. A.K.M. Mushiur Rahman Khan	Director –PPIC	Member
07.	Mr. Md. Zahangir Alam, FCMA	Chief Financial Officer	Member
08.	Mr. A. B. M. Imtiaz Ahmed Khilji	Technical Director –Plant	Member
09.	Mr. Animesh Pal	Consultant-Marketing	Member
10.	Mr. Md. Humayun Kabir	Head of International Business	Member
11.	Mr. Md. Rafiqul Islam, FCS	Company Secretary	Member
12.	Mr. Md. Abu Sayed Khondoker	Sr. AGM – Engineering Division	Member
13.	Mr. Nur Ahammead Bhuiyan	Sr. AGM – Engineering Division	Member
14.	Mr. Tushar Kanti Kundu	Head of HR	Member Secretary
15.	Syed Nazmul Huda	Head of IT	Member

VISION

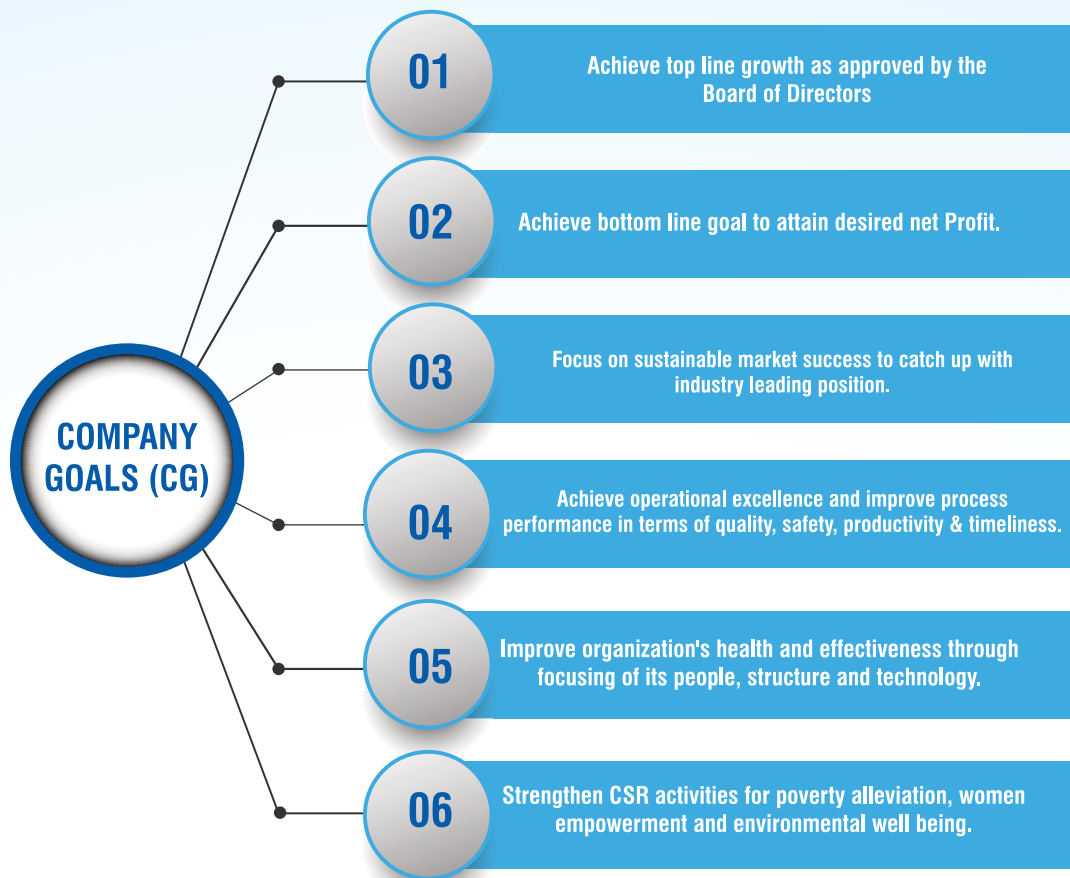
To ensure Health, Vigour and Happiness for all.



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

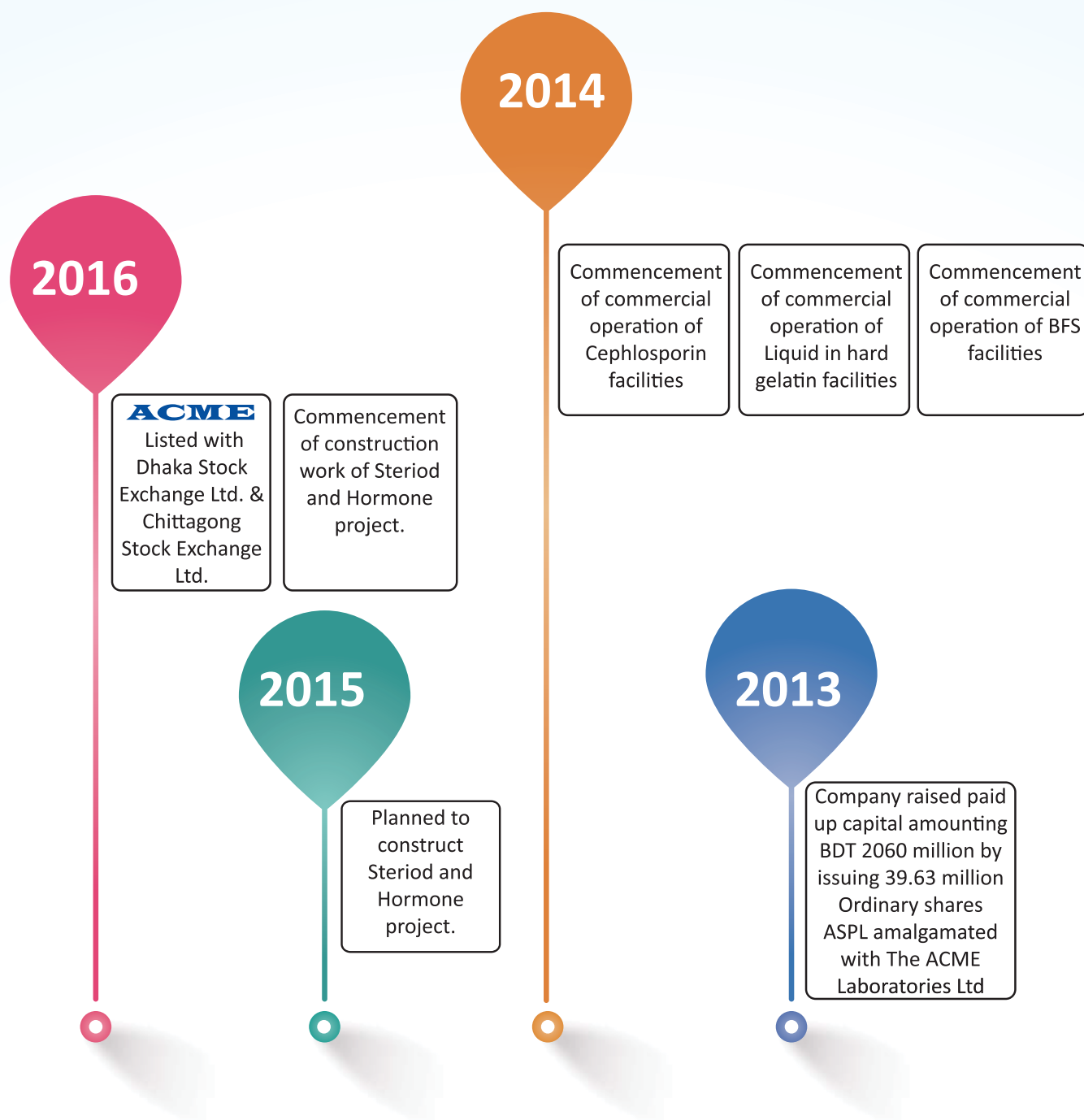
Business is the heritage of Sinha family and in fact, they were one of the renowned jute shippers in the then subcontinent. But founder of the Company Late Hamidur Rahman Sinha thought to do well- being of the poor fellow of the soil. Accordingly, he planned to establish a pharmaceuticals company and his beloved half also contributed on the same. Eventually, in the year 1954 the historic moment for Sinha family, the founder established 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.

CORE VALUES

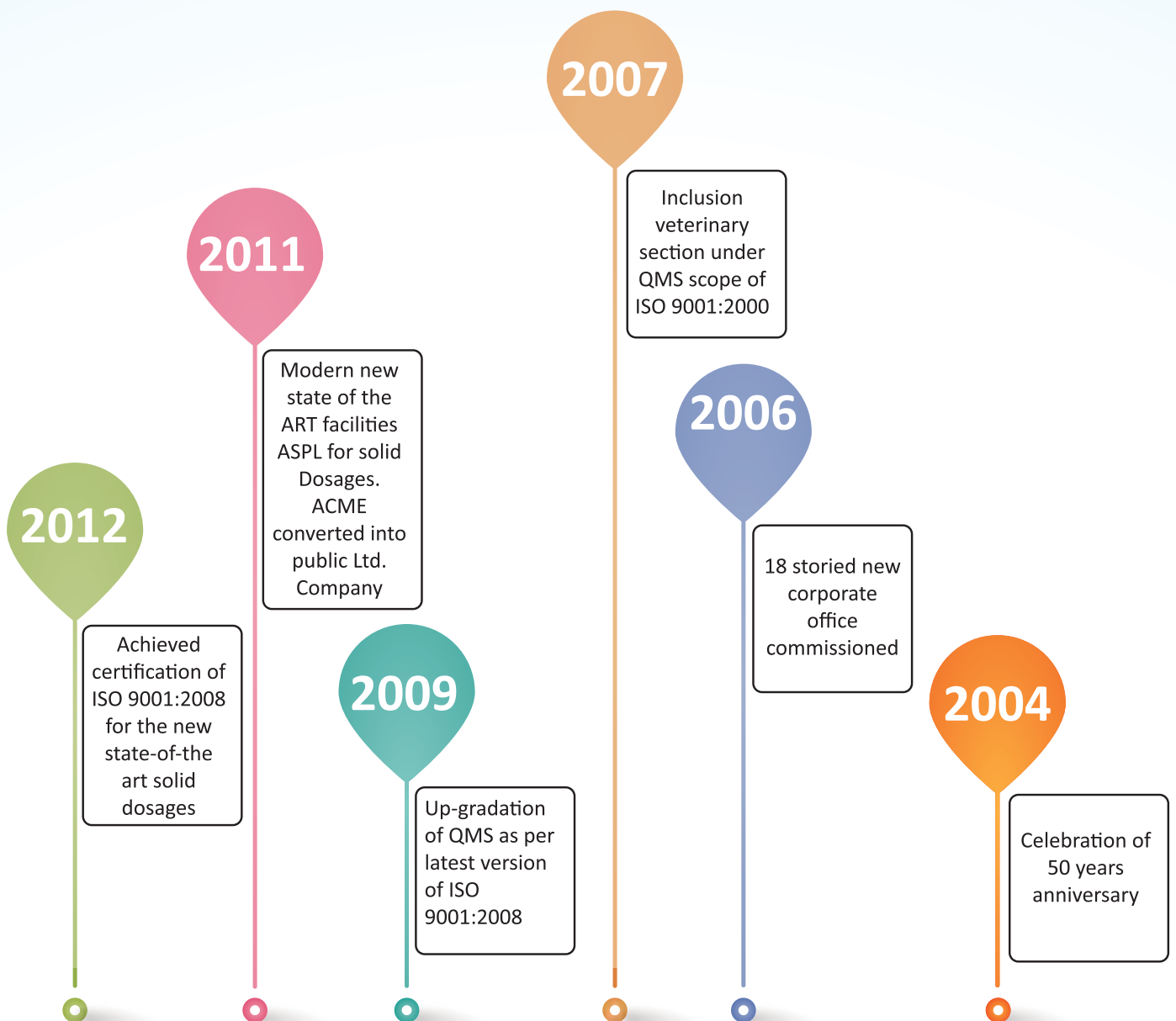
Our company values are the measure for our thinking and actions. They are the core of what ties us together in the past, present and future. We do business on the basis of common values. Our success is based on customer focus, team spirit, desire to win, pro-activity, integrity and excellence. These 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.



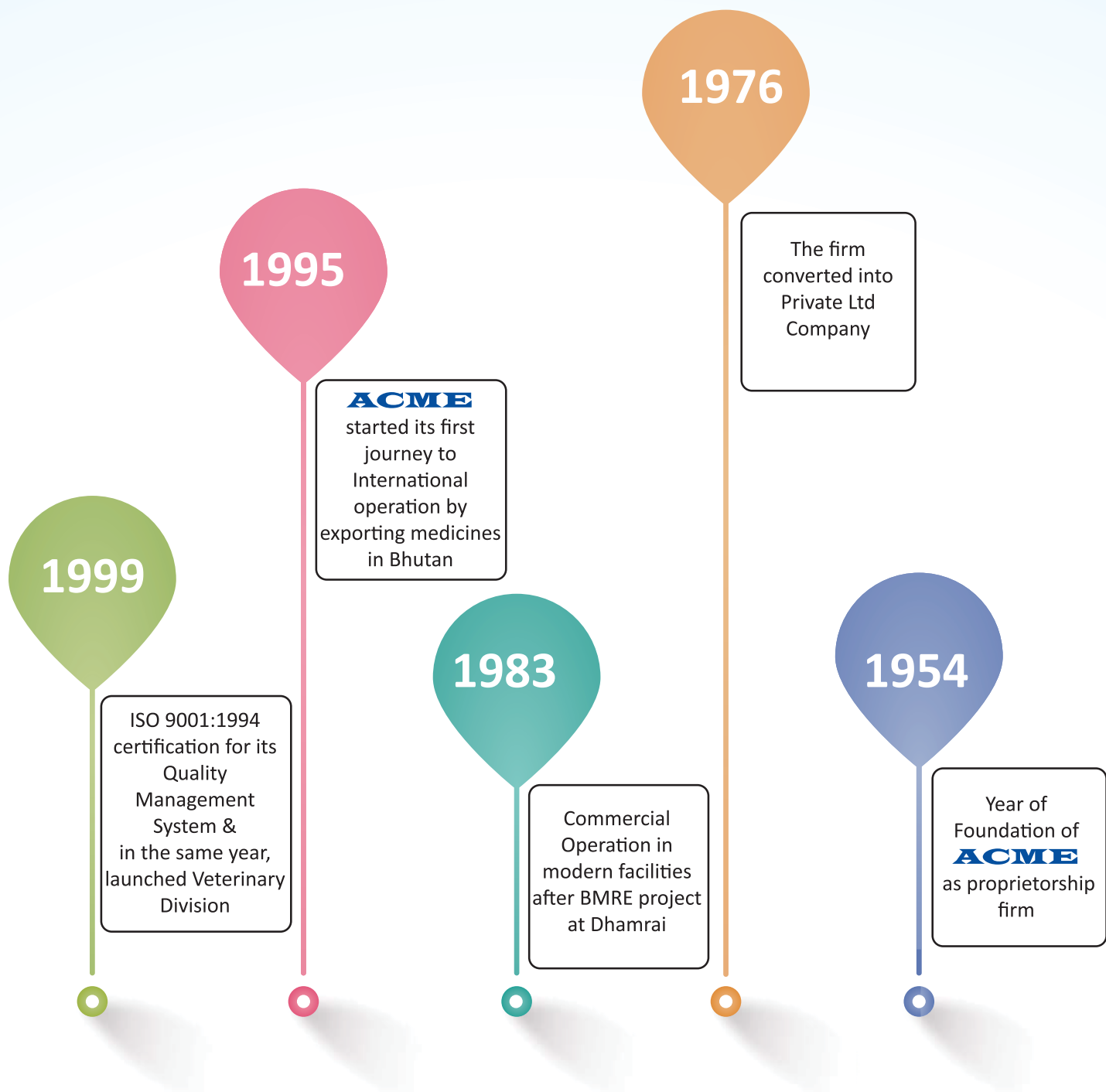
IMPORTANT MILESTONES



IMPORTANT MILESTONES



IMPORTANT MILESTONES



SOLID DOSAGES UNIT



BOARD'S STRUCTURE AND ITS ROLE

Composition of the Board

The Board of ACME is comprised of eight (8) 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, 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.

Board Meetings

According to the Articles of Association of the Company, the Board is required to meet at least four times a year or more. Dates for Board Meetings in a year are decided in earlier and notice of each Board Meeting is communicated in writing well in advance. Such notice contains detailed statements of business to be transacted at each meeting. The Board meets for both scheduled meetings and on other occasions to deal with urgent and important matters that require attention.

The number of Board Meetings held and the Attendance of Directors during the year 2015-2016 were as Follows:

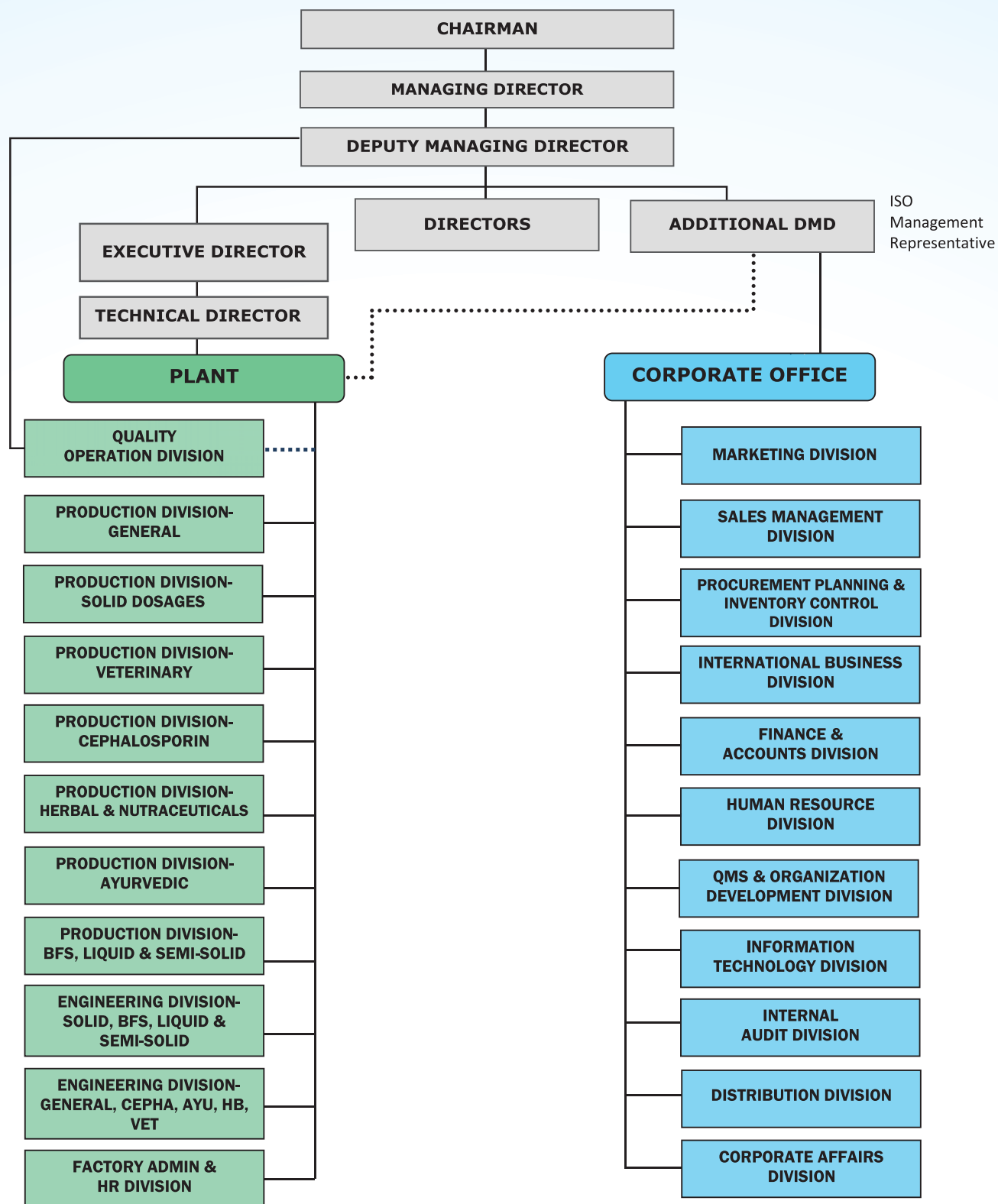
Name of Directors	Position	No. of Meetings held	No. of Meetings attended
Mr. Afzalur Rahman Sinha	Chairman	09	09
Mr. Mizanur Rahman Sinha	Managing Director	09	09
Dr. Jabilur Rahman Sinha	Deputy Managing Director	09	08
Mrs. Jahanara Mizan Sinha	Director	09	08
Mrs. Nagina Afzal Sinha	Director	09	09
Syed Shahed Reza	Independent Director	09	07
Ms. Fouzia Haque FCA	Independent Director	09	09
Mr. Md. Iftikhar-Uz-Zaman*	Nominee Director	09	05

** The nomination of Mr. Md. Iftikhar-Uz-Zaman, Director was withdrawn by Investment Corporation of Bangladesh (ICB) on 30 January 2016 and again nominated him as a Director in the Board of The ACME Laboratories Ltd. on 15 June 2016. During the period 4 (four) meetings were held where he was absent from the meeting.*

Role of Managing Director

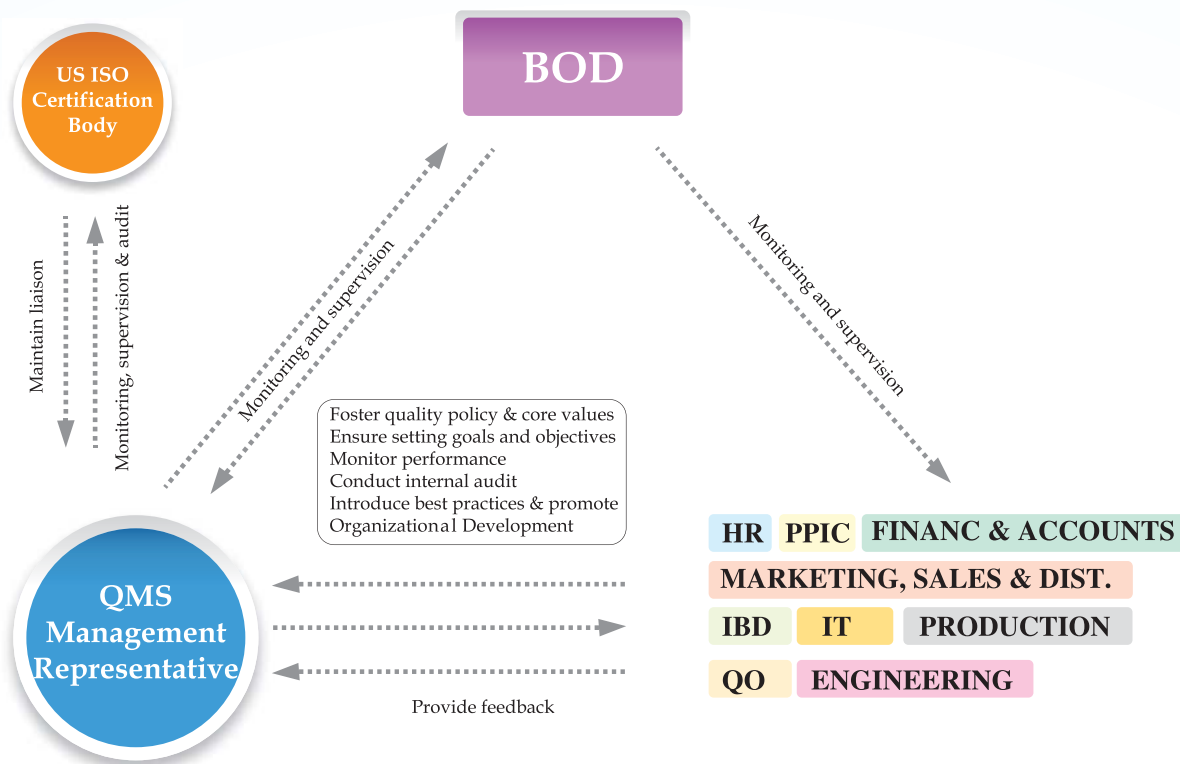
The role of the Board and Managing Director are distinguished and description of respective roles and responsibilities is clearly established, set out in writing and agreed by the Board to ensure transparency and better Corporate Governance. The Managing Director is the authoritative head for day-to-day management in ACME. He acts for the best interest of the Company and ensures that ACME 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.

ORGANOGRAM



QMS OPERATIONS

Our Board of Directors used to take support services from Quality Management Operations which is monitored and accredited by an US based ISO certification body.



QMS & OD Division under corporate operations wing 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 division incessantly contributes to the implementation of business metrics & performance management; organization re-structuring & change management and 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 & OD facilitates the development and communication of the organization's core values, vision, mission and ethical behaviors.

