

ANNUAL REPORT

2016-2017



Let us go green

For Health, Vigour and Happiness



ACME

CORPORATE OFFICE
Court de la **ACME**

Annual Report | 2016-2017



OUR VISIONARY LEADERS



Late Hamidur Rahman Sinha



Late Noor Jahan Sinha

Annual Report 2016-2017

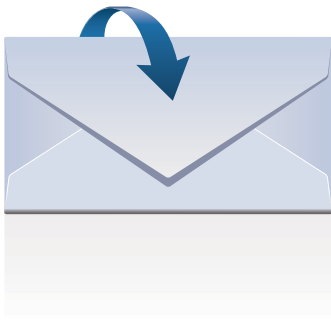
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TRANSMITTAL LETTER

10 November 2017

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 2017.

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 2017, 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 2017 along with notes thereon and all related Statements for your record and necessary measures.

Yours sincerely,

(Md. Rafiqul Islam, FCS)
Company Secretary

NOTICE

10 November 2017

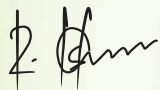
NOTICE OF THE 41ST ANNUAL GENERAL MEETING

Notice is hereby given that the 41st Annual General Meeting (AGM) of the Shareholders of The ACME Laboratories Ltd. will be held on Monday, 4 December 2017 at 10:30 a.m. at PSC Convention Hall (1st Floor), Police Staff College Bangladesh, Mirpur -14, Dhaka -1206 to transact the following businesses:

AGENDA

- A 2017-41- 01** : To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2017 and the Reports of the Directors and the Auditors thereon.
- A 2017-41- 02** : To approve proposed dividend for the year ended 30 June 2017.
- A 2017-41- 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 2017-41- 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 2017-41- 05** : To approve re-appointment of Independent Directors.

By order of the Board



(Md. Rafiqul Islam, FCS)
Company Secretary

Notes:

- i. The record date is fixed on 31 October 2017. 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 41st 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-holder(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 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 41st Annual General Meeting of The ACME Laboratories Ltd. being the Second Annual General Meeting since its listing. We would like to take this opportunity to express our heartfelt thanks and gratitude to all the investors who showed their confidence on ACME by holding the securities and accompanying with the journey of ACME toward enormous possibilities and prosperity. We also take this opportunity to welcome Mr. Kazi Sanaul Hoq, who has recently joined our Board as nominee Director from the Investment Corporation of Bangladesh (ICB). We are hopeful that his long term experience in the Financial and Capital Market will help to enrich the board of the Company.

On this auspicious occasion, we would like to introduce the Annual Report 2016-2017 furnishing before you the Company's Financial Statements for the year ended 30 June 2017, the achievements and a review of gradual and sustainable progress of the Company. Your Company continues to be an active contributor and participant in the growth of the Bangladesh Pharmaceutical industry over the past many decades. The Company has a sound history of stable manufacturing, marketing and distribution operations with ethical values and has always stood by its vision "to ensure Health, Vigour and Happiness for all."

On behalf of the Board, we 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 despite of some unfavorable situation. 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.

Like previous years, ACME has achieved expected growth in all aspects. Volume growth was achieved through a focused business strategy that was supported by our dedicated people across all business functions. Our products portfolios were strengthened through customers' relevant initiatives and excellent retail level executions. As per 4P Marketing Consultancy of Bangladesh, our rate of prescription has increased significantly which is a symbol of confidence of the Doctors as well as customers on ACME's products. Besides, during the year, the Company has been successfully upgraded its ISO standard from 9001:2008 to 9001:2015 version.

During the year under review, your Company continues to make significant investments in various projects like Steroid and Hormone, Penicillin, Active Pharmaceuticals Ingredients (API) project including some other projects. Going forward the focus remains on expansion of the Company's products portfolio and increasing market penetration in both domestic and international markets.

Qualified human resources are our highest valuable capital. People management uses a structured approach to developing, retaining and rewarding talents. A standard and continuous training environment had been ensured to enrich the proficiency and competencies. Leadership Performance Management provides guidance to our leaders on the competencies required for business sustainability and is structured into corporate, management and functional competencies. Our integrated Performance Management System assesses the extent to which leadership goals are achieved, exceeded and informs individual development plans.



In the year under review, 49 (forty nine) new products have been added with the existing product portfolio of the ACME, production capacity increased to meet the demand of the local and global market as well. This is the sign of our gradual growth that preserves the interest of the investors through accomplishment of our strategic objective.

Considering the industry, bright prospect and market demand of both domestic and global, ACME planned to introduce several new projects. As communicated earlier, the construction of Steroid & Hormone and penicillin projects have already been started and hopefully will be completed within the timeframe. Regarding API projects, the Government recently issued allotment Letter with regard to API plots in favour of the Company. As per terms of the concerned authority, we paid the proportionate amount for establishment of central Effluent Treatment Plant(ETP) and 1st installment for the allocated land. 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 Members. 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, which enabled the Management to achieve sustainable results during the year 2016-2017.

We would express our sincere acknowledgement the contribution made by the members of the management team and employees of all levels for their tireless efforts. We also would like express our heartfelt gratitude to Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE), Central Depository Bangladesh Ltd. (CDBL), Registrar of Joint Stock Companies and Firms (RJSC), National Board of Revenue (NBR), Insurance Development and Regulatory Authority (IDRA), Government Agencies, Directorate General of Drug Administration (DGDA), our valued customers, Healthcare Professional, Bankers, Insurance Companies, suppliers and all concerned for their continued support and cooperation. We wish the Company every success and a sustainable future. We are confident that we have the right strategic focus, people and resources to deliver continued growth in the years ahead.

Thanking you all with best wishes.

Afzalur Rahman Sinha
Chairman

ICSB AWARD FOR EXCELLENCE IN CORPORATE GOVERNANCE

Institute of Chartered Secretaries of Bangladesh awarded The ACME Laboratories Ltd. for its Excellence in Corporate Governance. The Company received the award under the Pharmaceuticals category.



MESSAGE FROM THE MANAGING DIRECTOR



Dear Shareholders, Ladies and Gentlemen,

It gives me immense pleasure to report our Second Annual result as a listed Company. On behalf of the Management, I would like to thank all of our shareholders, investors, management team and other stakeholders of the Company. I also take the privilege to thank you all on behalf of myself and Members of the Board for attending at the 41st Annual General Meeting of The ACME Laboratories Ltd.

You are aware that, the Pharmaceutical industry is one of the most dynamic and technologically advanced industries in the world. The Global Pharmaceutical Market is expected to touch US\$ 1.4 trillion by 2020, compared to US\$ 1.0 trillion in 2015 as per IMS. Demographics, increased incidence of chronic ailments, ageing population, increasing income levels and improved access to healthcare will be the key drivers of Bangladesh Pharmaceutical Market in the coming years. However, globally rising health care costs continue to be a major concern for everyone from patients to policymakers. Population growth, ageing citizens and slower global economic growth are likely to pressurise global healthcare budgets. In such an environment, generic drugs are an essential part of any solution to sustaining the healthcare system and are the key drivers of increasing patient access to modern medicines in global pharma market.

The global healthcare industry is changing rapidly. Product differentiation is becoming a key driver of success in an ever competitive and demanding industry. Businesses will need to be more innovative as well highly cost competitive to ensure long-term sustainable value for shareholders. At the same time, with increased expectations of highly regulated markets, cGMP compliance is also becoming a key determinant of future success. This requires focused efforts and investments on the part of the industry to remain 24 /7 compliant with cGMP norms. Large companies like ours have the capabilities and resources to ensure that we are able to adhere to these norms.

Over the past decades, Pharmaceutical industry of our country has seen phenomenal growth both in domestic and global market, currently contributing to almost 1% of GDP and is expected to grow significantly in the coming years. Bangladesh is experiencing a consistent increase in healthcare expenditure which currently stands at almost 3% of GDP. During the year ended 30 June 2017, the Company has earned net profit before tax amounting to BDT 2,035.550 million which after provision of income tax stood at BDT 1,397.850 million.

During the year, the Company achieved sustainable growth and its total revenue stood BDT 13,576.32 million. Domestic sales continue to remain as the key driver with 96.68% of the total revenue. The Company is continuously pressing hard for expanding its international market. During the year the export amounting BDT 450.42 million as against BDT 371.78 million in previous year, with 21.15 % growth. We are also hopeful that our global operation would enter into a new phase and enable the Company to open a new chapter of operation both in production and turnover, with new dimension.

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

Finally, I appreciate the leadership provided by the Board of Directors and 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 could made significant improvement during the financial year 2016-2017 in all financial indicators. Of course, the capable and committed employees of the Company are the key drivers of this profitability.

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

With warm regards,



Mizanur Rahman Sinha

Managing Director

BRIEF PROFILE OF THE DIRECTORS



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 Knit Industries Limited and Sinha Fabrics Limited. He has become Chairman of the Company in 2014. He is a sport loving personality, a key organizer and patron to the cricket & 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 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 Ltd. and Sanjar Aviation Ltd. She is also Director of The ACME Agroviet & Beverages Ltd., Kalyar Packaging Ltd., and Kalyar Replica Ltd. Besides, Mrs. Mizan is a social entrepreneur which has given her an opportunity to grow and make a difference in the social life in which she lives.



Mrs. 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. Kazi Sanaul Hoq
Nominee Director

Mr. Kazi Sanaul Hoq has completed his B. Com (Hon's) and M. Com in Accounting from the University of Dhaka. He has joined in the Investment Corporation of Bangladesh (ICB) as Managing Director on 10 August, 2017. He started his career as a Senior Officer in ICB on 25 October 1984 and served different position in the same organization. Before his joining, he acted as Managing Director in Rajshahi Krishi Unnayan Bank (RAKUB), during his service life he served different Banks and Financial Institutions. Earlier, he served as Managing Director (Current Charge) and Deputy Managing Director at Agrani Bank Ltd. In addition to that Kazi Sanaul Hoq was serving as General Manager in Bangladesh Development Bank Ltd. (BDBL) and Rajshahi Krishi Unnayan Bank (RAKUB). He also served as CEO in ICB Securities Trading Company Ltd. He has been contributing his professional expertise as the Chairman of ICB Capital Management Ltd. Apart from that, he is now serving as the Director of British American Tobacco Bangladesh Co. Ltd. (BATBC), Linde Bangladesh Ltd., GlaxoSmithKline Bangladesh Ltd. (GSK), Renata Ltd., Bangladesh Krishi Gobeshona Endowment Trust (BKGET), Credit Rating Agency of Bangladesh Ltd. (CRAB), Credit Rating Information and Services Ltd. (CRISL), Standard Bank Ltd., National Tea Company Ltd., Apex Tannery Ltd., Central Depository Bangladesh Ltd. (CDBL) including some other Organizations as Director. Being a Managing Director of the Investment Corporation of Bangladesh (ICB), he joined as nominee Director of The ACME Laboratories Ltd. on 11 September 2017.