GENERAL UNIT



DIRECTORS' REPORT

For the year ended 30 June 2016

Dear Shareholders,

On behalf of the Board of Directors and Management Team, we would like to welcome you all to the 40th 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, SEC Notification no. SEC/CMRRCD/2006-158/134/Admin/44; dated: 07 August 2012 and International Accounting Standards 1 "Presentation of Financial Statements" as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB), 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 2016.

PROFIT AND ITS APPROPRIATION

Particulars	(BDT in million)	
	2015-16	2014-15
Net Profit after Tax	1,101.268	921.917
Adjustment for depreciation on revaluation surplus	110.353	109.707
Profit brought forward from previous year	2,689.794	1,949.427
Total Profit Available for appropriation	3,901.415	2,981.051
Appropriation		
Final Cash Dividend for the year 2014-15 (Comparative year 2013-14)	(565.606)	(242.403)
Tax Holiday Reserve	(32.385)	(48.854)
Closing Retained Earnings at the year end (before proposed Dividend)	3,303.424	2,689.794
Proposed cash dividend for the year 2015-2016 @35% (Comparative year 2014-15@35%)	(740.606)	(565.606)
Retained earnings after Proposed Dividend	2,562.818	2,124.188

DIVIDEND

During the year ended 30 June 2016, the Company has earned net profit before tax amounting to BDT 1,402.10 Million which after provision of income tax stood at BDT 1,101.27 Million. Considering the performance of the Company and subject to the approval of the Shareholders in the 40th AGM., the Board of Directors has recommended 35% cash dividend i.e. BDT 3.5 per share which comes BDT 740.61 Million.

INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENT

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% 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. According to IMS (an USA based healthcare market surveyor entity) by 2017 demand of Pharma products will be USD 1,200 billion, which was USD 965 billion in the year 2012.

It may be recalled, in 1970 Pharma market was of BDT 300 Crore only. Insiders of the industry estimated that by the year 2020 Bangladesh Pharma market size will be BDT 20,000 crore. They also expected that Pharma products are going to be added into the Bangladesh export basket in a big way within a couple of years.

Bangladesh Pharmaceutical industries now heading towards self-sufficiency in meeting local demand. There are more than 439 registered small, medium, large scale, local and multinational companies operating in the country producing around 97% of the total internal demand. The remaining 3% basically constitute import of much specialized products like vaccines, anti-cancer products and hormone drugs.

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

The Government of Bangladesh is going to establish an environmentally suitable Industrial Park to produce Active Pharmaceutical Ingredients (API). The project is being implemented on 200 acres of land at Baushia, Gazaria, Munshigonj. There will be 42 nos. of plots in which 42 nos. of API facilities will be set up about 25,000 people will get employment opportunities in the project.

Considering industry outlook and bright prospects, The ACME Laboratories Ltd. has raised funds of BDT. 409.60 Crore from the Capital Market through issuing of 50,000,000 Ordinary Shares. According to our previous plan that have already been mentioned earlier and disclosed in the prospectus as well, use of IPO proceeds supposed to be used in the following 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

As a part of project implementation schedule as mentioned in the Prospectus, ACME has already started the construction works of Steroid and Hormone Project. Commencement of construction works of other projects will be started later on and to be implemented gradually. To comply with the requirements of local & global regulators and to meet the business demand ACME has no other alternative than to established several new projects on priority basis. As such, partial changes are needed with regard to use of IPO proceeds. A detail report on partial change on IPO Proceeds has been presented in the separate report at the Page # 51 of the Annual Report 2015-2016 and the same will be discussed under the agenda no. A-2016-40-05.

(1) Capital Expenditure

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 operations of following projects:

SL #	Name of projects	Current Status
01	Blow Fill Seal (BFS) - LVP & SVP products	The facility has already been commercially launched its products since October 2014 and during the year have started Small Volume Parenteral production on full swing.
02	Liquid & Semi-solid products	Project has been completed. Commercial launching of products manufactured in this plant already been started.
03	Steroid and Hormone	Construction works of Steroid and Hormone projects has already been started and it is going on.

In addition to above, estimated amount of capital expenditure committed by the Company mainly in the form of Letter of Credit opened in favor of suppliers of plant and machineries related to development projects as at 30 June 2016 is BDT 162,198,212.



CEPHALOSPORIN UNIT



HUMAN & HERBAL PRODUCTS



(2) Product development

The following table shows the position of existing products and newly developed products during the year 2015-2016:

SL #	Product Category	No. of products as on 01.07.2015 (A)	Addition during the year	Discarded during the year	Total Net as on 30.06.2016
			(B)	(C)	(A+B-C)
	Human:				
1	Capsule	46	0	0	46
2	Cream	13	0	0	13
3	Dry syrup	31	1	0	32
4	Eye/Ear/ND	20	0	0	20
5	Injection	56	0	1	56
6	Liquid	49	2	0	51
7	Ointment	15	0	0	15
8	Tablet	256	9	0	265
9	Powder	1	0	0	1
10	Inhaler(DPI)	8	4	0	12
11	Suppository	14	0	0	14
12	Inhaler(MDI)	12	0	0	12
13	Herbal	41	1	0	42
14	Syringe	2	0	0	2
15	Gel	4	0	0	4
16	Infusion	12	3	0	15
	Total	580	20	0	600
	Veterinary:				
1	Injection	57	1	0	58
2	Liquid	34	5	0	39
3	Ointment	1	0	0	1
4	Bolus	22	1	0	23
5	Premix	17	0	0	17
6	Water Soluble Powder	57	3	0	60
	Total	188	10	0	198
	Grand Total	768	30	0	798

Products development work has been selected by the Marketing Division developed by Strategic Brand Management Department. 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 the coming years.

(3) Quality Operation Mechanisms

The ACME Laboratories Ltd. maintains state-of-the-art manufacturing facilities and strict quality control procedure for ensuring best quality products to the customers at every steps of the pharmaceutical product manufacturing starting from sourcing of materials to dispatching of finished products. The Company's quality slogan is -"Perpetual Quest for Excellence". Current Good Manufacturing Practice (cGMP), Good Laboratory Practices (GLP), Standard Operating Procedures (SOP) and best practices that are proven effective are followed in every step of manufacturing, packaging & laboratory operations. ACME has three (3) most modern Quality Control (QC) laboratories which are well equipped with the most modern & sophisticated equipments like High Performance Liquid Chromatography (HPLC), UV-Visible Spectrophotometer, Gas Chromatography (GC), Total Organic Carbon analyzer (TOC), Fourier Transform Infrared Spectrophotometer (FTIR), Atomic Absorption Spectrophotometer (AAS), Aerodynamic particle size analyzer, Single stage cascade impact or, Kinetic LAL Analyzer, API (analytical profile index) for microbial identification, Dissolution Tester with auto sampler and several other instruments & accessories to meet the world class standards like WHO, cGMP, UK MHRA, US FDA, PICS, ANVISA, Brazil etc. for ensuring the highest quality of the products. The total quality operational activities are accomplished by three departments – Quality Assurance, Quality Control and Research & Development (R&D), which are comprised of competent, trained and highly qualified professionals like Pharmacists, Chemists, Biochemists, Molecular Biologists & Microbiologists.

(4) Technology

Pharmaceutical industry is dynamic in nature and heavily driven by knowledge and cutting edge technology. As one of the leading Pharmaceutical Companies of the country, ACME established sophisticated cutting edge technologies which comply with WHO cGMP, UK MHRA, US FDA and European Standards. The facilities are unique for Integrated building management system, World-class structural design, Dust-free environment, Well-designed HVAC system, Zero cross-contamination, Total compliance as per GMP, Vacuum transfer close system, Different storage conditions, High-tech chemical & microbiological laboratories, Modern R&D facility, Maintenance by NIST, Most up-to-date purified water generation plant and Fire management system.

(5) Domestic and Export Revenue

During the year, ACME achieved satisfactory growth and its total revenue stood at BDT 12,644.91 million. Domestic sales continue to remain as the key driver with 97.06% of the total revenue. The Company is continuously pressing hard for expanding its export sales. Present export market covers Bhutan, Cambodia, Hong Kong, Lao PDR, Myanmar, Nepal, Philippine, Sri Lanka, Thailand, Kenya, Vietnam, Iraq, Ujbekistan, Kenya, Ethiopia, Botswana, Somalia, Guatemala, Afghanistan, Ghana, Mongolia, Nigeria, Belize and Fiji. In addition, due to expiry of patented drugs there will be immense opportunity for contract manufacturing services on which we are also targeting at.



FINANCIAL RESULTS

The operating financial results of the Company for the year 2015-2016 as compared to previous year are summarized hereunder:

Particulars	2015-2016	2014-2015	% Increased
Authorized Capital (BDT in mn)	5,000.00	5,000.00	-
Paid up Capital (BDT in mn)	2,116.02	1,616.02	-
Total Sales (BDT in mn)	12,644.91	11,496.41	9.99%
Gross Profit (BDT in mn)	4,874.30	4,301.42	13.32%
Profit before tax (BDT in mn)	1,402.10	1,349.43	3.90%
Net Profit after tax (BDT in mn)	1,101.27	921.92	19.45%
Property, Plant and Equipment (BDT in mn)	17,240.11	16,027.23	7.57%
Shareholders' Equity (BDT in mn)	16,364.47	11,372.63	43.89%
Gross Profit Margin Ratio (%)	38.55%	37.42%	-
Net Profit Margin Ratio (%)	8.71%	8.02%	-
Dividend (Recommended) (%)	35%	35%	-
Net Asset Value (NAV) per Share (BDT)	77.34	70.37	9.90%
EPS/ Restated EPS (BDT)	6.55	5.70	14.91%
Weighted Average Number of Ordinary Shares	168,040,056	161,601,700	-
Number of Employees	7,674	7,603	-



COMPOSITION OF SHAREHOLDING POSITION

Shareholding Position as on 30 June 2016 of the Company is given below:

Name of the Shareholders	Designation	Address	No. of Shares	% of holding
Mr. Afzalur Rahman Sinha	Chairman	House No. 7, Road No. 6, Sector-3, Uttara	17,214,336	8.135%
Mr. Mizanur Rahman Sinha	Managing Director	House No. 6, Road No. 14, Sector-4, Uttara	20,426,565	9.653%
Dr. Jabilur Rahman Sinha	Dy. Managing Director	Hazel Wood, House No. 4, Road No. 118,	4,860,696	2.297%
Mrs. Jahanara Mizan Sinha	Sponsor Director	House No. 6, Road No. 14, Sector-4, Uttara	10,519,744	4.971%
Mrs. Nagina Afzal Sinha	Director	House No. 7, Road No. 6, Sector-3, Uttara	11,888,433	5.618%
Mr. Nasir-Ur-Rahman Sinha	Sponsor Shareholder	House No. 7, Road No. 7, Nabodoy R/ A,	6,160,405	2.911%
Mrs. Parveen Akhter Nasir	Sponsor Shareholder	House No. 7, Road No. 7, Nabodoy R/ A,	5,401,517	2.553%
Mrs. Khurshid Jahan Dabir (Mrs. Laizu Dabir)	Sponsor Shareholder	Hazel Wood, House No. 4, Road No. 118, Gulshan-2, Dhaka, Bangladesh	725	0.000%
Investment Corporation of Bangladesh (ICB)	Shareholder	8, DIT Avenue, Level 14-17, Dhaka.	5,800,000	2.741%
Institute	Shareholders	Bangladesh	50,755,786	23.986%
Foreign	Shareholder	-	1,009,397	0.477%
General Public	Shareholders	Bangladesh	77,564,096	36.656%
Total Holdings			211,601,700	100.00%



Related Party Transactions

(Amount in BDT)

Name of the Company	Relation ship	Nature of Transaction	2015-2016		2014-2015	
			Value of transaction	Balance at 30.06.2016 Receivable/ (Payable)	Value of transaction	Balance at 30.06.2015 Receivable/ (Payable)
Sinha Printers Ltd.	Common Director	Local Supply Received	445,037,684	(283,448,685)	381,793,998	(391,042,580)
		Provide services & others	460,444	-	348,296	-
ACMUNIO Int. Ltd.	Common Director	Advance	(42,562,425)	101,479,473	23,698,315	144,041,898
		Finished Goods Purchase	9,052,416	-	16,193,227	-
		Rent on Investment Property	6,462,000	-	6,462,000	37,156,500
		Car Sale	500,000	-	-	-
Kalyar Packaging Ltd.	Common Director	Local Supply	68,765,194	(1,840,076)	62,486,680	-
Kalyar Replica Ltd.	Common Director	Local Supply	7,040,742	(1,191,652)	3,755,407	-

Directors' interests in other organizations

Sl.	Name	Name of Company	Position
01.	Mr. Afzalur Rahman Sinha	The ACME Agrovet & Beverages Ltd.	Managing Director
		Sinha Printers Ltd.	Managing Director
		ACME IT Ltd.	Managing Director
		The ACME Overseas Trading Ltd.	Managing Director
		ACMUNIO International Ltd.	Director
		Sinha Fabrics Ltd.	Director
		Sinha Wool Wears Ltd.	Director
		Sinha Knit Industries Ltd.	Director
02.	Mr. Mizanur Rahman Sinha	ACME IT Ltd.	Chairman
		Kalyar Packaging Ltd.	Chairman
		Kalyar Replica Ltd.	Chairman
		Sinha Fabrics Ltd.	Chairman
		Sinha Wool Wears Ltd.	Chairman
		ACME Overseas Trading Ltd.	Chairman
		Sinha Knit Industries Ltd.	Chairman
		Sinha Knit and Denims Ltd.	Chairman
		ACMUNIO International Ltd.	Director
		Sinha Printers Ltd.	Director
		The ACME Agrovet & Beverages Ltd.	Director

03.	Dr. Jabilur Rahman Sinha	ACMUNIO International Ltd.	Chairman
		Sinha Printers Ltd.	Chairman
04.	Mrs. Jahanara Mizan Sinha	J M Sinha Agriculture Food Processing Industries Ltd.	Chairman
		Sanjar Aviation Ltd.	Chairman
		The ACME Agrovet & Beverages Ltd.	Director
		Kalyar Packaging Ltd.	Director
		Kalyar Replica Ltd.	Director
05.	Mrs. Nagina Afzal Sinha	Not Applicable	Not Applicable
06.	Mr. Md. Iftikhar-Uz-Zaman	Investment Corporation of Bangladesh (ICB)	Managing Director
		ICB Capital Management Ltd.	Chairman
		Aramit Ltd.	Director
		Wata Chemicals Ltd.	Director
		Navana Engineers Ltd.	Director
		Unique Hotel and Resort Ltd.	Director
		Bashundhara Dredging Company Ltd.	Director
		Energypac Power Generation Ltd.	Director
		Standard Bank Securities Ltd.	Director
		Line Bangladesh Ltd.	Director
		GlaxcoSmithkline Bangladesh Ltd. (GSK)	Director
		Reneta Ltd.	Director
		Bangladesh Krishi Gobeshona Endowment Trust (BKGET)	Director
		Credit Rating Agency of Bangladesh Ltd. (CRAB)	Director
		Credit Rating Information and Services Ltd. (CRISL)	Director
		Standard Bank Ltd.	Director
		National Tea Company Ltd.	Director
		Apex Tanary Ltd.	Director
		Central Depository Bangladesh Ltd. (CDBL)	Director
		CAPM Venture Capital & Finance Ltd. (CVCFL)	Director
07.	Syed Shahed Reza	Not applicable	Not applicable
08.	Ms. Fouzia Haque, FCA	Not applicable	Not applicable

Remuneration & Sitting Fees of Directors and Salary & Allowances of Employees

Aggregate Amount of Remuneration & Sitting fees of Directors and Salary & Allowances of Employees for the year ended 30 June 2016 were as follows:

(Amount in BDT)

SL. #	Particulars	Remuneration and Salary	
		2015-2016	2014-2015
1	Directors Remuneration and Sitting Fees	30,295,003	30,582,500
2	Officers and Staffs Salary & Allowance	1,629,692,070	1,467,031,161

HUMAN RESOURCES

Multidisciplinary human resources comprising 7,674 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. Its utmost importance on the continuous development of human resources to enhance their competencies through continuous in-house and external training programs and encourages people.

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 Company policy. Inspiring fringe benefits like bonus, holiday allowance, laundry allowances, night allowances, driver allowances, technical allowances along with a sound and healthy working environment in place as part of our talent retention and motivational program. As we do believe, our success immensely depends upon performance of our 7,674 patrons.

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 can't be the only goal of any organization, well-being of the people and environment 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.

- Involve with the multipurpose activities for the wellness of Community/ Society:
 - During the year 2015-16, BDT 663,592 has been spent for building primary herbs processing centers in the rural areas; in the year 2016-17, the Company will diversify the activities of the aforesaid herbs processing center by adding two new components, i.e. need based adult education center education on health and sanitation and training center for the medicinal plant farmers.
 - During the year 2015-16, approximately BDT 173,340 has been spent for Graduate Students Internship Program (GSIP) in cash and kind.
- Introduced following employees' well-being programs:
 - BDT 60,724,353 was disbursed under the scheme of WPPF.
 - BDT 68,017,856 contributed by the company to Recognized Provident Fund.
 - As at 30 June 2016, Provision for Gratuity stands to BDT 206,370,155 and BDT 59,488,494 paid to retired officials during the year as Gratuity benefit.
- In addition to company's contribution, BDT 7,347,321 was spent, contributed by both Officers' and Directors' of the Company, to support deceased employee's family.
 - BDT 5,949,025 has been spent for the purpose of employee's group insurance.
- In addition to above, the company have Introduced the following programs/activities in broader way:
 - The scope of Best Employee Award and innovative Idea Man Award.
 - Support Employment for the special and/or incapacitate people

PLANET

- Recycled approximately 5 Lac 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 2015-16 the company could reduce the use of CFC equivalent to 3,200 kg CO₂ which are vital devils for global warming and ozone layer depletion.
- Saved energy consumption significantly through using energy saving electronic equipments (i.e. light, fan, computers, etc.)
- Reduced Printing and Stationery consumption through using electronic documentation which is equivalent to BDT 9,288,796
- 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 environment friendly. For this purpose, in the coming year we are going to implement zero discharge ETP water from our plants.
- In order to ensure better Bio-diversity and reduce global warming the company will make plantation in new areas of the country particularly the medicinal plants which are in extinction crisis.

PROFIT

- Achieved 9.99% Sales growth during the year 2015-2016.
- During the year 2015-16, Percentage of Net Profit to Net Sales ratio is 8.71
- During the year 2015-16, Earnings Per Share is BDT 6.55 on one Equity Share of BDT 10.00 each
- Net Assets Value per share is BDT 77.34 as at 30 June 2016
- Followed consistent dividend policy over the last three years. i.e. 35% cash dividend (proposed) during the year 2015-16; 35% cash dividend for the year 2014-15 and 2013-14.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, your Company paid BDT 2,149.68 million to the National Exchequer in the form of Corporate Income Tax and Value Added Tax (VAT) and Import Duties.

RETIREMENT AND REAPPOINTMENT BY ROTATION OF DIRECTORS

Mrs. Jahanara Mizan Sinha and Mr. Md. Iftikhar-Uz-Zaman, Directors of the Company, will be retired by rotation at the 40th Annual General Meeting and being eligible they offer themselves for reappointment

APPOINTMENT OF AUDITORS

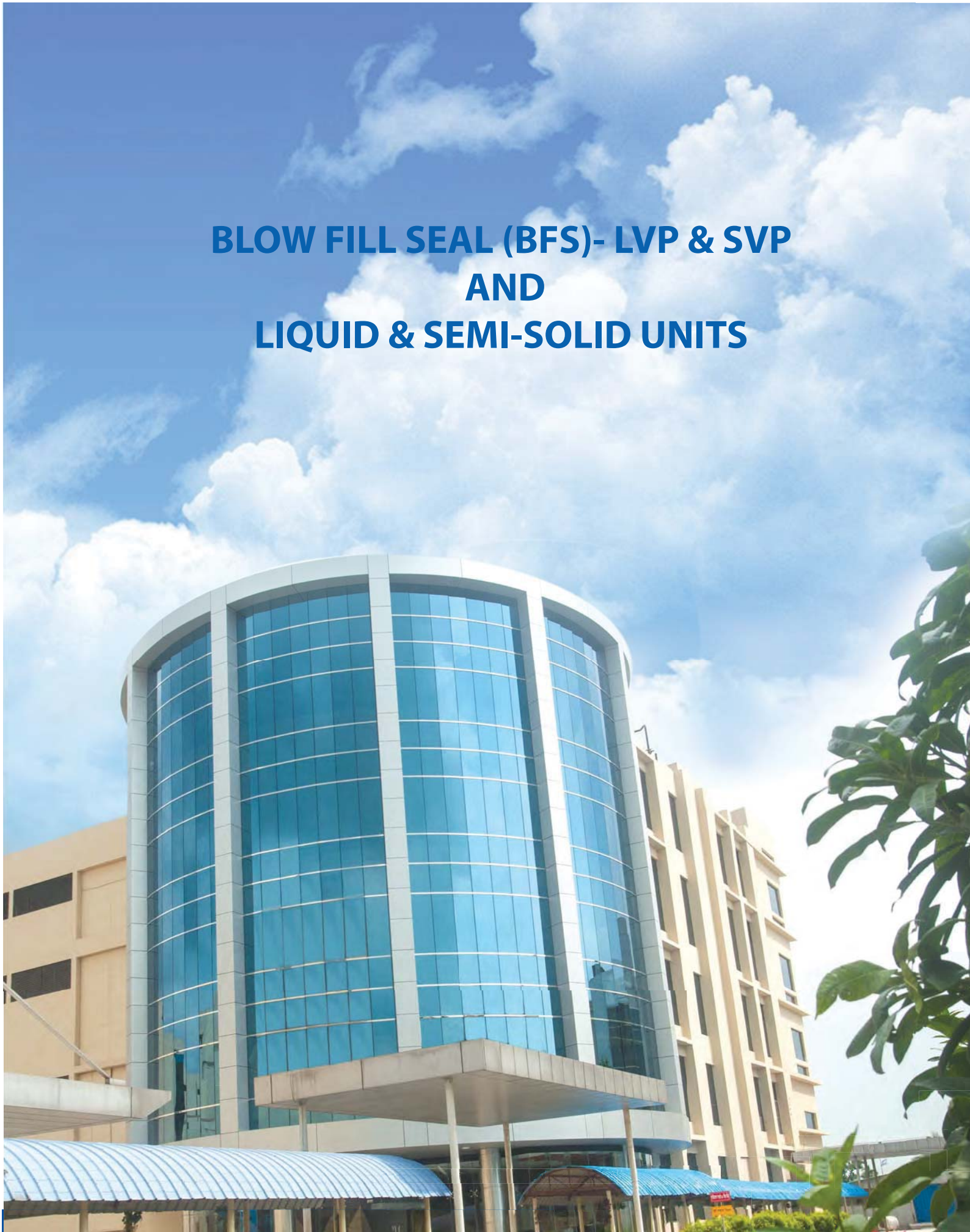
The existing auditor M/s. Pinaki & Company, Chartered Accountants, (An Independent Associate Member of Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, New Delhi, India) has carried out the audit for the year ended 30 June 2016. M/s. Pinaki & Company, Chartered Accountants, the auditors of the Company retires at this Annual General Meeting and being eligible offered themselves for re-appointment as auditors of the Company for the year 2016-2017 at a remuneration BDT 5,00,000 subject to approval in the AGM.

STATEMENT OF DIRECTORS ON FINANCIAL REPORTS

Directors are pleased to report that

- The financial statements together with the notes thereon have been drawn up in consistent with the Companies Act, 1994 and Securities and Exchange Rules, 1987. These statements present fairly the Company's state of affairs, the result of its operations, cash flow and changes in owners' equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements except those referred to in the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards (IASs)/ Bangladesh Accounting Standards (BASs) / International Financial Reporting Standards (IFRSs)/Bangladesh Financial Reporting Standards (BFRSs), Securities and Exchange Rules, 1987, follow the Listing Regulations, 2015 and as applicable any other law in Bangladesh, have been followed in preparation of the financial statements.
- Effective internal control system has been in place during the period under review and has been effectively monitored.
- There is no doubt whatsoever about the ability of the Company to continue as a going concern.

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



A world class facility to manufacture lifesaving Intravenous Fluids



Directors also affirm that the Managing Director and the Chief Financial Officer have certified to the Board that they have reviewed the Financial Statements for the year ended 30 June 2016 and to the best of their knowledge and belief:

- a) The Financial Statements presented fairly of the affairs of the Company and are in compliance with existing accounting standards and applicable laws and regulations.
- b) There is no statement which is materially misstated or misleading and there is no omission of facts thereon.
- c) No transaction has been entered into by the Company that are fraudulent, illegal or in violation of the Company's Act.

CORPORATE GOVERNANCE

Corporate Governance is a mechanism through which board is able to direct, monitor and supervise the conduct and operation of the company and its management in a manner that ensures appropriate levels of authority, accountability, stewardship, leadership, direction and control.



ACME has the endeavor to implement and maintain superior standards of Corporate Governance norms and has been practicing the principles of good Corporate Governance. Corporate Governance principles as practiced by the Company based on transparency, adequate disclosures, complete compliance with the laws, fairness, professionalism, accountability and ultimately the target of maximizing shareholders value and also duly catering the interests of the broader stakeholders including customers, suppliers, employees, community, the environment and the society in broad.

We are committed to run business in a manner, which will ensure sustainable, capital efficient and long-term growth and in order to achieve these the Company has built up a strong base stone for making Corporate Governance a way of life by having an independent Board with experts of eminence and integrity, inducting competent professionals across the organization and putting in place best proven practices, systems, process and sophisticated cutting edge technology.

To comply with the corporate governance code imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/ CMRRCD/2006-158/134/Admin/44; Dated: 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance 1969; the Company inducted two Independent Directors and also formed an Audit Committee headed by an Independent Director.

AUDIT COMMITTEE

To comply with the requirement of the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission, the Board of Directors of The ACME Laboratories Ltd. formed an Audit Committee in its 42nd meeting, dated: 9 September 2014. Presently the Committee is comprises with the following members:

Name	Status in Audit Committee	Status in Board
Ms. Fouzia Haque, FCA	Chairman	Independent Director
Syed Shahed Reza	Member	Independent Director
Mr. Md. Iftikhar-Uz-Zaman	Member	Nominee Director of Investment Corporation of Bangladesh (ICB)

The Board of Directors thankfully take this opportunity to appreciate shareholders, Doctors, Healthcare Professional, Customers, Bankers, Regulatory Bodies including Bangladesh Securities and Exchange Commission, National Board of Revenue (NBR), Directorate General of Drug Administration (DGDA) & Licensing Authority (Drugs), Registrar of Joint Stock Companies and Firms, Insurance Companies, Employees and other Stakeholders of the company 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,



Afzalur Rahman Sinha
Chairman

39th Annual General Meeting 2014-2015

Date : 07 November 2015, Venue : Court de la ACME, 1/4 Kallanpur, Dhaka

For Health, Vigour and Happiness

The ACME Laboratories Ltd.



39th AGM



PARTIAL CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus issued by The ACME Laboratories Ltd. dated: 16 March 2016 (the "Prospectus") in relation to the Initial Public Offer of the Company's shares for the listing with Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE).

USE OF PROCEEDS

It was disclosed in the Chapter XXII under the head of "Use of Proceeds and Project Implementation Schedule" in the Prospectus (Page # 243) that the Company intended to issue 50,000,000 Ordinary Shares of BDT 10 each, out of which 50% i.e. 25,000,000 Ordinary Shares were reserved for Eligible Investors (EIs) and 10% i.e. 5,000,000 Ordinary Shares for Mutual Funds at a cut off price of BDT 85.20 per share and the remaining 40% i.e. 20,000,000 Ordinary Shares were reserved for General Public at a discounted price of BDT 77.00 per share under Book Building Method. The Proceeds amounting to BDT 409.60 Crore were proposed to use 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

PROPOSED PARTIAL CHANGE IN USE OF PROCEEDS

As a part of project implementation schedule as mentioned in the Prospectus, ACME has already started the construction works of Steroid and Hormone Project. Commencement of construction works of other projects will be started later on and to be implemented gradually. To comply with the requirements of local and global regulators and to meet the business demand, ACME has no other alternative than to establish several new projects on priority basis. Considering the needs and circumstances, the Board of Directors in its 64th Meeting held on 20 September 2016 approved the proposal of partial change in use of proceeds. Proposed partial changes of use of the IPO Proceeds (the “Proposed Change”) are summarized as follows:

A. PROPOSED CHANGE IN THE PROJECTS			
Sl #	Name of the Projects	Estimated Project Costs (In BDT crore)	Remarks
i)	Steroid and Hormone	135.80	Construction works has already been started and will be completed by December 2017.
ii)	Penicillin	40.00	To comply with the requirement of the regulatory body, Directorate General of Drug Administration (DGDA), we have to construct new facility.
iii)	Active Pharmaceuticals Ingredients (API) Project	89.00	The Honorable Minister for industries of the People's Republic of Bangladesh declared on 18 September 2016 that the GoB has taken necessary steps for handing over the plots of API parks within October 2016. As such, immediate investment for API project will be required on priority basis.
B. REPAYMENT OF BANK BORROWING			
Sl. #	Particulars	Amount (In BDT crore)	Remarks
i)	Repayment of bank borrowing	136.00	Within the threshold limit of BSEC Public issue Rule 2015 i.e. 1/3 of total IPO proceeds may be used for repayment of Bank borrowing to reduce the interest expenses of the Company.

REASONS FOR THE PROPOSED PARTIAL CHANGE

Segment wise reason for the proposed change is stated below for the information of the shareholders:

Penicillin

Penicillin products are considered as life saving drugs and as a one of the oldest pharmaceutical companies we had established a Penicillin unit long ago, which presently generated on an average yearly turnover amounting BDT 40.00 crore. But considering up to date relevant regulation, Director General of Drug Administration in his inspection report dated: 02 May 2016 advised the management of The ACME Laboratories Ltd. to set up a separate Penicillin facility before next renewal of Drug Manufacturing License of the Company. Besides, as per current regulation for getting any kind of foreign accreditation and doing any Pharmaceuticals business in any regulated international market, penicillin manufacturing facility has to be constructed separately. It is mentioned that The ACME Laboratories Ltd. has been working for getting several foreign accreditations. To comply with the requirements of local & global regulators and to meet the business demand ACME has no other alternative than to establish a separate penicillin facility immediately on priority basis. In view of the above facts and circumstances, the Board of Directors of the Company recommended for establishing a separate facility for Penicillin products within shortest possible time subject to the approval of the shareholders in its 40th AGM. Estimated cost of the facility is BDT 40.00 crore. After implementation of proposed facility, the Board expects that the sale of the products of the penicillin group will increase significantly both in domestic and international market, which will ultimately reflect positive indication in the profitability of the Company.

Active Pharmaceuticals Ingredients (API) Project

Basically, Bangladesh Pharmaceutical industry is finished formulation based, heavily technology driven, dynamic in nature and vertically integrated i.e. most of the Companies under this industry cover activities like manufacturing, promotion, sales and distribution. As such, value addition of this industry is comparatively high. Multinational companies dominated earlier market of the industry. But now, scenario just reverse, local companies are dominating the market.

It is one of the fastest growing sectors in the country with an annual average two-digit growth rate over the last five years. It is the second largest industry in terms of contribution to government's exchequer and contributes about 1% of the total GDP. According to IMS in 2015, the market size of the industry was BDT 12,000 crore (approx). If we calculate per day per person consumption, it stands BDT 2.05. Therefore, the industry has an ample opportunity to grow more.

There are several strong competitive macro economic factors are enjoying by Bangladesh Pharma industry like favorable government policy, availability of technological know-how, comfortable local market size for 16 crore population, low white collar professional costs etc.

At present, the local Pharmaceutical industry, which churns over 8,000 generic drugs, has to import the majority of the raw materials. Considering glorious success and prospect of the industry, to expand the value chain further, government has taken necessary steps to set up a full-fledged Active Pharmaceutical Ingredients (API) Park, containing 42 plots, at Munshigonj district. Bangladesh Pharmaceuticals industry has started its journey as import substitute one, but in course of its four decades journey, it has been moving towards an export-oriented industry gradually. Introduction of API park will strengthen its journey morefully through establishing backward linkage which eventually make sure uninterrupted in time availability of cost effective and quality active pharmaceuticals ingredients from domestic sources. As one of the top ranking pharmaceutical Companies of the country, ACME has applied for three (03) plots.

ACME is having various certificate and accreditations from different countries and in the way of accreditations of various highly regulated markets. The API plants and systems will build in accordance with local and international regulatory compliances and will achieve various certification & accreditations like from USFDA and EDQM certificate of suitability as well as WHO GMP. The focus of the Company is to full-fill the API

requirement of Bangladesh market and also towards regulated markets like USA, EUROPOE, Japan including requirements of the various UN bodies like WHO, UNICEF etc. Considering demand of local market and export prospects, insider of the industry believes, this sector will enjoy Scale of economies and logically will be profitable one.

Accordingly, the Board of Directors in its 64th Meeting held on 20 September 2016 decided to take necessary preparation for establishing plant for producing Active Pharmaceutical Ingredients subject to the approval of the shareholders at the 40th AGM.

B. Repayment of bank borrowing

According to our previous plan that have already been mentioned earlier in this report and disclosed in the prospectus as well, use of IPO proceeds to be used in the following 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

Among the above projects, the construction of Steroid and Hormone project has already been started and it is going on. Commencement of construction works of other projects will be started later on and to be implemented gradually.

Considering above facts and ensuring better return on idle fund, out of IPO fund the Company invested total BDT 350 crore in the form of FDR, BDT 250 Crore in Investment Corporation of Bangladesh (ICB) at an interest rate of 7.00% p.a. and BDT 100 Crore in Dhaka Bank Limited at an interest rate of 6.75% p.a.

Further keeping in mind the gradual use of the fund and opportunity cost on the same as well the Board of Directors in its 64th Meeting held on 20 September 2016 decided to reallocate use of IPO proceeds through repaying loan liabilities BDT 136 Crore. Board strongly believes that first of all it will enhance the earnings and EPS of the Company by reducing the burden of current interest expenses that will ensure the organic cash generation of the Company eventually by using of which Company will be able to implement the all declared projects namely: Oncology, Ayurvedic, Modern Herbal and Nutraceuticals.

The Board considers the proposed change in the use of the IPO Proceeds is in the best interest of the Company and its shareholders as a whole.



Our performance

Business Journey

The ACME Laboratories Ltd., one of the oldest Pharmaceutical Companies of the Country, has been engaged in manufacturing, marketing and distribution of Pharmaceuticals formulation products. Initially, the Company was a proprietorship concern engaged manufacturing in few oral liquid products in 1954. Later on, the enterprise converted into a private limited Company on 17 March 1976 vide registration no. C-4745/163 of 1975-76 under the Companies Act-1913 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. Since inception in 1954, it has been working relentlessly with a vision to ensure Health, Vigour 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 9001:2008 standard, WHO cGMP standard and best practices that are proven effective.

In the year 1999 the Company awarded ISO: 9001:1994 certification. In this 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 ICDDRDB. 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 Ltd. (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. Naturally as a follow up, the Board of Directors of the Company decided to amalgamate the same through vide EGM dated 27 April 2013. Accordingly, the Honorable High Court Division of the Supreme Court of Bangladesh has given their verdict in favour of Amalgamation Scheme on 20 November 2013. In a logical sequence, as on 31 January 2014 erstwhile The ACME Specialized Pharmaceuticals Ltd. amalgamated with The ACME Laboratories Ltd. The Amalgamation paves the way for availing International Accreditation benefit for the products now being produced in the ASPL (presently Solid Dosages Unit) 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.

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 04 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.

As a part of strengthening its forward linkage activities (distribution), the Company started functioning of its own distributions hub at Bogra, Rangpur, Barishal, Maymensingh, Narayanganj, Dhaka City North, Dhaka City South and Central Sales Center.

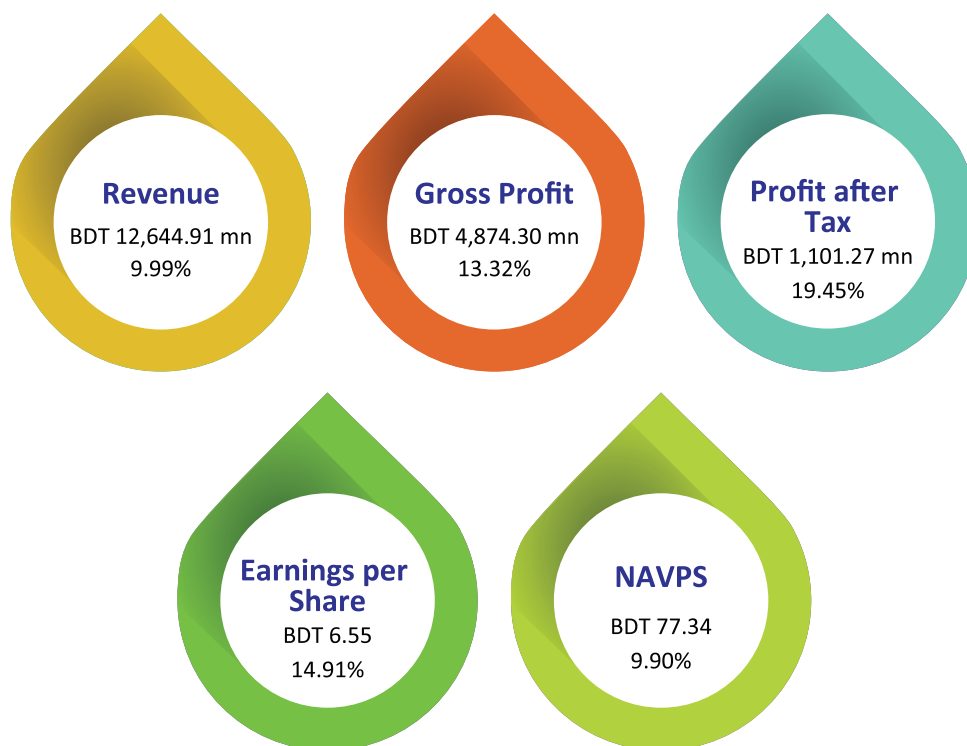
Performance 2015-16

Revenue increased by 9.99% in 2015-2016 and reached to BDT 12,644.91 million, compared to BDT 11,496.41 million in 2014-2015. Gross profit margin stood at 38.55% and net profit after tax increased to 8.71% from 8.02%. It represents efficient operational performance of the Company. Property, Plant & Equipment has increased by BDT 1,495.70 million implying higher capacity to generate future long-term economic benefits. Net Assets Value per share has reached at BDT 77.34 and the Earnings Per Share (EPS) at BDT 6.55.

In summary, during 2015-2016, the Company has met the targeted revenue and earning goals, which was driven by an increasingly diversified portfolio of generic pharmaceuticals formulation products that include human, veterinary and herbal drugs in various dosages forms.

2015-2016

Performance at a glance



- Introduced 30 new products including different human and veterinary products.
- The estimated amount of capital expenditure commitment of the Company mainly in the form of Letter of Credit opened in favor of suppliers as at 30 June 2016 is BDT 162,198,212.

The Company has been listed with two Exchanges namely Dhaka Stock exchanges Ltd. (DSE) and Chittagong Stock Exchanges Ltd. (CSE) on 31 May 2016. Before listing, as per the law of the land applicable income tax rate for the Company was 35% and made necessary provisions up to the period third quarter ended 31 March 2016. After listing and due to very first year of listing, the Company's applicable income tax rate comes down to 22.50% and accommodated necessary provisions in the financial statements for the year ended 30 June 2016 accordingly.

CORPORATE OPERATIONAL RESULT

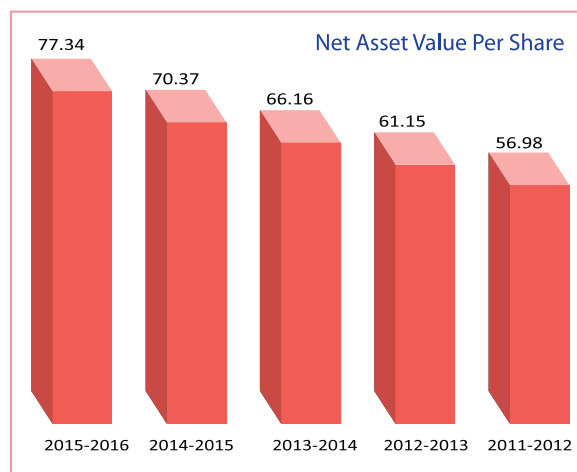
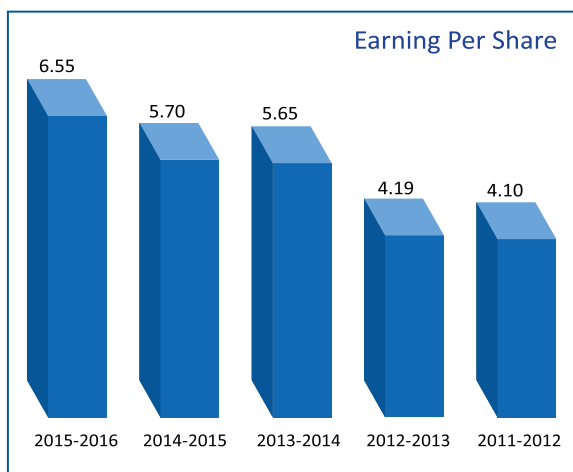
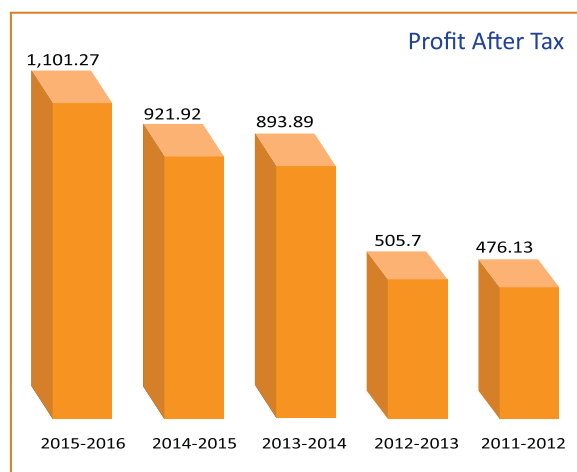
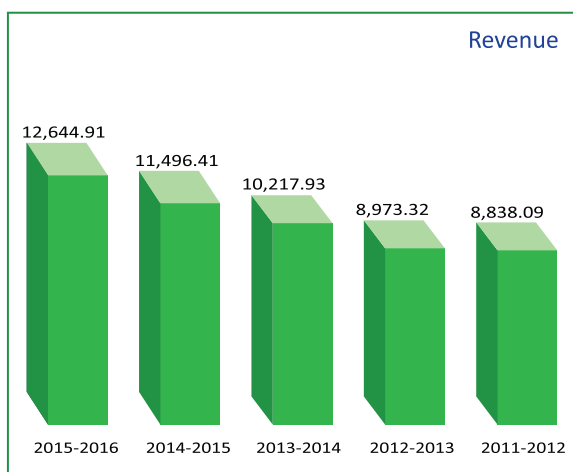
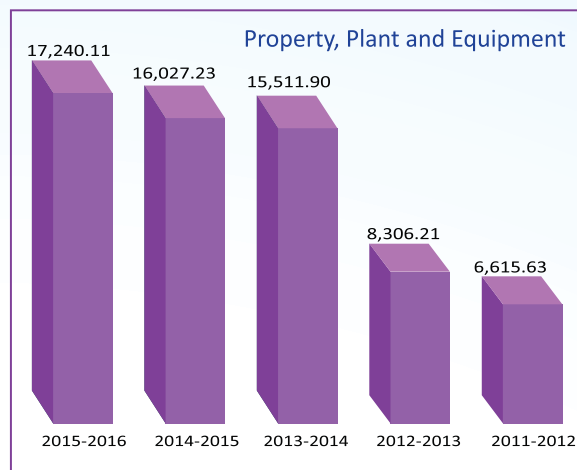
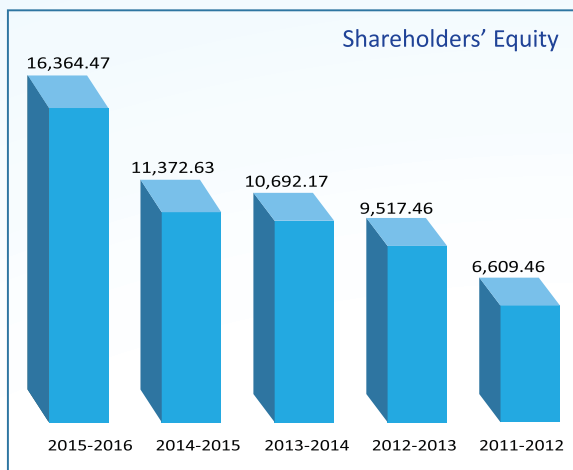
FOR LAST 5 YEARS

BDT in million

Particulars	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Shareholders' Equity					
Share Capital	2,116.02	1,616.02	1,616.02	1,556.31	1,160.00
Share premium	5,127.60	1,605.07	1,605.07	1,605.07	-
Revaluation Surplus	5,642.93	5,320.07	5,429.80	4,488.70	4,559.56
Capital Reserve	-	-	-	40.17	40.17
Share Money Deposit	-	-	-	500.00	-
Gain/(Loss) on Marketable Securities (Unrealized)	2.25	1.82	0.84	-	-
Tax Holiday Reserve	172.25	139.86	91.01	-	-
Retained Earnings	3,303.42	2,689.79	1,949.43	1,327.21	849.73
Total Shareholders' Equity	16,364.47	11,372.63	10,692.17	9,517.46	6,609.46
Non Current Liabilities	3,958.45	4,904.88	3,057.68	1,128.41	631.73
Total	20,322.92	16,277.51	13,749.85	10,645.87	7,241.19
Application of Fund					
Property, Plant and Equipment	17,240.11	16,027.23	15,511.90	8,306.21	6,615.63
Intangible Assets	0.20	0.25	0.29	0.34	0.41
Investment in Shares	19.86	7.12	6.14	351.47	351.47
Investment Property	26.19	26.19	26.19	26.19	26.19
Current Assets	11,603.36	7,198.98	6,635.06	7,889.44	5,738.67
Current Liabilities	(8,566.79)	(6,982.26)	(8,429.73)	(5,927.78)	(5,491.18)
Total	20,322.92	16,277.51	13,749.85	10,645.87	7,241.19
Financial Result					
Revenue	12,644.91	11,496.41	10,217.93	8,973.32	8,838.09
Cost of Goods Sold	7,770.61	7,195.00	6,237.80	5,721.02	5,697.48
Gross Profit	4,874.30	4,301.42	3,980.14	3,252.30	3,140.61
Profit before Taxation	1,402.10	1,349.43	1,204.84	810.71	802.30
Profit after Taxation	1,101.27	921.92	893.89	505.70	476.13
Change in Turnover (%)	9.99%	12.51%	13.87%	1.53%	26.32%
Change in Cost of goods sold (%)	8.00%	15.35%	9.03%	0.41%	25.47%
Change in Profit After Tax (%)	19.45%	3.14%	76.76%	6.21%	38.35%
Financial Performance					
Number of shares	211.60	161.60	161.60	155.63	116.00
Earning per share (Taka)	6.55	5.70	5.65	4.19	4.10
Current Ratio - (Times)	1.35	1.03	0.79	1.33	1.05
Net operating cash flow per share (Taka)	6.25	6.50	2.85	4.69	0.90
Net Asset Value Per Share (Taka)	77.34	70.37	66.16	61.15	56.98

GRAPHICAL VIEW OF SELECTED GROWTH INDICATORS

(BDT in million)





Activities related to welfare of employees



Industry outlook and global pharma trend

	Salient features of the industry
<p>The Pharmaceutical sector has already been declared as the thrust sector by the government of Bangladesh. Bangladesh has built a strong baseline and going towards the self-sufficiency for the production of medicine. Meanwhile, some Companies have started to produce vaccine, insulin, anticancer drugs, etc. In 2015 alone, patented drugs worth \$60bn are going off patent which opens up opportunities for generic manufacturers around the world. Bangladesh could be ideally positioned to gain from generic drug opportunities with its cost advantages and skilled manpower, but we need to address those key challenges faced by the industry in order to gain further competitive advantages and build presence in the global generics.</p> <p>ACME is trying to run with the ages and trying to follow industry norms as well. In consequence ACME managed to achieve desired earnings consistently. However, historical growth trend of Pharmaceuticals Industry give us an idea about the positive outlook of the industry i.e. growth rate of Pharma industry was significantly higher than GDP growth which logically attracts scope for further growth in investment for expansion in this industry.</p>	<ul style="list-style-type: none"> ◆ Total Market Size will be BDT 2,00,000 million by 2020. ◆ One of the fastest growing business sector. ◆ About 439 licensed Pharmaceuticals manufacturers in the country, contributes about 1% of GDP. ◆ Now, producing more than 8,000 brand of medicines in different forms. ◆ Second highest contributor to national exchequer. ◆ Largest white-collar intensive employment sector.

If we look at last hundred year's evolution of disease pattern:

Up to First World War (1914-1918)

- Infections and parasitic disease were common illness and killers
- Life expectancy was around 44 years of age.