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 returned 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 of 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.

MEMBERS OF THE MANAGEMENT COMMITTEE:

Sl. #	Name	Designation in the Company	Management Committee
01.	Mr. Mizanur Rahman Sinha	Managing Director	Chairman
02.	Dr. Jabilur Rahman Sinha	Deputy Managing Director	Vice Chairman
03.	Mr. Md. Hasibur Rahman	Additional Deputy Managing Director	Member
04.	Mr. Parvez Hashim	Executive Director – Plant	Member
05.	Mr. Arshad-ul- Alam	Executive Director – Marketing Management	Member
06.	Mr. Golam Rabbani Bhuiyan	Director- Sales	Member
07.	Mr. A.K.M. Mushiur Rahman Khan	Director –PPIC	Member
08.	Mr. Md. Zahangir Alam, FCMA	Chief Financial Officer	Member
09.	Mr. A. B. M. Imtiaz Ahmed Khilji	Technical Director –Plant	Member
10.	Mr. Md. Humayun Kabir	Head of International Business	Member
11.	Mr. Mohammad Shariful Islam	General Manager-Marketing	Member
12.	Mr. Md. Rafiqul Islam, FCS	Company Secretary	Member
13.	Mr. Tushar Kanti Kundu	Head of HR	Member Secretary
14.	Syed Nazmul Huda	Head of IT	Member



To ensure Health, Vigour and Happiness for all.

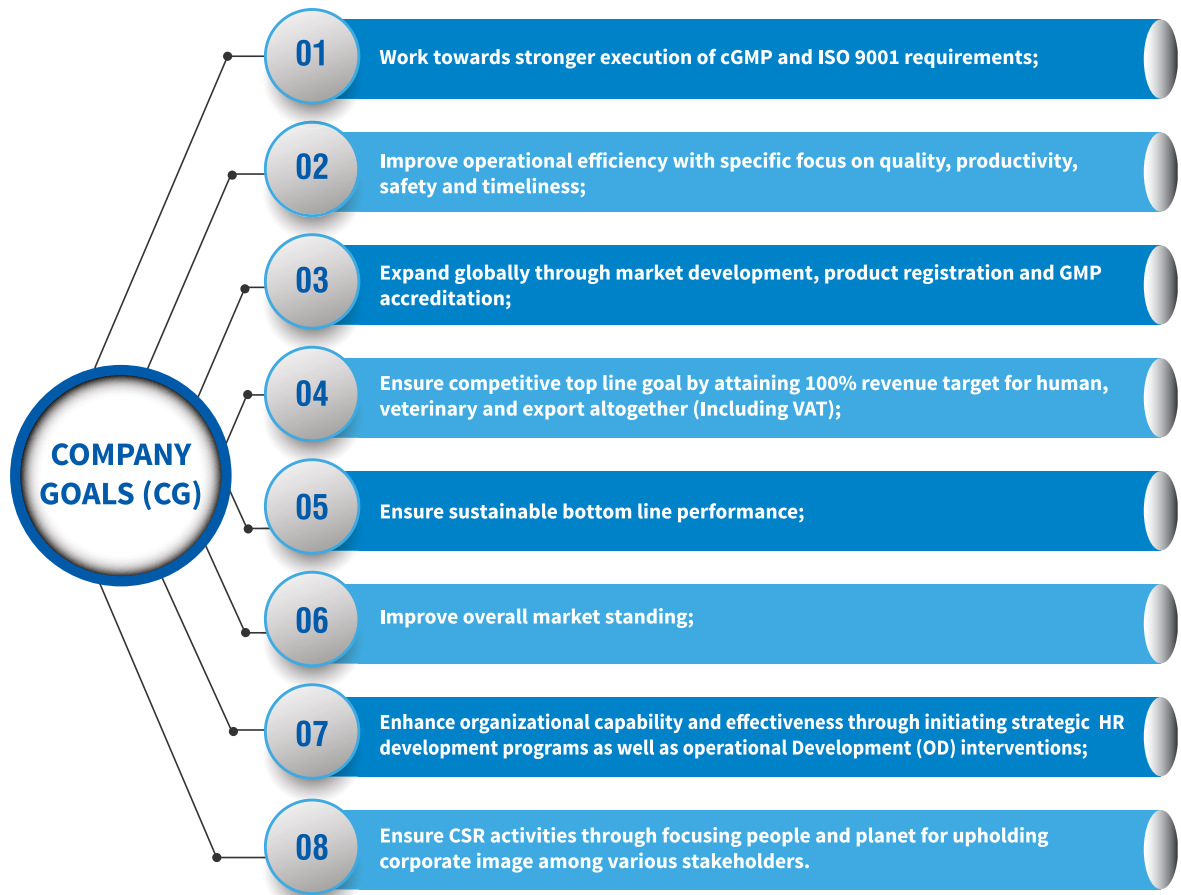
VISION



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.