From 1920s -1960s

- infectious diseases were still prevalent but effective Vaccines and more powerful antibiotics were introduced.
- emergence of heart disease and cancer
- life expectancy increased to around 68 years

From 1970s -1980s

- there were still increases in schemic heart disease, cancers and DM
- cerebral vascular diseases were found throughout the world.
- emergence of HIV and AIDs
- life expectancy increased to approximately 73 years

From 1980s till to date

- in addition to other diseases, aging disease like Alzheimer's and Stroke were common illnesses.
- diseases associated with pollution, such as bronchitis or asthma emerging.
- life expectancy has now been increased to 76 years.

It is apparent that, disease progression has changed quite remarkably over the last 100 years, and the pharmaceutical industry has had to change its approach to disease accordingly.

(Source: Pharma Times -Vol. 43 - No 5 May 2011)

- In the past, success in pharma business came from short-term game plans and there was no need to develop long-term vision and/or strategies.
- Now-a-days, the challenges in the pharmaceutical industry are multilayered. The customer landscape is changing. Physicians' prescription decisions are coming under the influence of different pressure groups. Competition in the market has been tremendously increasing day by day.
- In this new boxing ring of the competitive environment, quality of marketing strategy will finally determine success or failure.
- Pharmaceutical industry is a knowledge driven industry and failure and the success of Pharma Company is very much related with the marketing strategy it adopts and also effective implementation of the same.
- A significant barrier to entry is selling power and share of voice. Increased competition has seen an emergence of 'mega sales forces', to try to increase the share of voice for each product launch.
- In the UK, now there is one medical representative for every three GPs. In USA there is one medical representative for every seven doctors. Sales forces have increased in size ten-fold in the last 10-15 years. The marketing and selling now the single most expensive part in any global pharmaceutical organization.

Our role in Bangladesh

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 CRM technology should be aligned around a service based ideal marketing."

ACME's Marketing & Distribution Strengths

- Novel Mission, Vision and commitments
- 62 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.
- Expand existing and develop new large scale projects to diverse the product range and related diversification;
- World class manufacturing facilities
- Comprehensive marketing and distribution network(Both in domestic and international markets)
- Excellent relationship with health care professionals, chemists and other concerned stakeholders;

In order to 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



The success in the domestic market prompted ACME to explore the global market. In 1995 the first export went to Bhutan. Following this, now ACME exports around 23 countries across continents and many other countries in Asia, Europe, Africa, and Latin America are under exploration. As a top ranking Pharmaceutical Company ACME relentlessly trying to strengthen its competencies and enhancing its capacity horizontally as well vertically. As part of that a number of projects are upcoming; those will not only strengthen the ACME but also will advance the pharma industry of the country as whole. These projects are:

- Hormone & Steroid
- Penicillin
- Active Pharmaceuticals Ingredients (API)
- Oncology
- Auyrbedic Modern Herbal and Nutraceuticals

With the implementation of these projects, business of the Company will be increased more both in local and global market.



Strategy and Outlook

Business development initiatives

We are dedicated to capitalize 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. We have medium term high-priority on all therapeutic areas and new projects like Hormone & Steroid, Penicillin, Active Pharmaceuticals Ingredients (API), Oncology, Ayurvedic, Modern Herbal and Nutraceuticals. We assess our businesses and resources as part of our regular, ongoing portfolio review process and also continue to consider business development activities for our businesses.

Guidance for 2016-17

- Ensure stable and long-term return to our investors;
- Obtain word class accreditation by proper execution of ISO 9001:2015 standard, WHO cGMP standard and best practices that are proven effective;
- Strengthening our existing market share, cope with the changing scenario in the pharma industry to ensure higher prescription rates, transparency and improved 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 local Pharma market.
- Ensure best utilization of newly developed facilities like Cephalosporin, LVP, Liquid in Hard Gelatin, Schacht and strengthen footing in pharma market with due share in new arenas.
- Continue to grow the net asset value of the Company and increase earnings per share by:
 - maximizing free cash flow from existing operations
 - enhance export by penetrating new markets and exploiting contract manufacturing opportunities.
 - advancing our pipeline of compliances and capacity building projects.
- Continue trend of strong earnings and cash flow generation.

CANTEEN & TRAINING CENTER





SALES CENTER



CSR ACTIVITIES

ACME's Medicinal Plant Cultivation in North Bengal: An unique, inclusive and sustainable Model of Poverty Alleviation, Self Employment, Women Empowerment and Improvement of Environment & Biodiversity

The ACME Laboratories Ltd. started its medicinal plant cultivation initiative under Livelihoods Empowerment and Agroforestry Project (LEAF) of Intercooperation (IC), a Switzerland based NGO in 2007. The objectives of the initiative were collecting highest quality herbs for producing quality herbal medicines in ACME and also addressing poverty alleviation, self-employment of poor and extreme poor in the North Bengal area. At the beginning a few poor and marginal farmers of Bogra and Gaibandha district were involved with some selective medicinal plant cultivation. However, within few years medicinal plant cultivation activities expanded in the other districts of Rajshahi and Rangpur division.

ACME trained a good number of devoted farmers who are called Local Service Provider (LSP) on organic cultivation practices of selected medicinal plants such as, Basak, Kalomegh, Tulsi, Ashwagandha and Shotomuli. On the other hand, the development partner namely IC facilitated agreement between medicinal plant growers and Union Parishad (UP) for medicinal plant cultivation in the village road side and khas land. The active involvement of the Company has contributed to the expansion of the medicinal plant cultivation and marketing activities in the project area. Consultation and experience sharing with the LSPs, marginal farmers and development partners were organized at regular intervals by the Company for smooth operation of the project. All these meetings contributed to production planning and improvement of quality of raw materials supplied by the producers. Local Government Bodies and District Administration also extended their full cooperation towards the medicinal plant cultivation project.



Lawn meeting with medicinal plant growers



Composting process



Plantation of cuttings



Finishing of compost



Saplings in poly bag



Plantation in marginal land



Field visit by Mr. Abu Mohammad Yusuf, Deputy Commissioner (DC), Gaibandha



DC, Gaibandha inspecting primary processing & collection center



Dried leaves of medicinal plants at primary processing & collection center



Dried roots of medicinal plants at primary processing & collection center



Packed herbal materials

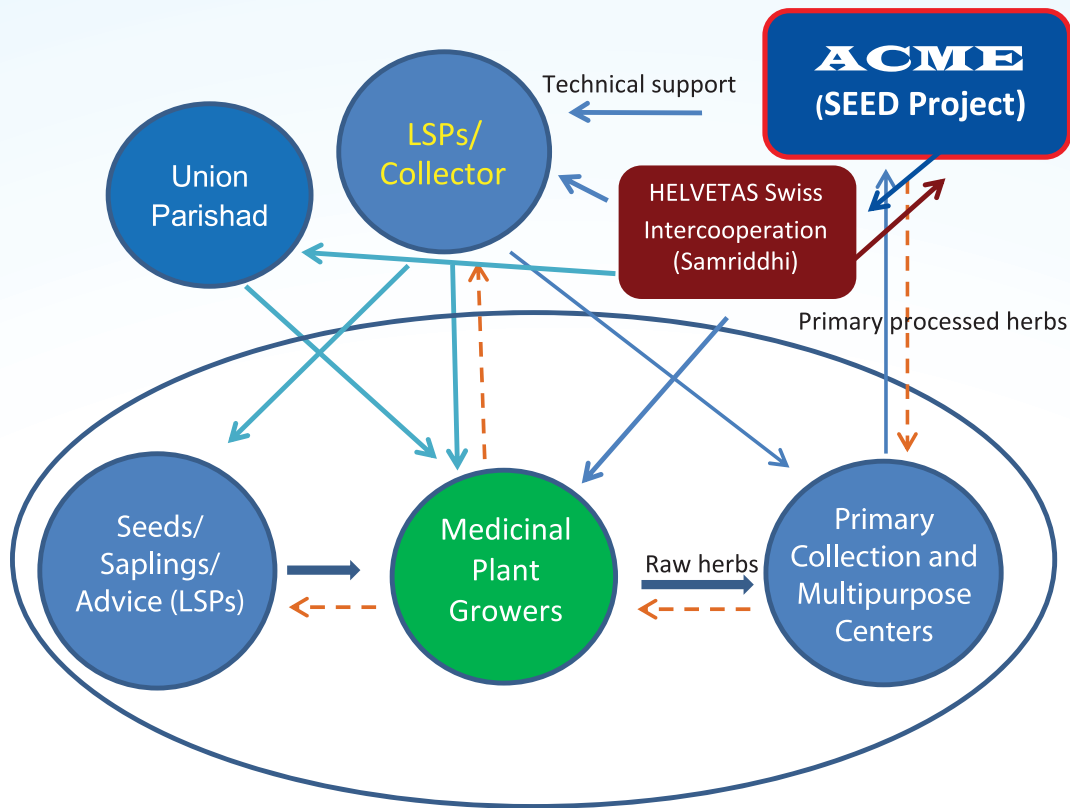


Experience sharing workshop on medicinal plant cultivation at Shahapara, Gaibandha

Subsequently in 2011, Intercooperation and HELVETAS merged together under the name and style of HELVETAS Swiss Intercooperation (HSI). This new venture started their operation under Samriddhi project in place of previous LEAF project. In the meantime, as a part of CSR activities to increase the income level of the medicinal plant growers and also for the improvement of the Environment and Biodiversity ACME started a dedicated project namely **Social, Environmental and Economic Development (SEED)**. Series of capacity building trainings and experience sharing workshops were organized by the Company for the LSPs and marginal farmers on Good Agricultural and Collection Practices (GACP) of medicinal plant and herbs as per guideline of World Health Organization (WHO). A total of 39 primary collection and multipurpose centers & sub centers were set up for ensuring better post-harvest operations including primary storage.

As a part of CSR activities the Company initiated setting up of primary collection and multipurpose centers & sub centers. In addition to this, in 2014 ACME introduced cash incentive for supply of herbal materials with a view to accelerate poverty alleviation, self-employment and women empowerment.

Magnanimity of Medicinal Plant Cultivation Project in North Bengal



The roles of different actors in the medicinal plant cultivation activities are presented below:

Activities	Primary Function	Secondary role
Capacity building of LSP	ACME	Samriddhi, HSI
Standard setting	ACME	LSPs
Access to land(village road side land, Government or khas land)	UP	LSPs, Producers
Production	Producers	LSP, ACME
Infrastructure(primary processing & collection centers)	ACME, LSP, Producer	UP, Samriddhi
Collection	Collectors/LSPs	Producers
Grading, Sorting	Producers, Collectors	ACME
Delivery	Collectors	ACME
Payment	ACME	Collectors, Producers
New business plans, strategies(e.g. new varieties of medicinal plants)	ACME	Producers, LSP

Source: Value Chain Development for Inclusive and Sustainable Market Systems in Bangladesh -The Experiences of Samriddhi, Published by HELVETAS Swiss Intercooperation Bangladesh (February, 2014)



Training for Local Services Providers (LSP) on Good Agricultural & Collection Practices (GACP)



Mr. Mizanur Rahman Sinha, Managing Director, of the ACME Laboratories Ltd. distributing crest to a medicinal plant LSP/ Collector



Mr. Md. Hasibur Rahman, ADMD, of the ACME Laboratories Ltd. distributing crest to a medicinal plant LSP/ Collector



Mr. Adwyait Kumar Roy, Project Coordinator SDC- Samriddhi Project distributing crest to a medicinal plant LSP



Dr. Felix Bachmann, Country Director HELVETAS Swiss Intercooperation Bangladesh distributing crest to a medicinal plant LSP



Growers carrying harvested herbal materials



Harvesting herbs from medicinal plant garden



Growers cleaning harvested herbs



Transportation of herbal materials from primary collection and multipurpose center to depot of The ACME Laboratories Ltd.

The objectives of ACME's SEED Project for 2016-17:

1. Extend medicinal plant cultivation in the new areas of the country including those species which are in extinction crisis for ensuring smooth supply of quality medicinal raw materials and also to contribute for the betterment of bio-diversity.
2. Increase production of medicinal plants and strengthen backward linkage by providing training & technical assistance and also increasing cash incentives.
3. Upgrading the existing primary collection sub-centers into Primary Collection and Multipurpose Centers for providing appropriate training on need based Adult Education, Health Care and Sanitation as apart of CSR activities.
4. Increase cultivation of medicinal plants species which are currently facing extinction crisis.

Brief Summary of Medicinal Plant Project (North Bengal Model)

1.	Year of starting the Project	2007								
2.	Geographical coverage	<table><tr><th>Year</th><th>Location</th></tr><tr><td>2007</td><td>Union: Sahapara Upazilla: Palashbari District: Gaibandha Lahiripara, Bogra Sadar</td></tr><tr><td>2014</td><td>Bogra: Bogra Sadar, Joypurhat: Sadar, Panchbibi, Akkelpur, Naogaon: Sadar, Badalgachi, Sirajgonj: Sadar, Raigonj, Kamarkhond Rangpur: Mithapukur, Pirgacha, Pirgonj Gaibandha: Sadar, Polashbari, Gobindoganj Dinajpur: Ghoraghat Chapai Nawabganj: Sadar, Shibgonj Rajshahi: Mohonpur, Durgapur Natore: Sadar, Boraigram Pabna: Ishwardi</td></tr></table>	Year	Location	2007	Union: Sahapara Upazilla: Palashbari District: Gaibandha Lahiripara, Bogra Sadar	2014	Bogra: Bogra Sadar, Joypurhat: Sadar, Panchbibi, Akkelpur, Naogaon: Sadar, Badalgachi, Sirajgonj: Sadar, Raigonj, Kamarkhond Rangpur: Mithapukur, Pirgacha, Pirgonj Gaibandha: Sadar, Polashbari, Gobindoganj Dinajpur: Ghoraghat Chapai Nawabganj: Sadar, Shibgonj Rajshahi: Mohonpur, Durgapur Natore: Sadar, Boraigram Pabna: Ishwardi		
Year	Location									
2007	Union: Sahapara Upazilla: Palashbari District: Gaibandha Lahiripara, Bogra Sadar									
2014	Bogra: Bogra Sadar, Joypurhat: Sadar, Panchbibi, Akkelpur, Naogaon: Sadar, Badalgachi, Sirajgonj: Sadar, Raigonj, Kamarkhond Rangpur: Mithapukur, Pirgacha, Pirgonj Gaibandha: Sadar, Polashbari, Gobindoganj Dinajpur: Ghoraghat Chapai Nawabganj: Sadar, Shibgonj Rajshahi: Mohonpur, Durgapur Natore: Sadar, Boraigram Pabna: Ishwardi									
3.	Species of medicinal plant cultivated	a) Basak b) Ashwagandha c) Kalomegh d) Tulsi e) Shotomuli								
4.	Number of medicinal plant Growers	<table><tr><th>Year</th><th>No. of Growers</th></tr><tr><td>2007</td><td>300</td></tr><tr><td>2010</td><td>23,100</td></tr><tr><td>2014</td><td>60,000</td></tr></table>	Year	No. of Growers	2007	300	2010	23,100	2014	60,000
Year	No. of Growers									
2007	300									
2010	23,100									
2014	60,000									
	% of Men & Women	<table><tr><td>Women</td><td>58%</td></tr><tr><td>Men</td><td>42%</td></tr></table>		Women	58%	Men	42%			
Women	58%									
Men	42%									
5.	Number of Primary Collection and Multipurpose Centers & Sub Centers	39								
6.	Number of LSPs	<table><tr><th>Year</th><th>No. of LSPs</th></tr><tr><td>2010</td><td>65</td></tr><tr><td>2014</td><td>320</td></tr></table>	Year	No. of LSPs	2010	65	2014	320		
Year	No. of LSPs									
2010	65									
2014	320									

Source: Competitive Value Chains for Better Functioning Market Systems: The Experiences of Samriddhi Project, Published by HELVETAS Swiss Intercooperation Bangladesh (January, 2015).

REPORT OF THE AUDIT COMMITTEE 2015-2016

The Audit Committee Report presented under condition # 3.5 of the BSEC Corporate Governance Guidelines provides an insight on the functions of the Audit Committee during 2016.

As mentioned in the Compliance Statement, the Board has formed an Audit Committee, required under the codes of Corporate Governance of BSEC, with some specific assignments under its Terms of Reference. The Committee is comprised of Ms. Fouzia Haque, FCA (Independent Director & Chairman of Audit Committee), Syed Shahed Reza (Independent Director & Member of Audit Committee) and Mr. Md. Iftikhar-Uz-Zaman (Nominee Director of ICB & Member of Audit Committee). All members of the Committee are non-executive Directors and the Chairman of Audit Committee is an Independent Director. As required, all members of the Audit Committee are 'financially literate' and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee.

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, when appropriate, 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 in 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:
 - o Any significant changes to accounting policies and practices;
 - o Significant adjustments arising from the audits;
 - o Compliance with applicable Financial Reporting Standards and other legal and regulatory requirements; and
 - o The going concern assumption.

Related Party Transactions

- To review any related party transactions and conflict of interest situations that may arise within the Company, including any transaction, procedure or course 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

The company has an internal audit team of 14 members responsible for implementing, directing and overseeing the auditing and compliance programs. Internal Audit supports the Company in achieving its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of its risk management, control and governance processes.

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 auditor's audit plan 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 auditor's 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:
 - o Report on conflicts of interests;
 - o Suspected or presumed fraud or irregularity or material defect in the internal control system;
 - o Suspected infringement of laws, including securities related laws, rules and regulations;
 - o Any other matter that it deems necessary.

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. The Committee also discusses with the Board of Directors and the management if any rectification is necessary. If the Audit Committee finds that such rectification has been unreasonably ignored, the Committee reports such findings to the Bangladesh Securities & Exchange 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 3.4.1 (ii) of the BSEC Corporate Governance Notification above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the Annual Report of the 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 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 2015-2016 are given overleaf:

Name of Directors	Position	No. of Meetings held	No. of Meetings attended	Meeting held after joining	% of attendance
Ms. Fouzia Haque, FCA	Chairman	05	05	05	100
Dr. Jabilur Rahman Sinha	Member	05	04	05	80
Mr. Md. Iftikhar-Uz-zaman	Member	05	04	04	100
Syed Shahed Reza	Member	05	01	01	100

Summary of Activities during the Year

In 2015-2016 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 2015-2016:

Financial Reporting

Reviewed the quarterly and annual financial statements of the Company with focusing particularly on 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 with the external auditor the Company's monthly report on use of IPO proceeds, quarterly and annual financial statements with 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 auditor's audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and coordination of the external auditor.
- Reviewed the external auditor's 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 2015-2016.

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 favourable 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 2016 for inclusion in the Annual Report 2015-2016 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 approve 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:
 - o Field Force Management;
 - o Health & Safety;
 - o Requisition to Pay;
 - o Record to Report.

This Audit Committee Report is made in accordance with the resolution of the Board of Directors on 20 September 2016.



Ms. Fouzia Haque, FCA
Chairman of Audit Committee

VALUE ADDED STATEMENT

Value Added Statement (VAS) for the year ended 30 June 2016

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

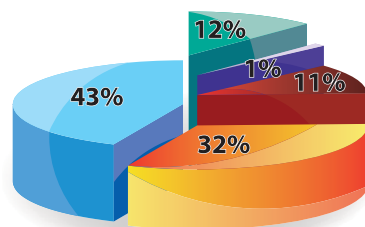
(BDT in Thousand)

	2015-2016		2014-2015	
	Amount	%	Amount	%
Gross turnover & Other income	14,607,645	74.4%	13,216,270	60.4%
Less: Brought in material & Services	9,588,624	25.6%	8,654,274	39.6%
Total value added	5,019,021	100%	4,561,995	100%

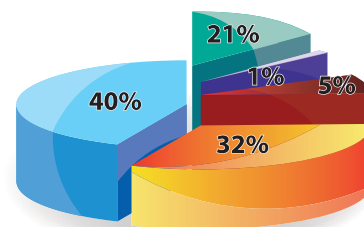
Application:

Duties and Taxes to Govt. Exchequer
Salaries and Benefits
Dividend
Workers Profit Participation Fund
Retained earnings

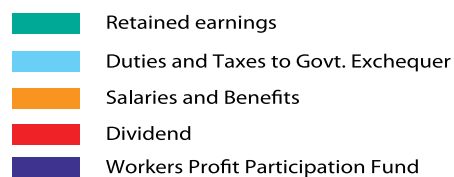
2,149,684	43%	1,842,527	40%
1,629,692	32%	1,466,366	32%
565,606	11%	242,403	5%
70,105	1%	67,472	1%
603,934	12%	943,228	21%
5,019,021	100%	4,561,995	100%



2015-2016



2014-2015



20 September 2016

The Board of Directors

The ACME Laboratories Limited.
1/4, Kallyanpur, Mirpur Road,
Dhaka-1207

Subject: CEO/CFO's Certification to the Board.

We have reviewed the Financial Statements of The ACME Laboratories Limited for the year ended 30 June 2016 and 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 together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable Laws.

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of Conduct.



Md. Zahangir Alam, FCMA
Chief Financial Officer



Mizanur Rahman Sinha
Managing Director



**CERTIFICATE ON COMPLIANCE OF CONDITIONS
OF CORPORATE GOVERNANCE GUIDELINES TO THE SHAREHOLDERS
OF
THE ACME LABORATORIES LIMITED**

We have examined the compliance of conditions of Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by **THE ACME LABORATORIES LIMITED** for the year ended on 30th June, 2016 as stipulated in close 7(i) of the BSEC Notification No. SEC / CMRRCD/2006-158/134/Admin/44 dated 07 August 2012.

The compliance of conditions of Corporate Governance Guidelines as stated in the aforesaid notification and reporting of the status of Compliance is the responsibility of the Company's Management. Our examination for the purpose of issuing this certification was limited to the checking of procedures and implementations thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance and correct reporting of Compliance status on the attached statement (Annexure-A) on the basis of evidence gathered and representation received.

To the best of information's and according to the explanations given to us, we certify that, as reported on the attached status of compliance statement, the Company has complied with the conditions of Corporate Governance stipulated in the above mentioned BSEC notification dated 07 August 2012.

Zaman Hoque & Co.
Chartered Accountant

Date : 20th September, 2016
Place : Dhaka



Compliance status with the conditions has been imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44; dated: 7th August, 2012.
(Report under Condition No. 7.00)

Condition No.	Title	Compliance Status (Put “√” in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	BOARD OF DIRECTORS:			
1.1	The number of the board members of the Company shall not be less than 5 (five) and more than 20 (twenty)	√		
1.2	Independent Directors			
1.2(i)	At least one fifth (1/5) of the total number of Directors in the Company’s Board shall be Independent Directors.	√		
1.2(ii)(a)	Independent Director does not hold any share or holds less than 1% shares of the total paid-up Capital.	√		
1.2(ii)(b)	Independent Director or his family members are not connected with the Company’s any sponsor or director or shareholder who holds 1% or more shares of the total paid-up shares of the Company on the basis of family relationship.	√		
1.2(ii)(c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	√		
1.2(ii)(d)	Independent Director is not a member, director or officer of any stock exchange;	√		
1.2(ii)(e)	Independent Director is not a shareholder, Director or officer of any member of Stock Exchange or an intermediary of the capital market;	√		
1.2(ii)(f)	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;	√		
1.2(ii)(g)	Independent Director shall not be an independent director in more than 3 (three) listed companies;	√		
1.2(ii)(h)	Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institutions (NBFI);	√		
1.2(ii)(i)	Independent Director has not been convicted for a criminal offence involving moral turpitude;	√		
1.2(iii)	The Independent Director(s) shall be appointed by the Board of Directors and approved by the shareholders in the Annual General Meeting (AGM).	√		
1.2(iv)	The post of Independent Director(s) cannot remain vacant for more than 90 (ninety) days.	√		

Condition No.	Title	Compliance Status (Put “√” in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.2(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		
1.2(vi)	Tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	√		
1.3	Qualification of Independent Director (ID)			
1.3(i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		
1.3(ii)	Independent Director should be a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/ professional experiences.	√		
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission	-	-	N/A
1.4	Chairman of the Board and Chief Executive Officer: The positions of the Chairman of the board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles & responsibilities of the Chairman and the Chief Executive Officer.	√		
1.5	The Directors’ Report to Shareholders on:			
1.5(i)	Industry outlook and possible future developments in the industry.	√		
1.5(ii)	Segment-wise or product-wise performance	√		
1.5(iii)	Risks and concerns	√		
1.5(iv)	A Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	√		
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss			N/A
1.5(vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	√		
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	√		

Condition No.	Title	Compliance Status (Put “√” in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5(viii)	An Explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, and Direct Listing, etc.			N/A
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report	√		
1.5(x)	Remuneration to directors including independent directors.	√		
1.5(xi)	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)	Proper books of accounts of the issuer Company have been maintained	√		
1.5(xiii)	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)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), 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)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1.5(xvi)	There are 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 should be disclosed.	√		
1.5(xvii)	Significant deviations from the last year's operating results of the issuer Company shall be highlighted and the reasons thereof should be explained.	√		
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.			N/A
1.5(xx)	Number of board meetings held during the year and attendance by each director shall be disclosed.	√		
1.5(xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:-			

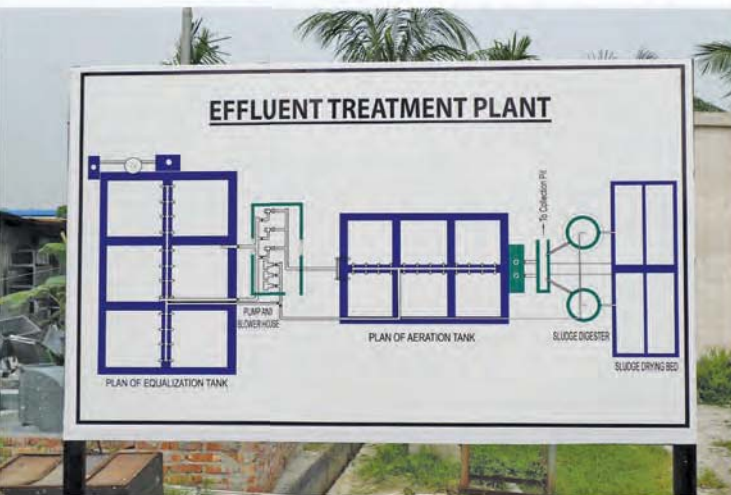
Condition No.	Title	Compliance Status (Put “√” in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5(xxi) (a)	Parent/Subsidiary/Associated Companies and other related parties (Name wise details);			N/A
1.5(xxi) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (Name wise details);	√		
1.5(xxi) (c)	Executives;	√		
1.5(xxi) (d)	Shareholders holding ten percent (10%) or more voting interest in the company (Name wise details);	√		
1.5(xxii)	In case of the appointment/ re-appointment of a director the company shall disclose the following information to the shareholders:	√		
1.5(xxii) (a)	a brief resume of the director;	√		
1.5(xxii) (b)	nature of his /her expertise in specific functional areas;	√		
1.5(xxii)©	name of companies in which the person also holds the directorship and the membership of committees of the board.	√		
2.	Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)			
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	√		
2.2	Requirement to attend the Board Meetings: The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	√		
3	Audit Committee :			
3(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		
3(ii)	The Audit Committee shall assist the Board of Directors 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.	√		

Condition No.	Title	Compliance Status (Put "√" in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing	√		
3.1	Constitution of the Audit Committee:			
3.1(i)	The Audit committee shall be composed of all least 3 (three) members.	√		
3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be Directors of the Company and shall include at least 1 (one) Independent Director.	√		
3.1(iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√		
3.1(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until 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 of Directors shall appoint the new Committee member(s) to fill up the vacancy (ies) immediately or not later than 1 (one) month from the date of vacancy (ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	√		
3.1(v)	The company secretary shall act as the secretary of Committee.	√		
3.1(vi)	The quorum of the Audit Committee shall not constitute without at least 1 (one) Independent Director.	√		
3.2	Chairman of the Audit Committee.			
3.2(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an Independent Director.	√		
3.2(ii)	Chairman of the audit committee shall remain present in the-Annual General Meeting (AGM).	√		
3.3	Role of Audit Committee			
3.3(i)	Oversee the financial reporting process.	√		
3.3(ii)	Monitor choice of accounting policies and principles.	√		
3.3(iii)	Monitor-Internal Control Risk management process.	√		
3.3(iv)	Oversee hiring and performance of external auditors.	√		
3.3(v)	Review along with the management, the annual financial statements before submission to the board for approval.	√		

Condition No.	Title	Compliance Status (Put “√” in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.3(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√		
3.3(vii)	Review the adequacy of internal audit function.	√		
3.3(viii)	Review statement of significant related party transactions submitted by the management.	√		
3.3(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		
3.3(x)	When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO)/ Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major Category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial result. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purpose other than those stated in the offer document/prospectus.	√		
3.4	Reporting of the Audit Committee:			
3.4.1	Reporting to the Board of Directors:			
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
3.4.1(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
3.4.1(ii)(a)	Report on conflicts of interests;	√		
3.4.1(ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;	√		
3.4.1(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations;	√		
3.4.1(ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately.	√		

Condition No.	Title	Compliance Status (Put “√” in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.4.2	Reporting to the Authorities; If the Audit Committee has reported 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 of Directors 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 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.	√		
3.5	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 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	√		
4	The issuer company should not Engage its External/Statutory Auditors to perform the following services of the company; namely:-			
4(i)	Appraisal or valuation services or Fairness opinions.	√		
4(ii)	Financial information systems design and implementation.	√		
4(iii)	Book-keeping or other services related to the accounting records or financial statements.	√		
4(iv)	Broker-dealer services.	√		
4(v)	Actuarial services.	√		
4(vi)	Internal audit services.	√		
4(vii)	Any other service that the Audit Committee determines.	√		
4(viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that Company.	√		
4(ix)	Audit/certification services on compliance of Corporate Governance as required under clause (i) of Condition no. 7	√		
05.	Subsidiary Company :			
5(i)	Provision relating to the composition of the Board of Directors of the holding Company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			N/A
5(ii)	At least 1 (one) Independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary Company.			N/A

Condition No.	Title	Compliance Status (Put “√” in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(iii)	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
5(iv)	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
5(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
06.	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO): The CEO and CFO shall certify to the Board that:-			
6(i)	They have reviewed Financial Statements for the year and that to the best of their knowledge and belief:			
6(i)(a)	These Statements do not contain any materially untrue Statement or omit any material fact or contained statement that might be misleading.	√		
6(i)(b)	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.	√		
6(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 violation of the company's code of conduct.	√		
07.	Reporting and Compliance of Corporate Governance:			
7(i)	The Company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/ Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall the same to the shareholders along with the Annual Report on a yearly basis.	√		
7(ii)	The directors of the Company shall state, in accordance with the Annexure attached in the Directors' Report whether the company has complied with these conditions.	√		



The background of the page is a collage of financial data visualizations. At the top, there's a bar chart with four bars of increasing height, labeled with values 0.74, 1.17, 1.48, and 2.38. Below this, there are several line graphs with different trends: one showing a sharp peak, another showing a fluctuating upward trend, and a third showing a steady decline. A silver and gold pen is positioned diagonally across the lower right portion of the page, resting on one of the line graphs. The overall color scheme is a cool blue, giving it a professional and corporate feel.

FINANCIAL STATEMENTS



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 June 30, 2016 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 Bangladesh Financial Reporting Standards (BFRS), 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 Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and 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.

We have examined the relevant documents and reviewed the valuation Report dated September 01, 2016 of the Independent Valuer M/S Masih Muhith Haque & Co. Chartered Accountants, Dhaka, Bangladesh in respect of revaluation of assets of the company as at 30th June 2016 at current cost method.

We opine that, the valuation Report has been prepared by the valuer in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), Bangladesh Securities & Exchange Commission (BSEC) Guideline dated 18.08.2013 and other applicable laws, rules, regulations and guidelines.

We also certify that proper accounting treatment, including provisions of tax and other liabilities have been made by the company in the enclosed financial statements for the year ended 30th June 2016.

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at June 30, 2016 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: September 22, 2016

Pinaki & Co
Pinaki & Company
Chartered Accountants

The ACME Laboratories Ltd.
Statement of Financial Position
As at June 30, 2016

ASSETS

	NOTES	Amount in Taka	
		As at 30-06-2016	As at 30-06-2015
Non-Current Assets :		17,286,351,573	16,060,787,303
Property, Plant and Equipment	6	17,240,105,134	16,027,234,140
Intangible Assets	7	203,625	245,250
Investment in Shares	8	19,857,814	7,122,913
Investment Property	9	26,185,000	26,185,000
Current Assets:		11,603,359,057	7,198,984,638
Inventories	10	2,749,539,322	2,484,869,763
Trade Receivable	11	891,843,015	729,654,988
Other Receivable	12	7,323,164	40,721,339
Advance, Deposits & Pre-Payments	13	1,033,642,589	986,392,966
Advance Income Tax	14	1,843,423,421	1,820,547,016
Material In Transit	15	354,476,936	285,524,549
Term Deposit	16	3,575,000,000	419,003,619
Cash and Cash Equivalents	17	1,148,110,610	432,270,398
TOTAL		28,889,710,630	23,259,771,941

EQUITY AND LIABILITIES

Shareholders' Equity :		16,364,471,981	11,372,629,592
Share Capital	18	2,116,017,000	1,616,017,000
Share Premium	19	5,127,599,728	1,605,066,569
Revaluation Surplus	6.a	5,642,930,494	5,320,065,830
Gain/(Loss) on Marketable Securities (Unrealized)	8.1	2,254,655	1,824,633
Tax Holiday Reserve		172,245,959	139,860,882
Retained Earnings	20	3,303,424,145	2,689,794,678
Non Current Liabilities:		3,958,448,269	4,904,881,207
Long Term Loan- Net off Current Maturity	21	3,637,654,598	4,721,113,988
Provision For Gratuity	22	206,370,155	57,776,500
Deferred Tax Liability	23	114,423,516	125,990,719
Current Liabilities:		8,566,790,380	6,982,261,142
Loans & Overdrafts	24	4,709,652,954	3,099,847,325
Current Maturity of Long Term Loans	25	1,695,003,924	1,609,081,078
Trade Payable	26	391,028,767	432,244,843
Provision for Income Tax	27	1,542,631,343	1,556,306,023
Liability for Expenses and Others	28	166,281,466	133,076,893
Dividend Payable	29	62,191,926	151,704,980
TOTAL		28,889,710,630	23,259,771,941

The annexed notes 1 to 50 & annexure 01 form an integral part of the financial statements.


Company Secretary


Chief Financial Officer


Managing Director


Chairman

As per our annexed report of even date.

The ACME Laboratories Ltd.
Statement of Profit or Loss and Other Comprehensive Income
For the Year ended 30 June 2016

		(Amount in Taka)		
		July'15 to June'16		July'14 to June'15
PARTICULARS	Notes	Non Tax Holiday Unit	Tax Holiday unit (50% tax exemption for July- Sep'15 and 25% tax exemption for Oct'15- June'16)	Total
Revenue	30	10,221,873,754	2,423,039,390	12,644,913,144
Less: Cost of Goods Sold	31	6,357,944,900	1,412,665,189	7,770,610,089
Gross Profit/(loss)		3,863,928,854	1,010,374,201	4,874,303,055
Add: Other Income	32	45,235,895	373,440	45,609,335
		3,909,164,749	1,010,747,641	4,919,912,390
Less: Selling, Marketing and Distribution Expenses	33	1,470,434,017	367,977,759	1,838,411,776
		2,438,730,732	642,769,882	3,081,500,614
Less: Administrative Expenses	34	398,451,688	95,155,713	493,607,401
		2,040,279,044	547,614,169	2,587,893,213
Less: Financial Expenses	35	924,941,966	190,745,133	1,115,687,099
Profit before Contribution to WPPF and Welfare fund		1,115,337,078	356,869,036	1,472,206,114
Less: Contribution To WPPF and Welfare fund	36	53,111,289	16,993,764	70,105,053
Net profit before Tax		1,062,225,789	339,875,272	1,402,101,061
Less: Current Tax Expenses	37	272,307,016	40,093,454	312,400,470
Less: Deferred Tax (Income)/Expenses	37	(29,750,562)	18,183,359	(11,567,203)
Net Profit after Tax		819,669,335	281,598,459	1,101,267,794
Other Comprehensive Income				
Gain/(loss) on Marketable Securities (Unrealized)		-	430,022	430,022
Total Comprehensive Income for the Year		819,669,335	282,028,481	1,101,697,816
Earnings Per Share (on the Equity share of Tk. 10 each)	38			
				6.55
				5.70

The annexed notes 1 to 50 & annexure 01 form an integral part of the financial statements.


Company Secretary


Chief Financial Officer


Managing Director


Chairman

As per our annexed report of even date.


Pinaki & Company
Chartered Accountants

The ACME Laboratories Ltd.
Statement of Changes in Equity
For the Year ended 30 June 2016

(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, 2014	1,616,017,000	1,605,066,569	5,429,804,848	841,041	91,006,996	1,949,426,728	10,692,163,182
Profit for the year 2014-2015	-	-	-	-	-	921,917,143	921,917,143
Tax Holiday Reserve	-	-	-	-	48,853,886	(48,853,886)	-
Final Dividend for the year 2013-14	-	-	-	-	-	(242,402,550)	(242,402,550)
Gain/(loss) on Marketable Securities (Unrealized)	-	-	-	983,592	-	-	983,592
Adjustment of Depreciation on Revaluation Surplus	-	-	(109,502,243)	-	-	109,502,243	-
Adjustment due to disposal	-	-	(236,775)	-	-	205,000	(31,775)
Balance as at June 30, 2015	1,616,017,000	1,605,066,569	5,320,065,830	1,824,633	139,860,882	2,689,794,678	11,372,629,592
Balance as at July 01, 2015	1,616,017,000	1,605,066,569	5,320,065,830	1,824,633	139,860,882	2,689,794,678	11,372,629,592
Net Profit after Tax for the year ended 30th June 2016	-	-	-	-	-	1,101,267,794	1,101,267,794
Ordinary Shares Issued during the year	500,000,000	3,596,000,000	-	-	-	-	4,096,000,000
Adjustment of Transaction Cost to Share Premium account	-	(73,466,841)	-	-	-	-	(73,466,841)
Final Dividend for the year 2014-2015	-	-	-	-	-	(565,605,950)	(565,605,950)
Gain/(loss) on Marketable Securities (Unrealized)	-	-	-	430,022	-	-	430,022
Tax Holiday reserve	-	-	-	-	32,385,077	(32,385,077)	-
Addition due to revaluation	-	-	441,464,613	-	-	-	441,464,613
Adjustment of Revaluation Surplus due to loss on revaluation	-	-	(8,247,249)	-	-	-	(8,247,249)
Adjustment for Depreciation on Revaluation Surplus	-	-	(110,098,241)	-	-	110,098,241	-
Adjustment of Revaluation Surplus for disposal of Motor Vehicle	-	-	(254,459)	-	-	254,459	-
Balance as at 30 June 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

The annexed notes 1 to 50 & annexure 01 form an integral part of the financial statements.


Company Secretary


Chief Financial Officer


Managing Director


Chairman

As per our annexed report of even date.


Pinaki & Company
Chartered Accountants

The ACME Laboratories Ltd.
Statement of Cash Flows
For the Year ended 30 June 2016

PARTICULARS

Amount in Taka

Cash Flows From Operating Activities:

Collection from Sales and others
Payment to Suppliers & Others
Workers Profit Participation Fund
Cash generated from operation

July '15-June '16	July '14-June '15
12,562,117,885	11,482,235,909
(9,714,233,645)	(8,889,653,916)
(60,724,353)	(73,568,003)
2,787,159,887	2,519,013,990

Financial Expenses
Income Tax Paid

(1,115,404,273)	(982,529,496)
(348,951,555)	(486,399,642)

Net cash generated from operating activities

1,322,804,059	1,050,084,852
----------------------	----------------------

Cash Flows From Investing Activities:

Acquisition of Property, Plant & Equipments
Sale proceeds of Property, Plant & Equipments
Term Deposit
Dividend received
Investment in share
Advance to ACMUNIO Int. Ltd.

(1,462,512,715)	(971,816,955)
1,770,000	4,310,000
(3,155,996,381)	134,198,121
334,463	217,549
(12,304,879)	-
42,062,425	(23,698,315)

Net cash used in investing activities

(4,586,647,087)	(856,789,600)
------------------------	----------------------

Cash Flows From Financing Activities:

Share Capital
Share Premium
Dividend Paid
Net Increase / (Decrease) in Loans and Overdrafts
Net Increase / (Decrease) in Long Term Borrowings

500,000,000	-
3,522,533,159	-
(655,119,004)	(697,420,970)
1,609,805,629	(1,774,278,915)
(997,536,544)	2,297,242,672

Net cash generated/(used) from financing activities

3,979,683,240	(174,457,213)
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Increase/(Decrease) in Cash and Cash Equivalents

715,840,212	18,838,039
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Cash and Cash Equivalents at the Opening

432,270,398	413,432,359
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Cash and Cash Equivalents at the Closing

1,148,110,610	432,270,398
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Net Operating Cash Flow Per Equity Share

6.25	6.50
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The annexed notes 1 to 50 & annexure 01 form an integral part of the financial statements.


Company Secretary


Chief Financial Officer


Managing Director


Chairman

As per our annexed report of even date.


Pinaki & Company
Chartered Accountants

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at June 30, 2016

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 17 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 30 November 2011.

During the Current Financial Year, the Company achieved a major milestone by public offering of 50,000,000 Ordinary Shares of Tk. 10 each under Book Building Method. 60% of the shares offered were issued at a price of Tk. 85.20/- each (including Tk. 75.20 as Share Premium per share) to Eligible Institutional Investors including Mutual Funds. Balance 40% was issued at a discounted price of Tk. 77.00 /- each (including Tk. 67 as Share Premium per share) to General Public (Residents, Non Residents and Effected small investors). The Company received an overwhelming response from all segments. The Ordinary Shares of the Company are listed at Dhaka Stock Exchanges Ltd & Chittagong Stock Exchanges Ltd with effect from 31st May, 2016 and successfully traded with effect from 7th 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 September 29, 2011 to September 28, 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 would continue to enjoy the tax holiday for the remaining period (i.e. up to September 28, 2016).

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at June 30, 2016

3.00 Share Capital:

During the Financial Year, the Company has offered 50,000,000 Ordinary Shares of Tk. 10 each for subscription to Eligible Institutional Investors and General Public under “Book building method”. The broad allocation of ordinary shares of the Company between Eligible Institutional Investors and general Public was 60% (30,000,000 in numbers) and 40 % (20,000,000 in numbers) respectively. Out of 60% allocation for eligible investors, 10% shares were issued to Mutual Funds and balance 50% were issued to Other Eligible Investors at cut-off price of Tk. 85.20 per Ordinary Share. General public had been issued the Ordinary Shares of Tk. 10 each at 10% discount (at nearest integer) from the cut-off price which comes to Tk. 77.00/- per share. The public offer was open for the period commencing from 11th April, 2016 till 21st April, 2016. As a result, the Company finally received a total sum of Tk. 500,000,000 as ordinary Share Paid up Capital and Tk. 3,596,000,000 as Share Premium. The category wise breakup of Ordinary Shares issued is as under:

Sl. No.	Category of Share holders	% of Shares issued	No. of ordinary shares issued	Issued Price Per share (Tk.)	Total Value (Tk.)
01	Eligible Institutions	50	25,000,000	85.20	2,130,000,000
02	Mutual Funds	10	5,000,000	85.20	426,000,000
03	Non-Resident Bangladeshi (NRB)	10	5,000,000	77.00	385,000,000
04	Affected Small Investors	6	3,000,000	77.00	231,000,000
05	General Public (GP)	24	12,000,000	77.00	924,000,000
Total		100	50,000,000	-	4,096,000,000

Reconciliation of Ordinary Shares and Share Capital:

Particulars	30 June 2016 (Tk.)	30 June 2015 (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:		
161,601,700 Ordinary Shares @ Tk. 10 each.	1,616,017,000	1,616,017,000
Add: 50,000,000 Ordinary Shares @Tk. 10 each issued during the year	500,000,000	-
Total 211,601,700 Ordinary Shares @ Tk. 10 each (As on 30 June, 2015 : 161,601,700 Ordinary Shares @ Tk. 10 each)	2,116,017,000	1,616,017,000

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at June 30, 2016

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, Engineering and Electrical Installations;
Office Equipment; and
Investment Property,
which have been revalued by an independent valuer M/s Mashi Muhit Haque & Co. Chartered Accountants, Dhaka, Bangladesh as on 30th June 2016 after considering the fair value of the entire class of Property, Plant and Equipment excluding Furniture & Fixture and Books & Periodicals on the basis of Current Cost Accounting (CCA) Method, as applicable (erstwhile on 30th June 2011 entire class of asset except furniture & fixture and Books & Periodicals and on 31 December 2011 the newly acquired land had been revalued by the same valuer). The valuation report of the valuer has been prepared in accordance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), 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 Statement of compliance

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

4.03 Presentation of Financial Statements

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

The Financial Statements comprise of:

- (i) A Statement of Financial Position as at 30 June 2016;
- (ii) A Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2016;
- (iii) A Statement of Change in Equity for the year ended 30 June 2016;
- (iv) A Statement of Cash Flows for the year ended 30 June 2016 ;and
- (v) Notes, comprising a summary of significant accounting policies and explanatory information.

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at June 30, 2016

4.04 Reporting Period

The Financial Statements cover the accounting year commencing from 1st July 2015 to 30th June 2016.

4.05 Authorisation for Issue

The Financial Statements have been authorised for issue by the Board of Directors of the Company in their meeting held on 20 September 2016.

4.06 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.

4.07 Comparative information

Comparative information has been disclosed in respect of the financial year 2014-2015 for all numerical information in the Financial Statements and also the narrative and descriptive information where ever it is relevant for understanding of the current year's Financial Statements.

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

4.08 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. However, the estimates and underlying assumptions are reviewed on an on-going basis and the revision is recognized in the year in which the estimates are revised. Such revision however was carried out during the year under report in the Property, Plant and Equipments as required by the Bangladesh Accounting Standard 16 in respect periodicity of revaluation except in the useful life of two classes of noncurrent assets. There is no material impact of change of estimates on the financial results of the Company.

4.09 Going concern

The Company has adequate resources to continue in operation for a foreseeable future. To finance the further business expansion, during the financial year 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
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4.10 Application of Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS)

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

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5.00 Significant Accounting Policies:

5.01 Revenue recognition

- (a) Sales of Goods: In compliance with the requirements of BAS-18 : 'Revenue Recognition', revenue is recognized for local sales of Pharmaceuticals Drugs and Medicines at the time of delivery to chemists/Institutions and Exports 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:

i) Recognition and measurement

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

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 fixed 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:

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Category of Assets	Rate
Building	5%
Machinery and Equipments	7.5%
Furniture and Fixtures	10%
Motor Vehicles	10%
Utilities, Engineering and Electrical Installations	7.5%
Office Equipments	20%
Books and Periodicals	10%

iv) Retirement and Disposal

On disposal of fixed 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 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 BAS 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 BAS 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’.

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Notes to the Financial Statements
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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, accounts 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 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 and cash at bank 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

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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.

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 and 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 BAS 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 Stationary	At cost on First in First Out basis
Spare & Accessories	At cost on First in First Out basis

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5.10 Provisions:

Provisions and accrued expenses are recognized in the Financial Statements in line with the Bangladesh Accounting Standard (BAS) 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.

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 BAS 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 BAS 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 BAS 23: "Borrowing costs".

ii) Charges on the Assets of the Company:

There are Fixed and Floating charges over:

- All the Plant, Machinery and Equipments (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 favour of various bankers securing the various kinds of loans taken by the company

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from them through a pari-passu agreement dated 23rd April ,2014 amongst the banks for sharing the security. The names of the participating banks in the charges through pari-passu agreement are stated here under:

- Agrani Bank Limited.
 - Dutch Bangla Bank Limited.
 - Dhaka Bank Limited.
 - The Hongkong and Shanghai Banking Corporation Limited.
 - Standard Chartered Bank.
 - Trust Bank Limited.
- Registered mortgage of the specified Land of the Company executed in favour of Concerned Banks/ Financial Institutions.
 - Personal Guarantee of some /all sponsored directors in favour 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 BAS19: '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.: bw_ bs wc,GdAby#g v`b/32/K:A:-3/2010-2011, Zvwil: 23/03/2011 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

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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.

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 7,674 employees employed in the Company with remuneration above Tk. 3,000 per month, among them 5,390 employees employed for the full year and remaining 2,284 employees employed less than full year.

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5.14 Investment Property

For Investment Property, the Company follows fair value model as subsequent measurement. 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 BAS-32, 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.

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 BAS-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 BAS 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.

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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 BSA 21: "The Effects of Changes in Foreign Exchange Rates".

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 BFRS – 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 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 BAS-37, they are disclosed in the note # 47 hereunder.

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5.23 Statement of Cash Flows:

Statement of Cash Flows has been prepared in accordance with BAS-7: 'Statement of Cash Flows' by using direct method.

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 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 concerned professionals are very conscious 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.

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Management Perception

In order to manage this risk and overcome it, the Company shall exercise 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 nationwide 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 medicine for its present 160 million (approx.) populations and requires huge quantity of medicine. As such, local pharmaceutical industry is not in a trouble; rather the said industry has ample opportunities to grow.

Management Perception

As the per capita 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.

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 harm 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.

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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 pharmaceuticals industry is only increasing year-on-year basis and ACME is following fool-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 can 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 the one used by the Company which may cause operational inefficiency.

Management Perception

As a one of the leading pharmaceutical firm 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 equipments 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.