MISSION STATEMENT



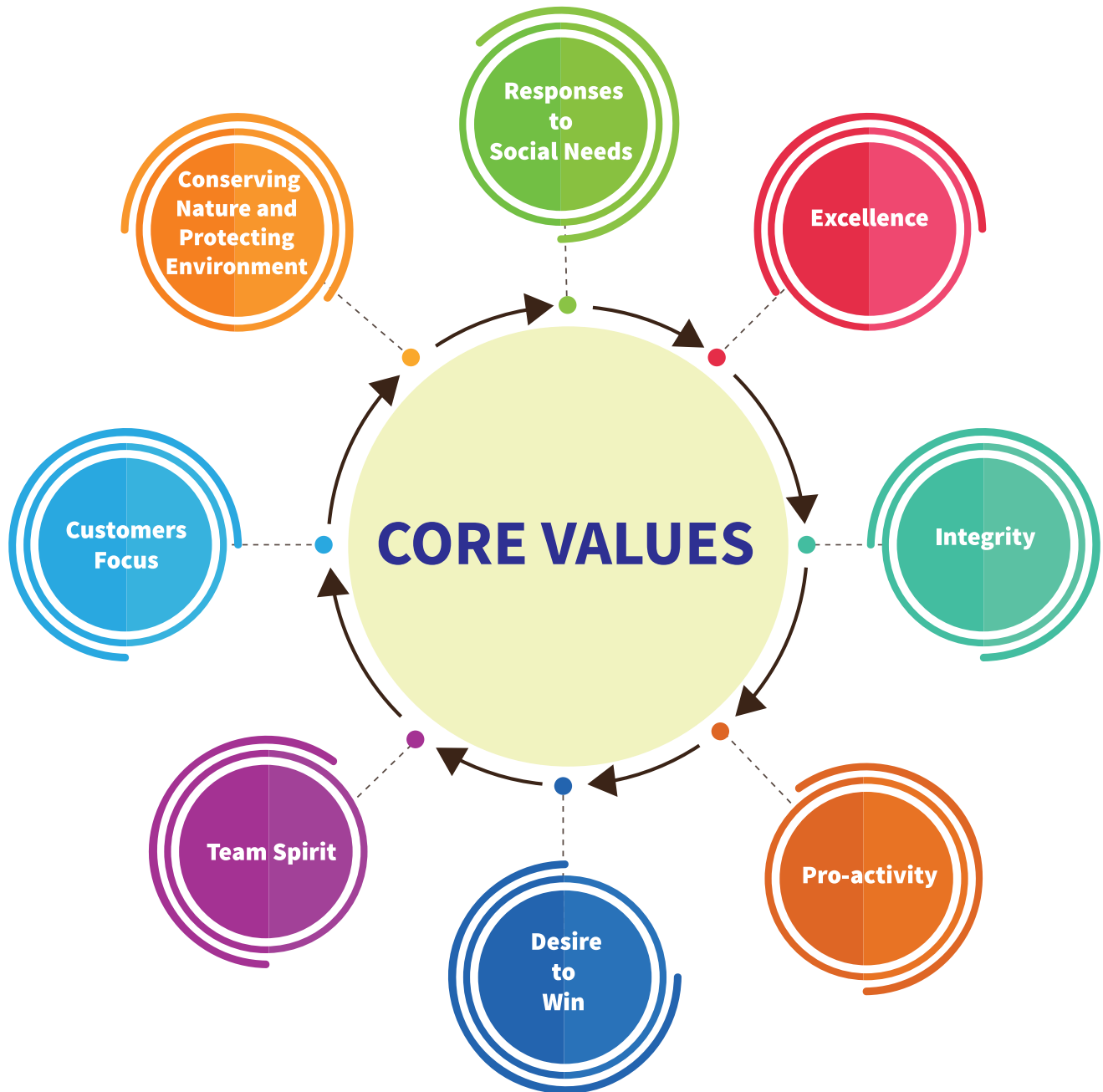


Business is the heritage of Sinha family and in fact, they were one of the renowned jute shippers in the then subcontinent. But founder of the Company Late Hamidur Rahman Sinha thought to do well- being of the poor fellow of the soil. Accordingly, he planned to establish a Pharmaceuticals company and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

PURPOSE

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

2017

- Up gradation of ISO standard from 9001:2008 to 9001:2015 version.
- Received the Letter of Allotment for API Plots.

2016

- Listed with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.
- Commencement of construction work of Steroid and Hormone project.
- Commencement of construction work of Penicillin project.

2014

- Commencement of Commercial operation of Cephalosporin facilities.
- Commencement of Commercial operation of Liquid in hard gelatin facilities.
- Commencement of Commercial operation of BFS facilities.