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Potential Changes in Global and National Policies

Changes of Government policies may affect business. 49 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 least developed country 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 fool-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 on 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 2016 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 any dues and they have been demonstrating remarkable performances in collecting receivables as per Company's credit and collection policy.

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

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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.

5.26 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.

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Property, Plant and Equipment* - Schedule - A

SCHEDULE - A
(Amount in Taka)

DEPRECIATION																
Particulars of Assets	COST/ REVALUATION					DEPRECIATION								Written Down Value as at 30.06.16		
	Historical Cost as at 01.07.15	Revaluation Surplus as at 01.07.15	Addition during the year (Cost)	Addition during the year due to Revaluation	Disposal		Adjustment of Machinery in transit/CWIP	Total as at 30.06.16	Rate	Accumulated Dep. As at 01.07.15 on Cost	Accumulated Dep. As at 01.07.15 on Revaluation Surplus	Depreciation on Revaluation Surplus during the year	Depreciation on Historical Cost during the year		Disposal	
					Cost	Revaluation Surplus									Cost	Revaluation Surplus
Land and land development	520,924,694	3,623,870,467	131,245,260	441,464,613	-	-	-	4,717,505,034	-	-	-	-	-	-	-	4,717,505,034
Building	2,819,871,847	1,953,688,650	753,944,566	-	-	-	-	5,527,505,063	5%	458,097,279	357,249,855	97,952,060	142,138,917	-	-	1,055,438,111
Machinery & Equipment	3,564,006,647	43,602,349	144,333,101	(2,340,111)	-	-	-	3,749,601,986	7.5%	664,054,501	11,832,791	3,279,243	267,052,183	-	-	946,218,718
Furniture & Fixture	248,242,480	-	11,302,370	-	-	-	-	259,544,850	10%	134,987,107	-	-	21,948,460	-	-	156,935,567
Motor Vehicle	438,768,669	36,404,666	31,302,635	(3,660,118)	(7,714,656)	(485,000)	-	494,616,196	10%	245,277,061	14,543,626	3,788,768	39,603,042	(5,479,394)	(230,541)	297,502,562
Utilities, Electrical Installation & Eng.	1,513,237,553	63,319,578	64,840,926	(2,478,944)	-	-	-	1,638,919,113	7.5%	514,743,448	17,892,619	4,761,754	112,616,234	-	-	650,014,055
Office Equipment	91,189,668	1,575,993	16,401,350	(2,408,377)	-	-	-	106,758,634	20%	57,572,308	876,983	316,416	16,989,895	-	-	75,755,602
Books and Periodicals	5,641,585	-	-	-	-	-	-	5,641,585	10%	3,763,785	-	-	471,130	-	-	4,234,915
Sub Total	9,201,883,143	5,722,461,703	1,153,370,208	430,577,063	(7,714,656)	(485,000)	-	16,500,092,461	-	2,078,495,489	402,395,874	110,098,241	600,819,861	(5,479,394)	(230,541)	3,186,099,530
Machinery in Transit	796,403,891	-	267,468,135	-	-	-	(199,512,119)	864,359,907	-	-	-	-	-	-	-	864,359,907
Construction Work in progress	2,787,376,766	-	1,152,950,689	-	-	-	(878,575,159)	3,061,752,296	-	-	-	-	-	-	-	3,061,752,296
Sub Total	3,583,780,657	-	1,420,418,824	-	-	-	(1,078,087,278)	3,926,112,203	-	-	-	-	-	-	-	3,926,112,203
Total Take (As at 30.06.2016)	12,785,663,800	5,722,461,703	2,573,789,032	430,577,063	(7,714,656)	(485,000)	(1,078,087,278)	20,426,204,664	-	2,078,495,489	402,395,874	110,098,241	600,819,861	(5,479,394)	(230,541)	17,240,105,134
Total Take (As at 30.06.2015)	11,608,559,524	5,722,826,203	2,740,804,259	-	(6,587,233)	(364,500)	(1,557,112,750)	18,508,125,503	-	1,526,467,284	293,021,356	109,502,243	558,615,438	(6,587,233)	(127,725)	2,480,891,363
Total Take (As at 30.06.2014)	10,520,400,000	5,722,826,203	2,740,804,259	-	(6,587,233)	(364,500)	(1,557,112,750)	18,508,125,503	-	1,526,467,284	293,021,356	109,502,243	558,615,438	(6,587,233)	(127,725)	2,480,891,363

* Refer Note # 5.12 Regarding Creation of Charges in Favor of Bankers as per Syndication Agreement.

ALLOCATION OF DEPRECIATION:

	On Cost	On Revaluation	Total
Factory Overhead	504,688,683	92,482,522	597,171,205
Selling & Distribution Expenses	49,567,639	9,083,105	58,650,744
Administrative Expenses	46,563,539	8,532,614	55,096,153
	600,819,861	110,098,241	710,918,102

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at June 30, 2016

No. Particulars

Taka

As at 30.06.2016 As at 30.06.2015

6. Property Plant and Equipment :Tk. 17,240,105,134

Details of Property, Plant and Equipment and Depreciation As at 30 June 2016 are shown in the annexed Schedule - A. This is arrived at as follows:

	15,351,738,176	14,342,776,550
Opening Balance (At Cost)	12,785,663,800	11,608,559,524
Add: Addition of cost during the year	2,573,789,032	2,740,804,259
Less: Adjustment of cost due to disposal	(7,714,656)	(6,587,233)
	6,152,553,766	5,722,461,703
Opening Balance (Revaluation)	5,722,461,703	5,722,826,203
Add: Net Addition during the year	430,577,063	-
Less: Adjustment of revaluation due to disposal	(485,000)	(364,500)
	(1,078,087,278)	(1,557,112,750)
Less: Adjustment of CIP	(878,575,159)	(269,056,576)
Adjustment of Machinery in Transit	(199,512,119)	(1,288,056,174)
Closing balance	20,426,204,664	18,508,125,503
Cost	14,273,650,898	12,785,663,800
Revaluation	6,152,553,766	5,722,461,703
Less: Accumulated Depreciation		
Opening balance	2,480,891,363	1,819,488,640
On Cost	2,078,495,489	1,526,467,284
on Revaluation	402,395,874	293,021,356
Add: Depreciation Charged during the year	710,918,102	668,117,681
on Cost	600,819,861	558,615,438
on Revaluation	110,098,241	109,502,243
Less: Adjustment due to Disposal	(5,709,935)	(6,714,958)
on Cost	(5,479,394)	(6,587,233)
on Revaluation	(230,541)	(127,725)
Closing balance	3,186,099,530	2,480,891,363
Cost	2,673,835,956	2,078,495,489
Revaluation	512,263,574	402,395,874
Carrying Value	17,240,105,134	16,027,234,140

Allocation of depreciation charge for the year has been made in the accounts as follows:

Factory Overhead	597,171,205	572,225,219
Selling, Marketing and Distribution Expenses	58,650,744	48,684,047
Administrative Expenses	55,096,153	47,208,415
Total	710,918,102	668,117,681

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at June 30, 2016

Continuation Sheet...

No. Particulars

Taka

As at 30.06.2016 As at 30.06.2015

6.a Revaluation Surplus: Tk. 5,642,930,494

Current balance has been arrived as below:

Mashi Muhit 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 has arisen.

Revaluation surplus	6,163,441,316	5,722,461,703
Opening Balance	5,722,461,703	5,722,826,203
Add: Net addition due to Revaluation	441,464,613	-
Less : Adjustment due to disposal	(485,000)	(364,500)
Less: Accumulated depreciation on revaluation	520,510,822	402,395,873
- Opening Balance	402,395,873	293,021,355
- Charged during the year	110,098,241	109,502,243
- Loss due to revaluation	8,247,249	-
- Adjustment due to disposal	(230,541)	(127,725)
	5,642,930,494	5,320,065,830

7. Intangible Assets :Tk. 203,625

The Details are as under:

Application Software	940,285	940,285
Less: Amortization	736,660	695,035
Accumulated balance	695,035	653,410
During the year	41,625	41,625
	203,625	245,250

7.1 Application Software: Tk. 203,625

Details have been given below :

Year of Acquisition	Amount (Tk.)	Rate of Amortization	Amortization			Closing Balance
			Opening balance	During the Year	Total	
2000-01	385,285	7.50%	385,285	-	385,285	-
2007-08	400,000	7.50%	240,000	30,000	270,000	130,000
2009-10	155,000	7.50%	69,750	11,625	81,375	73,625
Total	940,285		695,035	41,625	736,660	203,625

8. Investment in Shares : Tk. 19,857,814

Public Limited Co.'s Securities	19,857,814	7,122,913
	19,857,814	7,122,913

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at June 30, 2016

No. Particulars

Taka

As at 30.06.2016 As at 30.06.2015

8.1 Public Limited Co.'s Securities

Particulars	No. of shares held	FV	Average cost per unit	Total cost	Market Price as at 30.06.2015	Market Price as at 30.06.2016	Unrealized gain/(loss) as at 30.06.2016
AB Bank Ltd.	22,500	10	23.22	522,446	519,750	353,250	(169,196)
Eastern Bank Ltd.	23,000	10	25.37	583,480	514,000	671,600	88,120
Pioneer Insurance Co. Ltd.	26,250	10	40.00	1,050,013	874,125	805,875	(244,138)
Southeast Bank Ltd.	25,000	10	20.18	504,509	430,000	397,500	(107,009)
EXIM Bank Ltd.	27,500	10	9.33	256,530	253,000	220,000	(36,530)
BRAC Bank Ltd.	28,000	10	27.00	755,908	1,150,800	1,484,000	728,092
Trust Bank Ltd.	29,700	10	12.29	365,027	599,500	549,450	184,423
Delta Brac Housing Ltd.	20,000	10	63.02	1,260,367	1,802,000	2,134,000	873,633
Square Pharma Ltd.	34,443	10	220.35	7,589,455	963,105	9,151,505	1,562,050
Square Textile Ltd.	218	10	-	-	16,633	15,434	15,434
Grammen Phone Ltd.	16,000	10	294.71	4,715,424	-	4,075,200	(640,224)
				17,603,159	7,122,913	19,857,814	2,254,655

9. Investment Property : Tk. 2,61,85,000

The company has an Investment Property (Building) which have 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.

The details are hereunder:

Opening balance	26,185,000	26,185,000
Add/Less: Changes in fair value	-	-
Closing Balance	26,185,000	26,185,000

10. Inventories: TK. 2,749,539,322

This consists of as follows:

Raw Materials	848,133,333	690,584,842
Packing Materials	451,563,377	688,717,291
Work-in-Process	583,838,595	392,224,068
Finished Goods	717,729,076	573,035,786
Printing & Stationery	44,236,174	37,471,715
Spare & Accessories	104,038,767	102,836,061
Total	2,749,539,322	2,484,869,763

11. Trade Receivable : Tk. 891,843,015

The accounts receivable both foreign and local occurred in the ordinary course of business are unsecured but consider good. The above accounts receivable is as follows:

Domestic	836,127,705	685,518,418
Exports	55,004,656	43,908,015
	891,132,361	729,426,433
Foreign exchange Unrealized Gain	710,654	228,555
	891,843,015	729,654,988

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at June 30, 2016

No. Particulars

Taka

As at 30.06.2016

As at 30.06.2015

There was no amounts due to the directors (Including Managing Director, Managing Agent, Manager and others Officer of the Company) and any of them severally or jointly with any other person

11.a Trade Receivable: Tk. 891,843,015

Ageing of the above receivables are given below:

	<u>Upto 6 Months</u>	<u>Above 6 Months</u>	<u>Total</u>	
Domestic	836,127,705	-	836,127,705	685,518,418
Exports	55,004,656	-	55,004,656	43,908,015
			<u>891,132,361</u>	<u>729,426,433</u>
Foreign exchange Unrealized Gain			<u>710,654</u>	<u>228,555</u>
			<u>891,843,015</u>	<u>729,654,988</u>

12. Other Receivable: Tk. 7,323,164

This consists of as follows:

Rent on Investment Property	-	37,156,500
Interest Receivable	7,283,789	3,564,441
Dividend Receivable on Marketable Securities	39,375	398
	<u>7,323,164</u>	<u>40,721,339</u>

13. Advances, Deposits and Prepayment : Tk 1,033,642,589

The followings items are unsecured but considered good and consists of as follows :

Advances:

Advances against salary	70,843,541	63,466,623
Motor Cycle advance to employees	251,714,362	223,938,533
Employee advances (Others)	127,096,251	54,429,351
Advance for API Industrial Park	300,000	-
Advance to ACMUNIO International Ltd.	101,479,473	144,041,898
Advance to Suppliers	141,625,904	167,854,352
Advance to Suppliers for Construction	154,771,392	192,710,431
Advance against Land	20,500,000	15,250,000
Advance for Electricity	35,449,176	-
Others	4,455,658	211,482

Deposit :

Security deposit and earnest money	24,530,401	13,486,031
Lease Deposit	2,186,000	2,186,000
Presumptive Tax on Share Premium	13,064,814	13,064,814
Deposit for Gas	11,604,600	11,604,600
VAT Deposit	57,738,774	61,203,886
Security deposit to CDBL	500,000	-
Others	3,700,750	4,210,353

Prepayments :

Office Rent	5,107,250	5,178,450
Insurance	6,974,243	7,235,475
IPO expenses	-	6,320,687
	<u>1,033,642,589</u>	<u>986,392,966</u>

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at June 30, 2016

Continuation Sheet...

No. Particulars	Taka	
	As at 30.06.2016	As at 30.06.2015
14. Advance Income Tax: Tk 1,843,423,421		
The breakup of the above amount is as under:		
Opening Balance as per last A/C	1,820,547,016	1,334,147,374
Adjustment of Current Tax Provision against Advance Income Tax		
- For the assessment year 2012-2013	(326,075,150)	-
Payment during the year:		
AIT collected by customs Authority	93,926,029	95,250,919
AIT collected by Bank from export bills	2,203,935	1,800,276
AIT deducted against supply of medicines	9,968,736	5,898,376
AIT collected by BRTA Authority	3,197,000	3,076,000
AIT deducted on bank Interest on FDRs and STD account	5,068,244	4,830,561
AIT deducted from Dividend Received	66,813	43,510
AIT against Rent on Investment Property	2,180,925	-
Paid by pay order:		
for the assessment year 2012-13	22,339,873	3,020,000
for the assessment year 2014-15	-	140,305,033
for the assessment year 2015-16	-	232,174,967
for the assessment year 2016-17	210,000,000	-
	1,843,423,421	1,820,547,016
15. Material in Transit: Tk. 354,476,936		
Raw Materials	224,141,116	226,982,203
Packing Materials	66,274,880	50,518,104
Spare Parts	64,060,940	8,024,242
	354,476,936	285,524,549
16 Term Deposit: Tk. 3,575,000,000		
As a part of efficient treasury management the company have made some short term investment with various commercial Banks and Non Banking financial institutions which are stated below:		
Trust Bank Limited	75,000,000	419,003,619
Dhaka Bank Limited	1,000,000,000	-
Investment Corporation of Bangladesh (ICB)	2,500,000,000	-
	3,575,000,000	419,003,619

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at June 30, 2016

No. Particulars	Taka	
	As at 30.06.2016	As at 30.06.2015
17. Cash and Cash Equivalents: Tk. 1,148,110,610		
This is made up as follows :		
Cash in Hand	364,010,149	305,996,749
Cheque in Hand	70,000,000	-
Cash at Bank :		
Agrani Bank Ltd.	9,281,826	25,092,474
Dhaka Bank Ltd.	667,954	57,478
National Bank Ltd.	47,861	48,901
Uttara Bank Ltd.	33,160,966	25,740,763
Marcantile Bank Ltd.	26,122,637	44,646,880
Standard Chartered Bank	574,073,624	4,279,244
Sonali Bank Ltd.	5,723,497	387,119
Islami Bank Ltd.	163,067	-
NCC Bank Ltd.	21,173,658	7,582,424
Eastern Bank Ltd.	9,404,765	3,425,007
Dutch Bangla Bank Ltd.	9,192,132	3,039,725
HSBC	8,373,780	6,917,136
United Commercial Bank Ltd.	497,196	498,846
The City Bank Ltd.	48,290	55,990
Trust Bank Ltd.	15,415,050	3,897,209
Exim Bank Ltd.	61,894	336,981
Bank Asia Ltd.	684,123	266,252
Cash at BO Account	8,141	1,220
	1,148,110,610	432,270,398

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at June 30, 2016

No. Particulars	Taka	
	As at 30.06.2016	As at 30.06.2015
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	5,000,000,000	5,000,000,000
b) Issued, Subscribed and Paid - up Capital:		
161,601,700 Ordinary Shares @ Tk.10/- each.	1,616,017,000	1,616,017,000
Add: 50,000,000 Ordinary Shares @ Tk.10/- each issued during the year	500,000,000	-
	2,116,017,000	1,616,017,000
c) The movement of Ordinary Shares during the year is as under		
	No. of Share	No. of Share
Opening Balance	161,601,700	161,601,700
Ordinary Shares issued during the year	50,000,000	-
Closing Balance.	211,601,700	161,601,700

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at June 30, 2016

Continuation Sheet...

No. Particulars	Taka	
	As at 30.06.2016	As at 30.06.2015
19. Share Premium: Tk. 5,127,599,728		
During 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	1,605,066,569	1,605,066,569
Add : Amount received during the year	3,596,000,000	-
Less: Transaction cost (Note - 19.1)	73,466,841	-
Closing balance	5,127,599,728	1,605,066,569
19.1 Transaction cost		
Issue Manager fee	19,034,000	-
Application & Listing Fees to DSE & CSE	7,753,052	-
Draft Prospectus Scrutiny Fees to DSE & CSE	100,000	-
Electronic Bidding Fees	1,250,000	-
Data Transmission fee to DSE & CSE	400,000	-
Application Fees & Consent fees to BSEC	16,394,000	-
Credit Rating Fee	230,000	-
Auditors' Certification Fee	500,000	-
Invitation to Ells through 5 national dailies	2,880,770	-
CDBL Documentation, Transaction Plus Demutualization and Connection fees	1,114,979	-
Publication of Abridge Version of Prospectus	1,322,004	-
Printing of Prospectus	1,492,500	-
Fee paid to Registrar to the Issue	1,150,000	-
Lottery for allotment of shares- conducting expenses and BUET fee	1,023,495	-
Post Issue Management fee	10,669,636	-
Under writers commission	7,168,000	-
Loss on currency conversion of Foreign Demand Draft to Taka	984,405	-
	73,466,841	-
20. Retained Earnings: Tk. 3,303,424,145		
Opening balance	2,689,794,678	1,949,426,728
Add: During the the year:	1,211,620,494	1,031,624,386
Net profit after tax for the Year	1,101,267,794	921,917,143
Adjustment for Depreciation on Revalued Assets	110,098,241	109,502,243
Adjustment of Revaluation surplus due to disposal	254,459	205,000
	(597,991,027)	(291,256,436)
Less: Tax Holiday Reserve	(32,385,077)	(48,853,886)
Final dividend for the year 2014-2015	(565,605,950)	(242,402,550)
Closing balance	3,303,424,145	2,689,794,678

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at June 30, 2016

Continuation Sheet...

No. Particulars	Taka	
	As at 30.06.2016	As at 30.06.2015
21. Long Term Borrowings - Net off Current Maturity : Tk. 3,637,654,598		
This represents long term borrowings from financial institutions which are as follows:		
Name of Financial Institution		
Trust Bank Ltd. -MTL	127,107,745	213,830,194
Dhaka Bank Ltd. - MTL	27,498,333	51,908,940
Dutch Bangla Bank Ltd. - MTL	708,254,975	934,246,841
IDLC	95,265,479	226,642,333
Standard Chartered Bank-Foreign Loan (Net of foreign currency gain/loss)	376,320,000	622,440,000
IIDFC	172,500,000	262,500,000
IPDC	342,500,000	105,056,694
HSBC-Foreign Loan (Net of foreign currency gain/loss)	415,725,869	664,272,981
HSBC Term Loan	12,482,197	-
ULC	260,000,000	140,000,000
ILFSL	275,000,000	375,000,000
Fareast Finance & Investment Ltd.	275,000,000	375,000,000
Lanka Bangla Finance Ltd.	550,000,000	750,000,000
Standard Chartered Bank	-	216,005
	3,637,654,598	4,721,113,988
22. Provision for Gratuity: Tk. 206,370,155		
Opening Balance	57,776,500	30,465,330
Add: Provision during the year	208,082,149	84,652,887
Less: Paid during the year	59,488,494	57,341,717
	206,370,155	57,776,500
23. Deferred Tax Liability: Tk. 114,423,516		
This represents provision made/assets created related to deferred income tax for taxable/deductable temporary differences which is arrived at as follows:		
Opening Balance	125,990,719	9,124,902
Add : Deferred Tax Liability/(Assets) created during the year		
Increase in Deferred tax liability	6,551,635	126,424,727
On account of (deductable) /taxable temporary difference of taxable unit	(11,631,724)	82,277,917
On account of (deductable)/taxable temporary difference of Tax holiday unit	18,183,359	44,146,810
Creation of Deferred Tax Assets	(18,118,838)	(9,558,910)
on account of Provision for Gratuity	(18,118,838)	(9,558,910)
	114,423,516	125,990,719

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at June 30, 2016

No. Particulars	Taka	
	As at 30.06.2016	As at 30.06.2015
24. Loans & Overdrafts : Tk. 4,709,652,954		
This represents the amount are as follows :		
Name of the Bank		
Dutch Bangla Bank Ltd.	189,326,218	137,756,243
Standard Chartered Bank	606,801,216	503,346,739
Dhaka Bank Ltd. LTR A/C, STL, CC Hypothecation	399,057,749	387,152,420
HSBC O/D, LTR, RL	1,045,369,588	606,158,381
EBL, Overdraft,LTR,RL	1,071,577,307	1,118,134,010
Trust Bank Ltd., OD,LTR,STL	153,343,680	80,603,307
The City Bank Ltd., O/D A/C, LTR, STL A/C	1,244,980,405	274,312,215
AB Bank Ltd., O/D, LTR, RL A/C	-	(209,575)
Agrani Bank, Cash Credit Hypothecation	(803,209)	(7,406,415)
	4,709,652,954	3,099,847,325
25. Current Maturity of Long Term Loans : Tk. 1,695,003,924		
This amount represents current portion of long term loans from financial Institution which are repayable within next 12 months from the balance Sheet date :		
Trust Bank Ltd.	199,881,232	117,472,328
IDLC	65,635,085	148,113,043
IIDFC	90,000,000	90,000,000
IPDC	112,317,266	72,938,207
Standard Chartered Bank - Foreign Loan (Net of foreign currency gain/loss)	250,880,000	248,976,000
HSBC - Foreign Loan (Net of foreign currency gain/loss)	253,645,277	251,713,370
Dhaka Bank Ltd.	24,295,515	21,532,160
Dutch Bangla Bangla Bank Ltd.	218,133,544	199,462,839
ULC	80,000,000	40,000,000
ILFSL	100,000,000	100,000,000
Fareast Finance and Investment Ltd.	100,000,000	100,000,000
Lanka Bangla Finance Ltd.	200,000,000	200,000,000
Standard Chartered Bank (MTL)	216,005	18,873,131
	1,695,003,924	1,609,081,078
26. Trade Payables: Tk. 391,028,767		
This consists of :		
Trade Creditors	391,028,767	432,244,843
	391,028,767	432,244,843

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at June 30, 2016

Continuation Sheet...