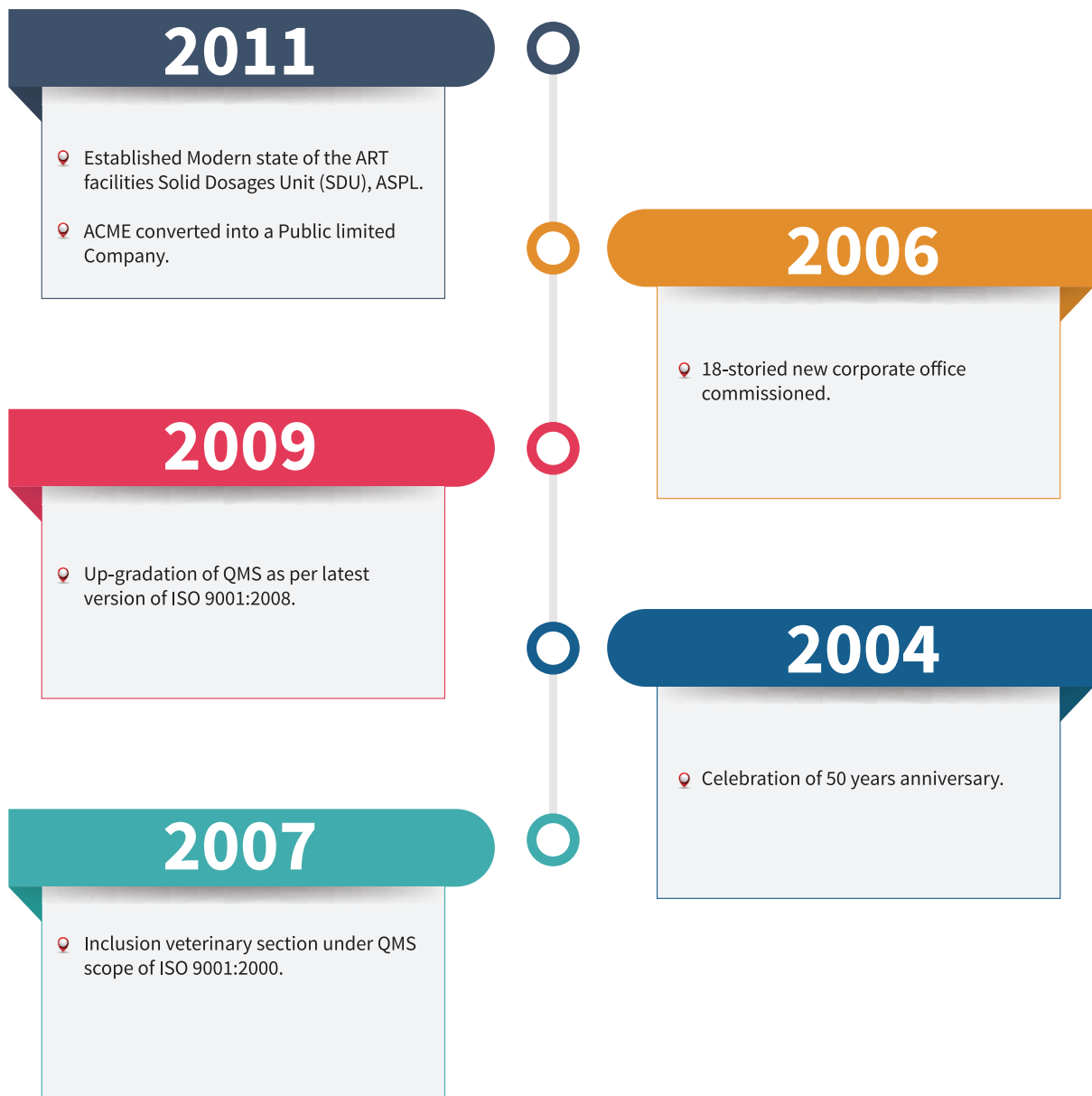
2013

- Company raised Paid up Capital amounting BDT 2060 million by issuing 39.63 million Ordinary shares.
- ASPL amalgamated with The ACME Laboratories Ltd.

2012

- Achieved certification of ISO 9001-2008 for the new state-of-the art Solid Dosages Unit (SDU).

IMPORTANT MILESTONES



IMPORTANT MILESTONES

1999

- ISO 9001:1994 certification for its Quality Management System & in the same year launched Veterinary Division.

1995

- ACME started its first journey to International Operation by exporting medicines in Bhutan.

1983

- Commercial operation in modern facilities after BMRE project at Dhamrai.

1976

- The firm converted into a Private Limited Company.

1954

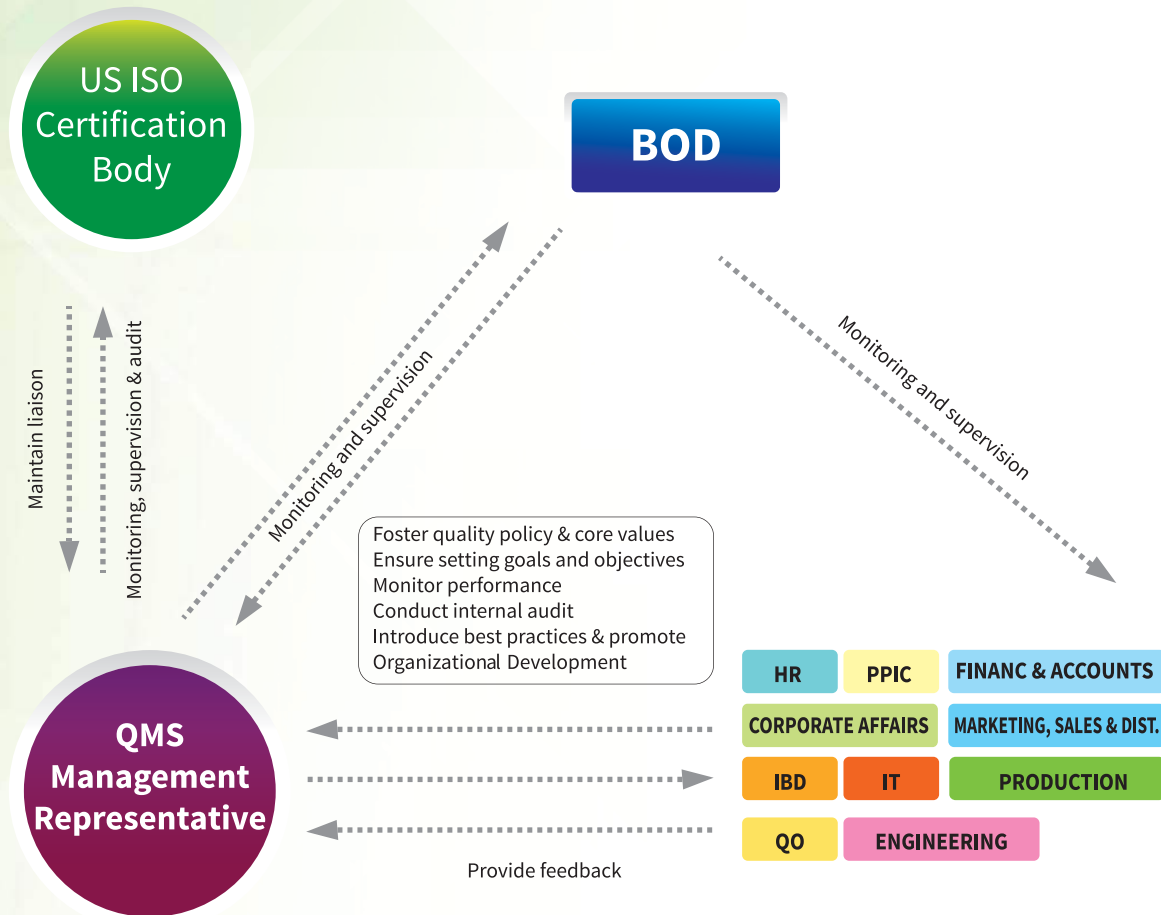
- Year of foundation of ACME as proprietorship firm.

SOLID DOSAGES UNIT



QMS OPERATIONS

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



QMS and 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; organizations' 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.

BOARD'S STRUCTURE AND ITS ROLE

Composition of the Board

The Board of The ACME Laboratories Ltd. is comprised of 8 (eight) Directors of whom 5 (five) Directors are Shareholder Directors, 1 (one) nominee Director and 2 (two) Independent Directors. Chairman is elected from amongst the members. All the members of the Board of Directors of the Company are highly seasoned professionals, skilled, well-experienced, extremely devoted, responsible, committed and reputed in their respective arena and they have prerequisite technical understanding about the Company's business affairs which combined with its diversity of culture and background, stands as the perfect platform to perform and deliver.

Role of the Board

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

Role of Chairman

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

Role of Managing Director

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



GENERAL UNIT



DIRECTORS' REPORT

For the year ended 30 June 2017

Dear Shareholders,

On behalf of the Board of Directors and Management Team, we would like to welcome you all to the 41st 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 2017.

PROFIT AND ITS APPROPRIATION

Particulars	(BDT in million)	
	2016-17	2015-16
Net Profit after Tax	1,397.850	1,101.268
Adjustment for depreciation on revaluation surplus	85.839	110.353
Profit brought forward from previous year	3,303.424	2,689.794
Total Profit Available for appropriation	4,787.113	3,901.415
Appropriation		
Final Cash Dividend for the year 2015-16 (Comparative year 2014-15)	(740.606)	(565.606)
Tax Holiday Reserve	(7.218)	(32.385)
Closing Retained Earnings at the year-end (before proposed Dividend)	4,039.289	3,303.424
Proposed cash dividend for the year 2016-2017 @ 35%	(740.606)	(740.606)
Retained earnings after Proposed Dividend	3,298.683	2,562.818

DIVIDEND

During the year ended 30 June 2017, the Company has earned net profit before tax amounting to BDT 2,035.550 million which after provision of income tax stood at BDT 1,397.850 million. Considering the performance of the Company and subject to the approval of the Shareholders in the forthcoming AGM, the Board of Directors has recommended 35% cash dividend i.e. BDT 3.50 per share which comes BDT 740.606 Million.

INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENT

The Pharmaceutical industry is one of the most dynamic and technologically advanced industries in Bangladesh. Over the past decades, it has seen phenomenal growth both in domestic and global market, currently contributing to almost one percent of GDP and is expected to grow significantly in the coming years. Bangladesh is experiencing a consistent increase in healthcare expenditure, mostly out of pocket, which currently stands at almost three percent of GDP. Estimates suggest the domestic market will grow further in the coming years.

Demand of Pharma products are increasing globally. According to IMS (an USA based healthcare market surveyor entity) by 2020 global demand of Pharma products will be USD 1.4 trillion, which was USD 965 billion in the year 2012.

Right at this moment Bangladesh Pharma market is on the crossroad of development. New avenues are going to be opened in the domestic market as well as in the global market. In the financial year 2015-16, the annual sales of Pharmaceutical products stood about BDT 15,000 crore. It is a huge jump for the sector as the industry size was only BDT 170 crore in 1982. Insiders of the industry expect that by the year 2020 Bangladesh Pharma market size may exceed BDT 33,000 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 industry is now heading towards almost self-sufficiency in meeting local demand. There are about 568 (Allopathic: 268, Ayurvedic: 201, Unani: 25, Herbal: 32 & Homeopat: 42) licensed Pharmaceuticals manufacturers in the country, producing around 98% of the total internal demand. The remaining 2% basically constitute import of much specialized products like vaccines, anti-cancer products and hormone drugs.