No. Particulars	Taka	
	As at 30.06.2016	As at 30.06.2015
27. Provision for Income Tax Tk. 1,542,631,343		
Opening Balance	1,556,306,023	1,245,658,922
Add: Provision during the year	312,400,470	310,647,101
Less: Adjustment of Current Tax Provision against Advance Income Tax - For the assessment year 2012-2013	326,075,150	-
	1,542,631,343	1,556,306,023
28. Liability for Expenses and Others: Tk. 166,281,466		
This is arrived at as follows :		
Salary & Allowances	18,212,234	32,491,093
Power & Electricity	6,982,041	1,327,436
Postage & Telephone	1,512,342	2,012,310
Gas Bill	13,215,585	5,531,596
Office rent	417,250	224,599
Audit Fee	500,000	500,000
Non current assets valuation fee	776,250	-
WASA Bill	58,650	57,840
Workers profit participation fund (28.a)	87,499,086	78,118,386
TDS On Dividend Paid	6,936,213	-
Advance against Export Sales	8,230,575	-
Interest on WPPF and Welfare Fund	282,826	
Other Expenses and TDS & VDS	21,658,414	12,813,633
	166,281,466	133,076,893
28.a Workers Profit Participation Fund and Welfare Fund: Tk. 87,499,086		
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, Chapter-15.		
Opening balance	78,118,386	84,214,886
Add: Addition during the year	70,105,053	67,471,503
Less: Payment during the year	60,724,353	73,568,003
Closing balance	87,499,086	78,118,386
29. Dividend Payable: Tk. 62,191,926		
The Board of Directors proposed 35% cash dividend of Tk. 565,605,950 for the year 2014-2015 which was duly approved in the 39th AGM by the shareholders . The details are stated below:		
Opening balance	151,704,980	606,723,400
Add: Final dividend declared for the year 2014-2015 (Gross)	565,605,950	242,402,550
Less: Dividend paid to Promoter shareholders	516,410,154	558,712,120
Less: Dividend paid to other than promoter shareholders	138,708,850	138,708,850
Net Dividend Payable	62,191,926	151,704,980

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2016

No. Particulars

July'15 to June'16			July'14 to June'15
Non Tax Holiday Unit	Tax Holiday unit (50% tax exemption for July-Sep'15 and 25% tax exemption for Oct'15-June'16)	Total	Total

30 Revenue : Tk. 12,644,913,144

This is made up as follows:

Gross Turnover

Domestic

Own Products

11,372,608,571 2,766,355,545 14,138,964,116 12,710,816,527

Manufactured by Others :

Pharmaceutical Products

42,235,474 - 42,235,474 -

Syringe

9,052,416 - 9,052,416 10,791,437

Fish Feed

5,250 - 5,250 14,889,000

11,423,901,711 2,766,355,545 14,190,257,256 12,736,496,964

Export

Manufactured by Others

- - - 83,991,530

Own Products

350,213,746 21,564,990 371,778,736 354,653,119

350,213,746 21,564,990 371,778,736 438,644,649

Total Gross Turnover

Less: VAT

11,774,115,457 2,787,920,535 14,562,035,992 13,175,141,613

Net Turnover

1,552,241,703 364,881,145 1,917,122,848 1,678,727,982

10,221,873,754 2,423,039,390 12,644,913,144 11,496,413,631

The summarized quantities are as follows:

Name of Category	Unit	Opening	Production/ Purchase	Sales	Closing
Capsule	Pcs	16,150,468	387,466,471	386,573,376	17,043,563
Cream	Tube	497,550	5,309,932	5,219,850	587,632
Dry Syrup	Bottles	1,133,827	9,134,747	8,887,886	1,380,688
Eye/Ear/Nosal Drop	Phials	1,211,224	9,268,093	9,063,847	1,415,470
Injection	Pcs	3,029,057	41,860,537	41,821,767	3,067,827
Liquid	Bottles	4,669,329	63,247,413	62,481,119	5,435,623
Ointment	Tube	190,523	2,003,394	1,957,974	235,943
Tablet	Pcs	72,174,975	2,396,328,403	2,388,232,140	80,271,238
Powder	Pcs	66,534	711,302	702,716	75,120
Inhaler (DPI)	Cans	1,586,941	31,600,771	31,377,780	1,809,932
Suppository	Pcs	651,478	23,541,586	23,436,344	756,720
Inhaler(MDI)	Cans	74,657	491,494	469,987	96,164
Injection (vet)	Pcs	1,567,529	11,309,704	11,101,510	1,775,723
Liquid (Vet.)	Bottles	678,654	4,054,666	3,929,756	803,564
Bolus	Pcs	7,591,641	169,358,051	169,074,923	7,874,769
Primix	Pcs	4,380,696	18,145,583	17,585,511	4,940,768
Water Soluble Powder	Pcs	248,569	5,454,650	5,391,885	311,334
Syringe	Pcs	8,870	2,059,013	2,017,757	50,126
Fish Feed	Kg	3,126	-	140	2,986
Infusion	Pcs	405,336	2,957,278	2,225,411	1,137,203
Sachet	Pcs	323,396	8,808,000	8,741,328	390,068

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2016

No. Particulars

July'15 to June'16			July'14 to June'15
Non Tax Holiday Unit	Tax Holiday unit (50% tax exemption for July-Sep'15 and 25% tax exemption for Oct'15-June'16)	Total	Total

31 Cost of Goods Sold : Tk. 7,770,610,089

This is arrived at as follows :

Raw Materials Consumed	31.a	3,532,632,091	733,984,043	4,266,616,134	3,932,807,286
Packing Materials Consumed	31.b	1,803,826,696	427,552,386	2,231,379,082	2,077,542,248
Work in Process (Opening)		327,656,434	64,567,634	392,224,068	375,336,272
Work in Process (Closing)		(468,739,849)	(115,098,746)	(583,838,595)	(392,224,068)
Material Consumption during the year		5,195,375,372	1,111,005,317	6,306,380,689	5,993,461,738
Factory Overhead	31.c	1,206,648,114	357,055,563	1,563,703,677	1,289,299,644
Cost of Production		6,402,023,486	1,468,060,880	7,870,084,366	7,282,761,382
Purchase of Finished Goods		45,219,013	-	45,219,013	109,578,507
Opening Stock of Finished Goods		549,467,890	23,567,896	573,035,786	375,693,869
Finished Goods Available		6,996,710,389	1,491,628,776	8,488,339,165	7,768,033,758
Closing Stock of Finished Goods		(638,765,489)	(78,963,587)	(717,729,076)	(573,035,786)
Cost of Goods Sold		6,357,944,900	1,412,665,189	7,770,610,089	7,194,997,972

31.a Raw Materials Consumed : Tk. 4,266,616,134

This is arrived at as follows :

Opening Stock of Raw Materials	660,128,483	30,456,359	690,584,842	824,926,270
Purchase during the year	3,679,549,284	744,615,341	4,424,164,625	3,798,465,858
Closing Stock of Raw Materials	(807,045,676)	(41,087,657)	(848,133,333)	(690,584,842)
Raw Material Consumed	3,532,632,091	733,984,043	4,266,616,134	3,932,807,286

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	338,665,023	2,426,658	783,262	243	12,471	-	-
Purchase	421,545,789	6,245,789	5,412,458	159	48,659	32,500	3,240,300
Available for use	760,210,812	8,672,447	6,195,720	402	61,130	32,500	3,240,300
Closing Balance	384,545,871	2,998,265	963,124	285	15,347	-	-
Consumption	375,664,941	5,674,182	5,232,596	117	45,783	32,500	3,240,300

31.b Packing Materials Consumed : Tk. 2,231,379,082

This is arrived at as follows :

Opening Stock of Packing Materials	677,658,766	11,058,525	688,717,291	545,143,710
Purchase during the year	1,556,035,413	438,189,755	1,994,225,168	2,221,115,829
Closing Stock of Packing Materials	(429,867,483)	(21,695,894)	(451,563,377)	(688,717,291)
	1,803,826,696	427,552,386	2,231,379,082	2,077,542,248

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2016

No. Particulars

July'15 to June'16			July'14 to June'15
Non Tax Holiday Unit	Tax Holiday unit (50% tax exemption for July-Sep'15 and 25% tax exemption for Oct'15-June'16)	Total	Total

The total quantity of Packing Materials are as under:

Name of Category	Unit	Opening	Purchase	Consumption	Closing
Ampoule	Pcs	28,170,189	40,836,636	43,875,999	25,130,826
Bottle	Pcs	33,857,379	65,359,277	78,948,951	20,267,705
Carton	Pcs	30,168,230	107,706,254	118,045,123	19,829,361
Plastic Item	Pcs	24,189,033	106,381,237	111,312,456	19,257,814
Cap	Pcs	27,404,330	87,579,361	97,030,397	17,953,294
Catch Cover	Pcs	21,797,589	16,813,684	23,545,129	15,066,144
Inner Leaflet	Pcs	13,375,898	90,947,802	94,478,456	9,845,244
Label	Pcs	7,350,470	81,359,755	83,545,126	5,165,099
Shipping Box Label	Pcs	2,919,905	5,517,395	6,412,789	2,024,511
PVC/PVDC	Pcs	225,292	511,541	579,125	157,708
Shipping Box	Pcs	60,398	8,527,241	8,545,741	41,898
Tube	Pcs	2,818,303	7,299,224	7,825,435	2,292,092
Al. Foil- Blister	Kgs	21,683	123,281	129,401	15,563
Al. Foil- Strip	Kgs	479,694	850,511	905,128	425,077
Inner Board	Pcs	161,766	1,785,056	1,812,456	134,366
Vial	Pcs	6,579,472	9,048,940	11,324,910	4,303,502
Sticker Label	Pcs	12,787,608	24,342,822	25,912,458	11,217,972

31.c Factory Overhead : Tk. 1,563,703,677

This is made up as follows :

Salary & Allowances	269,559,584	63,187,654	332,747,238	286,018,218
Daily Wages	67,130,136	17,076,683	84,206,819	87,654,787
Gratuity	43,386,630	12,730,750	56,117,380	21,250,952
Group Insurance Premium	611,557	103,547	715,104	815,979
Postage & Telephone	2,555,276	547,023	3,102,299	2,876,576
Fuel, Power & Electricity	104,048,136	25,172,713	129,220,849	74,468,799
Conveyance	1,991,272	556,141	2,547,413	2,534,765
Company's Contribution to RPF	11,377,322	2,639,781	14,017,103	13,083,682
Gas Bill	90,251,172	22,510,269	112,761,441	59,099,335
Factory Staff Uniform	2,830,330	628,601	3,458,931	3,865,876
Carriage Inward	4,811,650	1,268,039	6,079,689	12,680,125
Repairs & Maintenance	58,121,202	15,525,686	73,646,888	33,576,865
Medical Expenses	122,395	21,196	143,591	140,765
Insurance	12,484,144	2,911,641	15,395,785	11,582,007
Local Tax	1,312,790	268,367	1,581,157	1,112,500
Printing & Stationery	14,772,604	3,237,215	18,009,819	17,854,765
Design, Blocks & Layout	-	-	-	880,625
Research & Analysis	3,435,490	842,468	4,277,958	1,867,546
Welfare & Recreation	8,892,586	1,659,729	10,552,315	8,078,564
Entertainment	2,699,222	611,370	3,310,592	3,976,547
Canteen Expenses	10,047,326	2,879,267	12,926,593	7,865,765
Spare Parts	58,513,306	18,618,086	77,131,392	61,457,945
Service charge	4,166,402	-	4,166,402	3,990,540
Travelling and Conveyance	316,441	99,273	415,714	340,897
Depreciation	433,211,141	163,960,064	597,171,205	572,225,219
	1,206,648,114	357,055,563	1,563,703,677	1,289,299,644

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2016

No. Particulars

July'15 to June'16			July'14 to June'15
Non Tax Holiday Unit	Tax Holiday unit (50% tax exemption for July-Sep'15 and 25% tax exemption for Oct'15-June'16)	Total	Total

32 Other Income: Tk. 45,609,335

This is made up as follows :

Rent on Investment Property	6,462,000	-	6,462,000	6,462,000
Other Lease Rent	228,000	-	228,000	228,000
Income/(Loss) from Sale of Motor Vehicle	(719,721)	-	(719,721)	4,104,995
Interest Bank's STD and SND A/C	18,734,247	-	18,734,247	685,509
Translation Gain/(loss) for foreign currency fluctuation	(9,129,394)	-	(9,129,394)	(13,591,519)
Settlement Gain/(loss) for foreign currency fluctuation	(1,091,133)	-	(1,091,133)	(3,204,969)
Interest on FDR	30,751,896	-	30,751,896	46,226,014
Dividend Income on marketable securities	-	373,440	373,440	217,947
	45,235,895	373,440	45,609,335	41,127,977

33 Selling, Marketing and Distribution Expenses: Tk. 1,838,411,776

This is made up as follows :

Salary & Allowances	870,164,258	218,080,251	1,088,244,509	997,785,318
Daily Basis Salary	5,948,624	1,435,902	7,384,526	5,506,276
Gratuity	93,343,266	26,505,298	119,848,564	50,465,225
Company's Contribution to RPF	36,699,600	8,615,356	45,314,956	41,196,886
Office Rent	6,740,651	1,487,849	8,228,500	7,823,000
Electricity & WASA, Gas	6,789,615	1,554,565	8,344,180	8,522,480
Postage & Telephone	23,972,211	5,681,570	29,653,781	17,534,453
Fuel for Generator	1,564,231	381,546	1,945,777	1,838,556
Vehicle Expenses	26,151,863	6,421,091	32,572,954	27,076,543
Printing & Stationery	30,776,429	7,100,100	37,876,529	40,214,166
TA/DA	64,506,827	15,962,338	80,469,165	69,867,598
Travelling Kits	3,072,137	963,551	4,035,688	7,172,750
Carriage Outward	34,879,318	8,056,161	42,935,479	33,899,142
Seminar & Conference	9,386,946	2,288,190	11,675,136	5,494,892
Medical Expenses	870,685	198,617	1,069,302	1,007,182
Sales Promotion Expenses	73,040,324	17,992,115	91,032,439	76,031,638
New Products induction expenses	1,249,509	381,050	1,630,559	1,462,999
Group & Health Insurance Premium	3,757,388	742,024	4,499,412	4,323,049
Export Expenses	11,577,304	2,519,972	14,097,276	13,140,509
Welfare & Recreation	1,724,402	368,796	2,093,198	2,043,482
Free Sample	42,061,682	9,919,694	51,981,376	58,398,575
Insurance	4,264,508	1,006,695	5,271,203	7,442,360
Fees & Renewals	10,819,314	2,350,875	13,170,189	11,242,629
Repair & Maintenance	42,048,966	12,967,633	55,016,599	3,627,678
Entertainment	16,521,798	3,891,600	20,413,398	13,098,787
Repacking Materials	756,268	200,069	956,337	856,478
Depreciation	47,745,893	10,904,851	58,650,744	48,684,047
	1,470,434,017	367,977,759	1,838,411,776	1,555,756,698

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2016

No. Particulars

July'15 to June'16			July'14 to June'15
Non Tax Holiday Unit	Tax Holiday unit (50% tax exemption for July-Sep'15 and 25% tax exemption for Oct'15-June'16)	Total	Total

34 Administrative Expenses: Tk. 493,607,401

This is made up as follows :

Directors Remuneration	23,320,080	5,479,920	28,800,000	28,800,000
Salary & Allowances	170,020,309	38,680,014	208,700,323	183,227,625
Directors Sitting Fees	1,201,384	293,619	1,495,003	1,782,500
Group & Health Insurance Premium	676,910	57,599	734,509	1,140,446
Postage & Telephone	3,999,889	899,995	4,899,884	4,840,445
Electricity ,Gas & WASA	11,356,195	3,013,997	14,370,192	14,572,436
Fuel for Generator & Vehicle	5,948,840	1,406,553	7,355,393	5,359,381
Conveyance	3,486,733	901,123	4,387,856	3,976,567
Refreshment Expenses	3,411,717	771,039	4,182,756	4,087,866
Office General Expenses	5,495,884	1,272,307	6,768,191	5,756,056
Vehicle Expenses	10,366,397	2,259,341	12,625,738	12,527,426
Advertisement for Recruitment & Others	9,764,105	2,792,148	12,556,253	2,088,223
Printing & Stationery	4,854,900	1,104,673	5,959,573	13,065,786
Intangible Assets amortization	33,704	7,921	41,625	41,625
Newspaper & Periodicals	482,890	89,083	571,973	501,468
AGM Expenses	354,890	60,137	415,027	209,510
Expenses for Legal Procedure	2,431,258	651,112	3,082,370	2,333,337
Gratuity	25,764,895	6,351,310	32,116,205	12,936,710
Company's Contribution to RPF	6,967,760	1,718,037	8,685,797	8,501,635
Professional Fee	8,650,767	2,437,545	11,088,312	8,314,663
Audit Fees	380,600	119,400	500,000	500,000
Non current assets valuation fee	590,881	185,369	776,250	-
Medicine Expenses	345,352	91,043	436,395	180,180
Uniform and liveries	530,830	125,693	656,523	643,839
Travelling Expenses	4,726,167	1,048,833	5,775,000	3,546,589
Repair and maintenance	25,173,119	7,055,638	32,228,757	11,130,144
Insurance	1,316,797	339,203	1,656,000	1,656,000
Municipal Tax	7,923,292	2,323,654	10,246,946	-
Fees and Renewals	3,419,627	795,214	4,214,841	3,254,676
Welfare and recreation	1,408,251	303,463	1,711,714	1,390,546
IPO related revenue expenses	2,957,731	927,885	3,885,616	-
Daily basis salary	3,404,817	877,516	4,282,333	3,098,650
Contribution to CSR Activities	537,587	126,005	663,592	683,134
Loss due to revaluation	2,009,797	630,504	2,640,301	-
Depreciation	45,137,333	9,958,820	55,096,153	47,208,415
	398,451,688	95,155,713	493,607,401	387,355,878

35. Financial Expenses: Tk. 1,115,687,099

This is made up as follows :

Interest on Cash Credit	58,876,018	12,075,868	70,951,886	103,356,945
Interest on Overdraft	39,195,156	8,047,212	47,242,368	67,038,829
Interest on MTL & LTR	27,369,706	5,432,050	32,801,756	43,094,775
Interest on Revolving & STL	262,337,382	51,761,789	314,099,171	389,635,277
Interest on Lease Finance	276,095,542	58,093,524	334,189,066	77,117,792
Interest on Term Loan	40,839,783	8,459,752	49,299,535	48,763,910
Interest on Accepted Import Loan	206,493,973	44,083,745	250,577,718	238,198,430
Interest on WPPF	2,390,161	438,097	2,828,258	3,131,770
Bank Charge	11,344,245	2,353,096	13,697,341	12,191,768
	924,941,966	190,745,133	1,115,687,099	982,529,496

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2016

No. Particulars

July'15 to June'16			July'14 to June'15
Non Tax Holiday Unit	Tax Holiday unit (50% tax exemption for July-Sep'15 and 25% tax exemption for Oct'15-June'16)	Total	Total

36. Contribution to Workers Profit Participation Fund and Welfare Fund: Tk. 70,105,053

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

Contribution to WPPF and Welfare Fund	70,105,053	67,471,503
	70,105,053	67,471,503

37. Income Tax Expenses : Tk. 300,833,267

This is arrived at as follows :

Current Tax Expenses

Current Tax for the Period under review	217,171,959	40,093,454	257,265,413	310,647,101
Provision for Tax expense related to prior years	55,135,057	-	55,135,057	-
	272,307,016	40,093,454	312,400,470	310,647,101

Deferred Tax Expenses/(Income)

Deferred Tax Expenses/(Income)	(29,750,562)	18,183,359	(11,567,203)	116,865,817
	(29,750,562)	18,183,359	(11,567,203)	116,865,817
	242,556,454	58,276,813	300,833,267	427,512,918

38. Basic/Diluted Earning Per Share (EPS) Tk. 6.55

The computation is given below :

Net Profit After Tax	1,101,267,794	921,917,143
Weighted average number of shares outstanding during the year (38.2)	168,040,056	161,601,700
Basic Earnings Per Share	6.55	5.70
Diluted Earnings Per Share	6.55	5.70

Refer Policy notes 5.17

38.1 Number of Ordinary Shares Outstanding : 211,601,700

161,601,700 Ordinary Shares @ Tk.10/- each.	161,601,700	161,601,700
Add: 50,000,000 Ordinary Shares @ Tk.10/- each issued during the year	50,000,000	-
	211,601,700	161,601,700

38.2 Weighted Average Number of Ordinary Shares: 168,040,056

Number of Existing Ordinary Shares Prior to Public Issue	161,601,700	161,601,700
Add: 50,000,000 Ordinary Shares of Tk.10 each issued during the year on 15 May 2016 (50,000,000 x 47/365)	6,438,356	-
	168,040,056	161,601,700

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2016

No. Particulars

July'15 to June'16			July'14 to June'15
Non Tax Holiday Unit	Tax Holiday unit (50% tax exemption for July-Sep'15 and 25% tax exemption for Oct'15-June'16)	Total	Total

39 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 nature of the transaction and their relative value is shown below:

Name of the company	Relationship	Nature of Transaction	2015-2016		2014-2015	
			Value of transaction during the year	Balance at year end 30 June 2016	Value of transaction during the year	Balance at year end 30 June 2015
Sinha Printers Ltd.	Common Director	Local Supply Received	445,037,684	(283,448,685)	381,793,998	(391,042,580)
		Provide Services & Others	460,444	-	348,296	-
ACMUNIO Int. Ltd.	Common Director	Advance	(42,562,425)	101,479,473	23,698,315	144,041,898
		Finished Goods Purchase	9,052,416	-	16,193,227	-
		Rent as Investment Property	6,462,000	-	6,462,000	37,156,500
		Car Sale	500,000	-	-	-
Kalyar Packaging Ltd.	Common Director	Local Supply	68,765,194	(1,840,076)	62,486,680	-
Kalyar Replica Ltd.	Common Director	Local Supply	7,040,742	(1,191,652)	3,755,407	-

40 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)		
					Charged to P/L (Tk.)	Charged to Equity (Tk.)	Total (Tk.)
Vehicle tha-11-3016	730,000	529,400	200,600	350,000	149,400	200,600	350,000
Vehicle Ga-17-4352	1,116,624	1,116,624	-	820,000	820,000	-	820,000
Vehicle Cha-51-4600	1,590,000	1,590,000	-	-	-	-	-
Vehicle Cha-53-5724	3,558,032	1,512,546	2,045,486	-	(2,045,486)	-	(2,045,486)
Vehicle Ga-21-0897	1,205,000	961,365	243,635	600,000	356,365	53,859	410,224
Total	8,199,656	5,709,935	2,489,721	1,770,000	(719,721)	254,459	(465,262)

41 Payments/Receipts in Foreign Currency

Payment

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

376,606,093	699,255,480
1,846,412,396	2,019,717,820
497,192,336	495,952,144
2,720,210,825	3,214,925,444

Receipts

Exports
Foreign Currency Loan

367,322,488	465,075,231
-	24,803,828
367,322,488	489,879,059

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2016

No. Particulars

July'15 to June'16			July'14 to June'15
Non Tax Holiday Unit	Tax Holiday unit (50% tax exemption for July-Sep'15 and 25% tax exemption for Oct'15-June'16)	Total	Total

42 Directors Remuneration and Sitting Allowance

Directors Remuneration (Including MD's Remuneration Tk. 1,2000,000)
Directors Sitting Allowance (Including MD's Sitting Allowance Tk. 172,503)

28,800,000	28,800,000
1,495,003	1,782,500
30,295,003	30,582,500

43 Audit Fees

500,000	500,000
500,000	500,000

44 Events after the Reporting Period

There is no significant event after balance sheet date which needs either disclosure or adjustment.

45 Contingent Liability

Large Tax payer unit(LTU),North Commissionerate and Directorate,Inspection,Intelligence & Investigation under National Board of Revenue(NBR) against 3(six) claims of VAT and another 1(one) regarding VAT on VAT exempted medicine. 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 and 4477/2002 respectively against the said claims. The company reviews status of the same on every reporting date. Details of current status are given below:

SL	Writ No.	Value in Taka	Reason	Expiry Date/Result
1	8650/2008	Non-monitory	Medicine supply to ICDDR,B as	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	4477/2002	1,907,555	Rebate cancel	In favor of our company.
Total		17,736,149		

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2016

No. Particulars

July'15 to June'16			July'14 to June'15
Non Tax Holiday Unit	Tax Holiday unit (50% tax exemption for July-Sep'15 and 25% tax exemption for Oct'15-June'16)	Total	Total

46 Un Expired Bank Guarantees

Details of Unexpired Bank Guarantees of Tk. 35,735,790 given in the normal course of business on behalf of the company to various parties as at June 30 2016 are as follows -

SL No.	Name of Bank	Date of Expiry	Amount in Taka
1	Dutch Bangla Bank Ltd.	17.10.2016	430,700
2	Dutch Bangla Bank Ltd.	24.05.2017	931,030
3	Agrani Bank Ltd.	15.10.2016	1,093,820
4	Agrani Bank Ltd.	11.09.2018	1,547,350
5	Trust bank Ltd.	30.09.2016	2,784,900
6	Trust bank Ltd.	30.09.2016	5,680,790
7	Trust bank Ltd.	10.08.2016	1,000,000
8	Trust bank Ltd.	31.08.2017	4,608,000
9	Trust bank Ltd.	31.08.2017	2,368,800
10	Trust bank Ltd.	15.05.2021	12,401,250
11	Trust bank Ltd.	15.05.2021	316,050
12	Trust bank Ltd.	15.05.2021	2,320,400
13	Trust bank Ltd.	15.05.2021	252,700
Total			35,735,790

47 Claim not acknowledge as debts

There is no claim against the company which have been acknowledges as debt as at 30 June 2016.

48 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 2016 - Tk. 162,198,212

Name of Category	Unit	Production Capacity		Actual Production		Actual Production	
		2015-16	2014-15	2015-16	%	2014-15	%
Human							
Tablet	Pcs	3,479,490	3,368,590	2,384,322	68.53	2,199,808	65.30
Capsule	Pcs	630,486	630,486	377,555	59.88	348,051	55.20
Liquid	Bottle	87,234	87,234	55,593	63.73	51,959	59.56
Dry Syrup	Bottle	18,409	18,409	9,135	49.62	8,574	46.58
Ointment	Tube	6,158	6,158	2,003	32.53	1,894	30.76
Cream	Tube	17,928	17,928	5,310	29.62	4,920	27.44
Suppository	Pcs	32,660	32,660	23,542	72.08	21,770	66.66
Inhaler (DPI)	Cans	66,690	66,690	31,601	47.38	27,738	41.59
Inhaler (MDI)	Canister	1,457	1,457	491	33.74	487	33.41
Eye/Ear/Nasal Drop	Phials	17,136	10,136	9,268	54.09	9,091	89.69
Injection (Amps)	Pcs	35,380	35,380	32,502	91.87	30,518	86.26
Injection (Vial)	Pcs	15,350	15,350	9,359	60.97	9,176	59.78
Infusion	Pcs	4,680	4,680	2,957	63.19	2,001	42.76
Sachet	Pcs	28,201	28,201	8,808	31.23	8,223	29.16
Veterinary							
Bolus	Pcs	238,444	217,445	169,358	71.03	118,482	54.49
Liquid	Pcs	5,811	5,212	4,055	69.78	3,748	71.90
Premix	Pcs	27,587	27,587	18,146	65.78	14,448	52.37
WSP	Pcs	9,078	8,579	5,455	60.09	3,836	44.71
Injection	Vial	12,487	12,487	11,310	90.57	11,305	90.54
Herbal & Ayurvedic							
Capsule	Pcs	32,370	32,370	9,911	30.62	9,235	28.53
Liquid	Pcs	8,708	8,708	7,654	87.90	6,460	74.18
Tablet	Pcs	29,880	29,880	12,006	40.18	11,126	37.24

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2016

No. Particulars

July'15 to June'16			July'14 to June'15
Non Tax Holiday Unit	Tax Holiday unit (50% tax exemption for July-Sep'15 and 25% tax exemption for Oct'15-June'16)	Total	Total

49. Income Tax Assessment:

Income tax assessments for some of the previous financial years of the company are in progress at various stages with the assessing tax authorities. The initial tax demands raised by income tax authorities have been contested by filing appeals, petitions as per section 173 for correction of the appeal orders, giving effect to advance income tax payments made and other tax credits claimed by the company and tax demands barred by time limitation etc. In the opinion of the management, there will not be any significant tax liability which would ultimately be devolved on the company after giving effect to the aforesaid adjustments/credits. However, as an abundant caution, the management has made an additional provision of Tk. 55,135,057. in the books of account to take care of any ultimate liability in this regard.

50. VAT Return and Auditing status as at 30.06.2016

The Company is depositing VAT & filing VAT returns on monthly basis with the concern department. The department has conducted and completed their audit up to the financial year 2013-14 and there a demand Taka 29,879. The audit for the financial year 2014-15 is in progress as at the Balance sheet date.

Date: September 01, 2016
Ref: MMH/ALL/1179/2016

Board of Directors
The ACME Laboratories Limited
1/4, Kallayanpur, Mirpur Road
Dhaka -1207

Sub: Report on valuation of Fixed Assets of The ACME Laboratories Ltd. as of June 30, 2016.


Dear Sir,

Kindly refer to your letter dated July 14, 2016 appointing us for revaluation of the fixed assets of The ACME Laboratories Limited. We have carried out the revaluation work taking June 30, 2016 as cut-off date and have the pleasure to submit herewith our report in original for your kind perusal and necessary consideration. The valuation report including appendix contains 318 Pages.

Finally, we would like to express our sincere thanks to you and your staffs for the co-operation extended to us during the dispensation of our work.

If you have any query in relation to the above, please feel free to contact us at any time.

Yours faithfully


(Masih Muhith Haque & Co.)
Chartered Accountants

Encl : As above

Executive Summary

1. About the Valuer & Competence:

Masih Muhith Haque & Co, Chartered Accountants

Masih Muhith Haque & Co. was formed on June 01, 1985 with a mission to continually add value by helping for client's success. The firm has been in public practice for more than 31 years. Masih Muhith Haque & Co. is a correspondent firm of RSM International Network, the 6th largest network of accounting firms in the world.

2. Identification of Client and any other Intended Users

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.

During the Current Financial Year, the Company achieved a major milestone by public offering of 50,000,000 Ordinary Shares of Tk 10 each under Book Building Method. 60% of the shares offered were issued at a price of Tk. 85.20/- each (including Tk. 75.20 as Share Premium per share) to Eligible Institutional Investors including Mutual Funds. Balance 40% was issued at a discounted price of Tk. 77.00 /- each (including Tk. 67 as Share Premium per share) to General Public (Residents, Non Residents and Effectuated small investors). The Company received an overwhelming response from all segments. The Ordinary Shares of the Company are listed at Dhaka Stock Exchanges Ltd & Chittagong Stock Exchanges Ltd with effect from 31st May, 2016 and successfully traded with effect from 7th June, 2016 at both the stock exchanges under the trade name ACME LAB and trading codes -18491 and 13031 respectively.

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.

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 September 29, 2011 to September 28, 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 would continue to enjoy the tax holiday for the remaining period (i.e. up to September 28, 2016).

3. Nature of Instruction and Purpose of the valuation

Masih Muhith Haque & Co. Chartered Accountants (Valuer) has been appointed as an independent valuer by The ACME Laboratories Limited (herein referred to as “ACME”) for valuation of Fixed Assets of ACME for assessing the valuation of assets at current market price, after giving due consideration to its present condition. The main objective of this valuation is to arrive at the fair value of Land and Land Development, Building, Machinery & Equipment and Motor Vehicle of ACME so as to enable the management to account for the fair value of fixed assets to arrive at in the Financial Statements of the company as at June 30, 2016.

We confirm that we have performed all the necessary inspection, made relevant inquiries and obtained such further information available for the purpose of providing our opinion on the value of the fixed assets.

4. Basis of valuation

The fixed assets of the company have been revalued based on Current Cost Accounting (CCA) Method, premised on the accompanying narrative information, valuation methodology, summary of values. Our opinion of the appraisal values of the existing fixed assets as of June 30, 2016 for continued use as part of a going concern.

Present valuation of the land and other assets has been arrived at by taking into consideration the location and the market price of recent transfer of the assets. We have collected information and explanation from local people and Mouza value to assess an average current transfer / market rate of the lands and in case of Building, Machinery & Equipment and Motor Vehicle and other assets we have collected information from both local and international sources.

5. Date of Valuation

The date of valuation is June 30, 2016.

6. Extent of Investigation & Composition of Team

The valuation of assets was conducted in accordance with International Valuation Standards (IVSs) and Bangladesh Securities & Exchange Commission (BSEC) guideline dated August 18, 2013.

Our investigation methodology was as follows:

As per decision of the company the assets of the company under the scope of this revaluation are as follows:

- Land and land development
- Building
- Machinery & Equipment
- Utilities, Electrical Installation & Engineering
- Motor Vehicle
- Office Equipment

- i) As per paragraph 36 of BAS – 16 - “when an item of property, plant and equipment is revalued, entire class of property, plant and equipment to which that assets belongs to have to be revalued”. Accordingly entire class of property plant and equipment of the company have been revalued.

As per paragraph 31 of BAS 16 - “after recognition as an asset, an item of Property, Plant and Equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses”. Accordingly the company has complied this provision in its valuation of assets.

The fair values of Land; Building; Machinery & Equipment; Utilities, Electrical Installation & Engineering; Motor Vehicle and Office Equipment have been determined from relevant documents and market evidences. The fixed assets of ACME have been revalued based on Current Cost Accounting (CCA) Method.

- ii) **“Current Cost”** as defined in Bangladesh Accounting Standards (BAS) is the amount of cash or cash equivalents that would have to be paid if the same or an equivalent asset was acquired currently.

Composition of team

Considering the importance of the work and the Asset needed to be identified and valued, a team consisting of members with different esteemed professional background and experience was formed. The team consisted of the following professionals:

Name of Professional	Qualification	Assigned position	Experience
Mr. Md. Forkan Uddin, FCA	M.Com, Dhaka University, Dhaka	Engagement Partner	10 Years
Mr. Syed Mahmud Ahmed, FCA	B.Com, Chittagong University, Chittagong.	Review Partner	25 Years
Mr. Md. Shariful Islam,	B.Com(Hon's)M.Com(Acct.), CMA (Partly Qualified)	Manager	5 Years
Mr. Md. Saidur Rahman	BSC Engineer.	Structural Engineer	6 years
Mr. Imdadul Haque	BBA, National University	Course Completed(CC)	3.15 years
Mr. Mir Mohammad Mansur Alam	MBS, National University	Articled Student	2.75 Years
Md. Arifur Rahman	MBS, National University	Articled Student	2 years
Md. Foyzal Amin Khokon	BBA, Stamford University, Dhaka.	Articled Student	1.5 years

7. Nature and Sources of Information

The details of Land and Land Development and Building, Machinery & Equipment and Motor Vehicle as of June 30, 2016 were obtained from management of company as stated in paragraph 6.

Valuation of Land & Land Development and Building, Machinery & Equipment and Motor Vehicle.

7.01 Valuation of land & Land Development

- i) Land was valued on the basis of “FAIR MARKET VALUE” which is the amount in terms of money which the property would bring in a competitive and open market under all conditions requisite to a fair sale the buyer and seller, each acting prudently, knowledgeable and assuming the price is not affected by undue stimulus. Market prices were obtained from local sources. Opinion based on discussion with the deed writers, income tax and gain tax personnel and officials of sub registrars’ office were taken in consideration for revaluation purpose.
- ii) Prevailing rate of buying and selling of lands during last six months in and around applicable Mouza were also compared with the land property under appraisal giving due consideration to different factors including location, size, shape, bargaining allowance and other market constraints.

Annexure - 2 showing details of land is attached.

7.02 Valuation of Building

- (i) The building constructions of company which are situated on the above mentioned land have been physically verified. The building has been revalued based on Current Cost Accounting (CCA) method.
- (ii) This cost has been ascertained considering factors, like, the basis of the type of structure, price at which building materials, technical and non technical labor, cost of transportation etc, available at site, the quality of materials used in construction, workmanship and the quality of their maintenance the accumulated depreciation thereon for the expired portion of their effective lives and the present condition of the assets in question and other relevant factors.
- (iii) Cost of construction of similar buildings and other constructions were obtained from local sources available, and independent engineering consultants.

Annexure – 3 showing details of Building & Civil works is attached.

7.03 Valuation of Machinery & Equipment

Market price / manufacturing cost of Machinery & Equipment were obtained from the industry sources, and Engineering consultants, where available.

Annexure – 4 showing details of Valuation of Machinery & Equipment

7.04 Utilities, Electrical Installation & Engineering

Market price / manufacturing cost of Utilities, Electrical Installation & Engineering were obtained from the industry sources, and Engineering consultants, where available.

Annexure – 5 showing details of Valuation of Utilities, Electrical Installation & Engineering

7.05 Valuation of Motor Vehicle

Market price of Motor Vehicle was obtained from the market sources, and Engineering consultants, where available.

Annexure – 6 showing details of Valuation of Motor Vehicle

7.06 Office Equipment

Market price of Office Equipment was obtained from the market sources, and Engineering consultants, where available.

Annexure – 7 showing details of Valuation of Office Equipment

8. Assumptions

In order to know the fair value of assets only the significant / material long-term assets were revalued. We have considered the gradually infrastructural development and conversion as commercial/industrial place of the land area and accordingly current transferred rate of land and fair market value of building, machinery, utilities, motor vehicle and office equipments have been considered on the basis of this development.

9. Meetings and discussions

An overview meeting was held amongst the senior officials of ACME and the Team members of the valuer in order to work out a methodology, the scope of the work and time frame for its completion. A series of progress meetings were held from time to time to review the phases and follow-up of discussions on the Draft Reports of the work.

10. Valuation report and fairness opinion

- a) Masih Muhith Haque & Co. has provided a fairness opinion as integral part of the report.
- b) Masih Muhith Haque & Co. confirms that, the valuation has been conducted in accordance with International Valuation Standards (IVSs).
- c) Masih Muhith Haque & Co. confirms that, the valuation has been conducted in accordance with Bangladesh Securities & Exchange Commission (BSEC) guide line.
- d) Masih Muhith Haque & Co. confirms that, the ownership, possession and issue of assets are with the company.
- e) Masih Muhith Haque & Co. confirms that, it has maintained fundamental principles of ethical conduct namely integrity, objectivity, competence, confidentiality and professional behavior during the valuation.

11. Date of Valuation Report:

The date of valuation report is at September 01, 2016.

12. Valuation Approach & Methodology

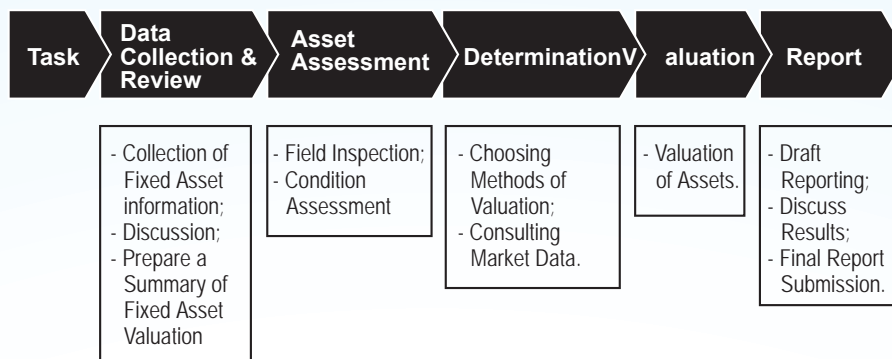
12.01 Approach

Valuation is the process where technical factors are involved to value the assets at fair market price. We valued assets at the estimated current market price on its existing condition and location.

The approaches regarding valuation of Assets included the following activities:

- a) Arrange an entrance meeting with the management of ACME and collect required documents;
- b) Briefed the team members so that all the members of the team can understand as to what are their specific duties and responsibilities regarding the accomplishment of said assignment;
- c) The team started field work and collected all relevant data;
- d) The engagement partner, engagement manager and the team held in-house discussions to select a suitable methodology from the practiced valuation methodologies across the business world;
- e) In order to get expected output, we had arranged time to time discussion meetings with ACME management to collect reliable information.
- f) Valuation of Assets;
- g) Prepared a Draft Report under direct guidance of the Engagement & concurring partner and shared with the management;

This approach is depicted in the following graphic:



12.02 Methods of Valuation

The common methods used in valuing the Assets are:

Under this method the current market price on its existing condition of land, building, machinery, utilities and office equipments are the best estimate of the price reasonably obtainable at the date of the valuation.

MMH included an expert, Mr. Md. Saidur Rahman, Structural Engineer in their team. Two of our representatives from MMH were with the technical expert. We investigated and measured the land and building and collect required information and observed the present conditions. We visited the factory and collected necessary documents and took some snap shots for drawing proper valuation of land and building.

The valuation team has valued the Assets through a procedure discussed below:

Collect required documents and papers

Initially the team has collected the following documents from ACME:

Verification of Fixed Asset Register

Masih Muhith Haque & Co. employed the following processes while verifying the Fixed Asset Register including request for data to ACME as follows:

1. Asset description and detailed group
2. Deed of land
3. Some other related documents for valuing land were also collected;
4. Building layout design & planning;
5. Physical count (assets in use)
6. Historical Cost (installation cost)
7. Physical location
8. Installation/ procurement data etc
9. Applicable physical condition etc.
10. Made due verification of accounting and financial records.

13. Observation & Limitations

- The valuer is responsible for the valuation of the properties concerned only but not any encumbrance, string or interest attached to it.
- Masih Muhith Haque & Co., Chartered Accountants hereby declares that they have no interest directly or indirectly in any manner whatsoever in the subject matter in this report.
- We have evaluated the land, building, machinery, utilities motor vehicle and office equipments on the basis of present market value. In future & elapse of time value of the assets may be increased or decreased with the development of economy.
- Our responsibility is limited to exercise of reasonable care.
- This report does not intend to relieve any party from its contractual obligation and is issued without any prejudice.

Report on the valuation of Assets of The ACME Laboratories Limited

The ACME Laboratories Limited

Group summary

As on 30 June, 2016

Group of Fixed Asset	Annexure	Carrying Amount (Tk.)	Revalued Amount (Tk.)	Revaluation Surplus/ (Impairment Loss) (Tk.)
		2016	2016	2016
Land & Land Development	Annexure-2.00	4,276,040,421	4,717,505,034	441,464,613
Building	Annexure-3.00	4,472,066,952	4,472,066,952	-
Machinery & Equipment	Annexure-4.00	2,805,723,379	2,803,383,268	(2,340,111)
Utilities, Electrical Installation & Engineering	Annexure-5.00	991,384,002	988,905,058	(2,478,944)
Motor Vehicle	Annexure-6.00	200,773,752	197,113,634	(3,660,118)
Office Equipment	Annexure-7.00	33,411,408	31,003,032	(2,408,377)
Total		12,779,399,914	13,209,976,977	430,577,063

Risk Factors and Management Perception

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 concerned professionals are very conscious 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 shall exercise 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 nationwide 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 medicine for its present 160 million (approx.) populations and requires huge quantity of medicine. As such, local pharmaceutical industry is not in a trouble; rather the said industry has ample opportunities to grow.

Management Perception

As the per capita 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.

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 harm 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 pharmaceuticals industry is only increasing year-on-year basis and ACME is following fool-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 can 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 the one used by the Company which may cause operational inefficiency.

Management Perception

As a one of the leading pharmaceutical firm 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 equipments 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.

Potential Changes in Global and National Policies

Changes of Government policies may affect business. 49 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 least developed country 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 fool-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 on obligation. Credit risk information helps users of Financial Statements asses 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 2016 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 the any dues and they have been demonstrating remarkable performances in collecting receivables as per Company's credit and collection policy.

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.

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 assumption, 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 assets

ACME has positive net current assets of BDT 3,036.57 million as at 30 June 2016. It indicates the Company's ability 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 2015-2016, the Statement of Cash Flows of the Company shows very positive operating cash flows of BDT 1,322.80 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 BOD proposed 35% cash dividend to its shareholders. In the year 2014-15, 2013-14, and 2012-13, declared 35%, 35% and 30% cash dividend respectively 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 obligations to the lenders. The Company is very particular in fulfilling the terms of loan agreement.

Performance growth

ACME has excellent growth in its operating performance. Total operating revenue is BDT 12,644.91 million and total profit after tax is BDT 1101.27 million. All those indicators support Company's continuance in foreseeable periods.

OPERATING INDICATIONS

Expansion of business

As a part of project implementation schedule as mentioned in the Prospectus, ACME has already started the construction works of Steroid and Hormone Project. Commencement of construction works of other projects will be started later on and to be implemented gradually. To cope with regulation and market demand, by this time construction of several new projects have been started.

Considering the facts and circumstances, the Management has worked out and prepared a proposition for utilization of IPO proceeds which are as follows:

- a. Steroid and Hormone
- b. Penicillin
- c. Active Pharmaceuticals Ingredients (API) Project
- d. Oncology
- e. Auyrbedic Modern Herbal and Nutraceuticals

In addition to above, estimated amount of capital expenditure committed by the Company mainly in the form of Letter of Credit opened in favor of suppliers of plant and machineries related to development projects as at 30 June 2016 is BDT 162,198,212.

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.

OTHER INDICATIONS

Strong equity base

As on 30 June 2016, total equity of the Company stands at BDT 16,364.47 million (30 June 2015: BDT 11,372.63 million) representing an increase of 43.89% over last year that reflects company's long-term viability.

Changes in Government policy

Since product of pharmaceuticals industry is essential one, it is an import substitute industry and value addition is remarkable, government regulations are mostly investment friendly for this sector particularly. Management anticipates no significant change in legislation or government policy, which may materially affect the business of the Company.

Based on the above indications, directors feel it is appropriate to adopt going concern assumption and there is no material uncertainty in preparing the financial statements. Adequate disclosures have been made in the financial statements and different sections of the annual report to understand the appropriateness of going concern basis in preparing financial statements.



The ACME Laboratories Ltd.

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

FORM OF PROXY

I/We _____
of _____ being
a member of The ACME Laboratories Limited hereby appoint Mr. /Mrs./Ms _____ of
_____ as my / our proxy to attend, vote for my/our behalf at the 40th Annual
General Meeting of the company to be held on Monday, 7 November 2016 at 10:30 a.m. at PSC Convention Hall (1st
Floor), Police Staff College Bangladesh, 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

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

Authority Signatory



The ACME Laboratories Ltd.

(SHAREHOLDERS ATTENDANCE SLIP)

I/We hereby record my /our attendance at the 40th Annual General Meeting being held on Monday, 7 November 2016
at 10:30 a.m. at PSC Convention Hall (1st Floor), Police Staff College Bangladesh, Mirpur -14, Dhaka -1216

Name of 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.



ONE HEALTH

From concept to practice

About ONE HEALTH

The One Health concept recognizes that the health of human is connected to the health of animals and the environment. There are many examples that show how the health of people is related to the health of animals and the environment. For instance, animals can pass some diseases on to human. These diseases are known as zoonotic diseases. Examples include:

Rabies

Salmonella infection

West Nile virus fever

Animals also share our susceptibility to some diseases and environmental hazards. Because of this, they can serve as early warning signs of potential human illness. For example, birds often die of West Nile virus before human get sick with West Nile virus fever.

One Health is not a new concept, but it has become more important in recent years because many factors have changed the interactions among human, animals and the environment. These changes have caused the emergence and reemergence of many diseases.

Factor (Cause)	Change (Effect)
Human populations are growing and expanding into new geographic areas.	As a result, more people live in close contact with wild and domestic animals. Close contact provides more opportunities for diseases to pass between animals and people.
The earth has experienced changes in climate and land use, such as deforestation and intensive farming practices.	Disruptions in environmental conditions and habitats provide new opportunities for diseases to pass to animals.
International travel and trade have increased.	As a result, diseases can spread quickly across the globe.

Successful public health interventions require the cooperation of the human health, animal health and environmental health communities. By promoting this collaboration, CDC achieves optimal health outcomes for both people and animals.

ONE HEALTH

From concept to practice

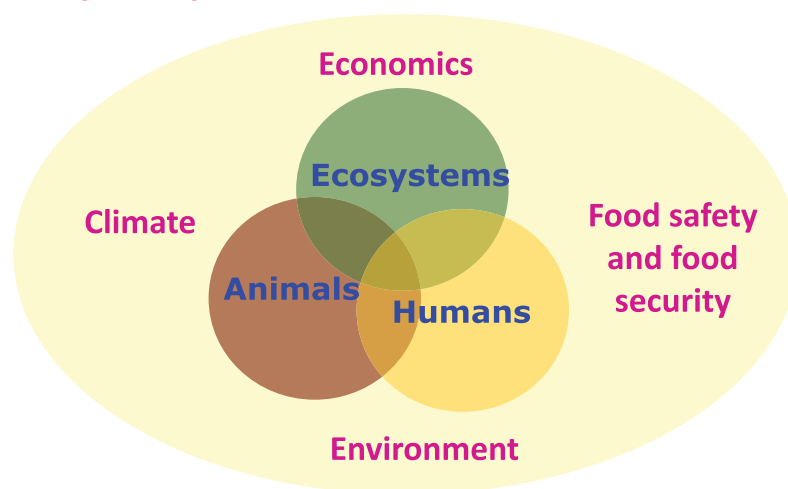
What is ONE HEALTH

ONE HEALTH (OH) mainly recognizes the correlation among Human, Animal & Environment health. The OH approach embraces the idea that a disease problem impacting the health of human, animals & the environment can only be solved through improved communication, cooperation and collaboration across physicians, veterinarians and ecologist.

The most widely accepted definition is: ***“The collaborative effort of multiple disciplines –working locally, nationally and globally –to attain optimal health for people, animals and our environment”***

Ref : American Veterinary Medical association (AVMA) One Health Initiative Task Force (2008)

Accepted perceptions of the definition of ONE HEALTH



History of ONE HEALTH

- In the mid 1800's, Rudolf Virchow, German physicians said "Between animal and human medicine there are no dividing lines—nor should there be. The object is different but the experience obtained constitutes the basis of all medicine."
- In 1947, James H. Steele founded the Veterinary Public Health Division at CDC to practice veterinary public health throughout the world.
- In 1980's, Calvin Schwabe, epidemiologist, unified human & veterinary approaches to combat Zoonotic disease providing the modern foundation for ONE HEALTH.
- In 2004, the Wildlife Conservation Society hosted a symposium to set 12 priorities to combat threats to human and animal health.
- In 2007, ONE HEALTH Initiative task force is formed by The American Veterinary Medical Association & The American Medical Association.
- The 1st ONE HEALTH Conference and the 2nd International ONE HEALTH Congress was held in 2011 & 2013 respectively.