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

Bangladesh is enjoying good number of factors as competitive advantages like comfortable size of local market, available technical know-how, 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 Pharmaceutical market in Bangladesh and will make the pharma industry more sustainable which logically attracts the scope for further growth in investment for expansion and development in this sector.

To meet the requirement, more than 90 percent of raw materials are imported every year by the Pharmaceutical Companies. To address the issue, the government has started the process of constructing an environment friendly Active Pharmaceutical Ingredient Industrial (API) park at Gazaria, Munshiganj. Most of the top ranking pharma companies got plots in the API Park is expected to go into establishment of API units.

Once the API Park is completed, Bangladeshi companies would be able to source the major of their raw materials from the units of the said API park, reducing reliance on imports, as per the insiders of the industry. There are ample possibilities to open up the international API market in Bangladesh. Besides, API facilities will be set up about 25,000 people will get employment opportunities in the project.



(1) UTILIZATION OF IPO PROCEEDS

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. Status of IPO proceeds as on 30 June 2017 are given below:

S.L	Name of the Projects	Time line	Total Estimated Amount	Status of Utilization as at 30 June 2017			
				Total Utilized Amount	Utilized %	Total un- utilized amount	Un- utilized %
01.	Steroid and Hormone Project	Within 2 years of receiving IPO fund, i.e, 2018	1,358,000,000	317,793,490	23.40%	1,040,206,510	76.60%
02.	Penicillin Project	Within the month of March 2018	400,000,000	53,819,852	13.45%	346,180,148	86.55%
03.	Active Pharmaceuticals Ingredients (API)	Within 2-3 years after getting permission from the Ministry of Industries	1,355,228,292	-	0.00%	1,355,228,292	100.00%
04.	Repayment of Bank Borrowings	N/A	1,360,000,000	1,360,000,000	100.00%	-	0.00%
05.	IPO Expenses	N/A	68,291,870	68,291,870	100.00%	-	0.00%
	Total		4,541,520,162	1,799,905,212	39.63%	2,741,614,950	60.37%

We are hopeful that the projects will be completed within the stipulated timeframe.



CEPHALOSPORIN UNIT



HUMAN & HERBAL PRODUCTS



(2) NEW PRODUCTS INTRODUCED

The following table shows the position of existing products and newly launched products during the year 2016-2017:

SL #	Product Category	No. of products as on 01.07.2016	Addition during the year	Discarded during the year	Total Net as on 30.06.2017
		(A)	(B)	(C)	(A+B-C)
	Human:				
1	Capsule	46	1	0	47
2	Cream	13	1	0	14
3	Dry syrup	32	1	0	33
4	Eye/Ear/ND	20	5	0	25
5	Injection	56	1	2	55
6	Liquid	51	3	2	52
7	Ointment	15	0	1	14
8	Tablet	265	12	0	277
9	Powder	1	0	0	1
10	Inhaler(DPI)	12	0	0	12
11	Suppository	14	0	0	14
12	Inhaler(MDI)	12	0	0	12
13	Herbal	42	5	0	47
14	Syringe	2	0	0	2
15	Gel	4	0	1	3
16	Infusion	15	0	0	15
	Total	600	29	6	623
	Veterinary:				
1	Injection	58	2	0	60
2	Liquid	39	14	0	53
3	Ointment	1	0	0	1
4	Bolus	23	2	0	25
5	Premix	17	0	0	17
6	Water Soluble Powder	60	2	0	62
	Total	198	20	0	218
	Grand Total	798	49	6	841

New products launching program has been planned by the Marketing Division and developed by Product Development department. It is expected that within a short period of time all the products introduced in the market will be reflected in the revenue of the Company.

VETERINARY PRODUCTS



(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 3 (three) 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 ISO, 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, the Company achieved moderate growth and its total revenue stood BDT 13,576.32 million. Domestic sales continue to remain as the key driver with 96.68% of the total revenue. The Company is continuously pressing hard for expanding its export sales. During the year the export amounting BDT 450.42 million as against BDT 371.78 million in previous year, with 21.15 % growth. Present export market covers Bhutan, Cambodia, Hong Kong, Lao PDR, Myanmar, Nepal, Philippine, Sri Lanka, Vietnam, Iraq, Kenya, Ethiopia, Botswana, Somalia, Guatemala, Afghanistan, Ghana, Peru, 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 2016-2017 as compared to previous year are summarized hereunder:

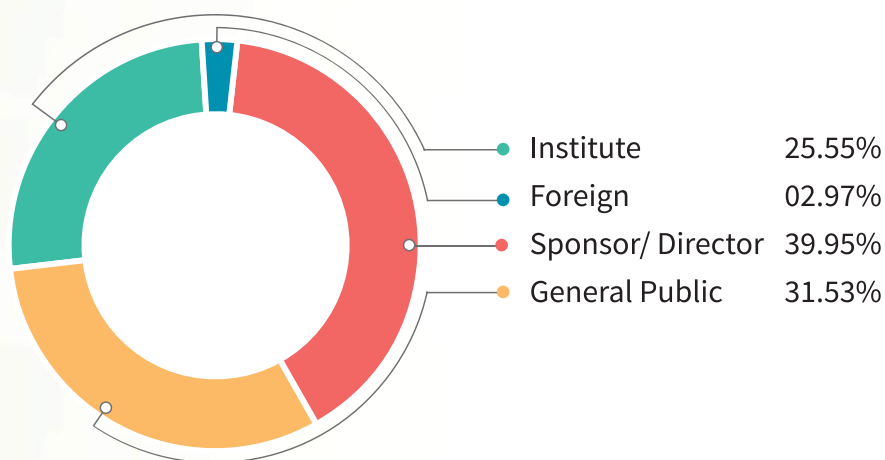
Particulars	2016-2017	2015-2016	% increase
Authorized Capital (BDT in mn)	5,000.00	5,000.00	-
Paid up Capital (BDT in mn)	2,116.02	2,116.02	-
Turnover (BDT in mn)	13,576.32	12,644.91	7.37%
Export Sales (BDT in mn)	450.42	371.78	21.15%
Gross Profit (BDT in mn)	5,536.49	4,874.30	13.59%
Profit before tax (BDT in mn)	2,035.55	1,402.10	45.18%
Net Profit after Tax (BDT in mn)	1,397.85	1,101.27	26.93%
Property, Plant and Equipment (BDT in mn)	18,220.23	17,240.11	5.69%
Shareholders Equity (BDT in mn)	16,956.28	16,364.47	3.62%
Gross Profit margin Ratio (%)	40.78%	38.55%	-
Net Profit Margin Ratio (%)	10.30%	8.71%	-
Dividend (Recommended) (%)	35%	35%	-
Net Asset Value (NAV) per Share (BDT)	80.13	77.34	3.62%
EPS/ Restated EPS (BDT)	6.61	6.55	0.92%
Weighted Average Number of Ordinary Shares	211,601,700	168,040,056	-
Number of Employees	7,576	7,674	-

Due to fire incident at Factory of the Company situated at Dhamrai, Dhaka as on 15 November 2016 insurance claims of BDT 316,187,461 have been lodged for various categories of assets against which claims amounting BDT 127,647,328 have already been settled and remaining part of the claims are in process of settlement.

COMPOSITION OF SHAREHOLDING POSITION

Shareholding Position as on 30 June 2017 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, Dhaka.	17,214,336	8.14
Mr. Mizanur Rahman Sinha	Managing Director	House No. 6, Road No. 14, Sector-4, Uttara, Dhaka.	20,426,565	9.65
Dr. Jabilur Rahman Sinha	Dy. Managing Director	Hazel Wood, House No. 4, Road No. 118, Gulshan, Dhaka.	4,860,696	2.30
Mrs. Jahanara Mizan Sinha	Sponsor Director	House No. 6, Road No. 14, Sector-4, Uttara, Dhaka.	10,519,744	4.97
Mrs. Nagina Afzal Sinha	Director	House No. 7, Road No. 6, Sector-3, Uttara, Dhaka.	11,888,433	5.62
Mr. Nasir-Ur-Rahman Sinha	Sponsor Shareholder	House No. 7, Road No. 7, Nabodoy R/ A, Mohammad pur, Dhaka.	6,160,405	2.91
Mrs. Parveen Akhter Nasir	Sponsor Shareholder	House No. 7, Road No. 7, Nabodoy R/ A, Mohammad pur, Dhaka.	5,401,517	2.55
Mrs. Khurshid Jahan Dabir (Mrs. Laizu Dabir)	Sponsor Shareholder	Vill: Dhohori, Post: Gowrogonj, Thana: Louhajang, Munshigonj.	725	0.00
Investment Corporation of Bangladesh	Shareholder	8, DIT Avenue, Level 14-17, Dhaka-1000.	8,060,597	3.81
Institute	Shareholders	-	54,066,097	25.55
Foreign	Shareholders	-	6,289,387	2.97
General Public	Shareholders	-	66,713,198	31.53
Total Holdings			211,601,700	100.00



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 2016-2017 are as follows:

Name of Directors	Position	No. of Meetings held	No. of Meetings attended
Mr. Afzalur Rahman Sinha	Chairman	15	13
Mr. Mizanur Rahman Sinha	Managing Director	15	15
Dr. Jabilur Rahman Sinha	Deputy Managing Director	15	12
Mrs. Jahanara Mizan Sinha	Director	15	11
Mrs. Nagina Afzal Sinha	Director	15	13
Syed Shahed Reza	Independent Director	15	12
Ms. Fouzia Haque, FCA	Independent Director	15	15
Mr. Md. Iftikhar-Uz-Zaman	Nominee Director	15	15

RELATED PARTY TRANSACTION

(Amount in BDT)

Name of the company	Relationship	Nature of Transaction	2016- 2017		2015-2016	
			Value of transaction during the year	Balance as at 30 June 2017	Value of transaction during the year	Balance as at 30 June 2016
Sinha Printers Ltd.	Common Director	Local Supply Received	445,803,332	(139,196,108)	445,037,684	(283,448,685)
		Provide Services & Others	299,133	-	460,444	-
ACMUNIO Int. Ltd.	Common Director	Advance	(5,000,000)	96,479,473	(42,562,425)	101,479,473
		Finished Goods Purchase	68,379	-	9,052,416	-
		Rent on Investment Property	6,462,000	6,462,000	6,462,000	-
		Car Sale	-	-	500,000	-
The ACME Agrovet & Beverages Ltd.	Common Director	Material Purchase	1,259,220	(1,259,220)	-	-
Kalyar Packaging Ltd.	Common Director	Local Supply	4,712,459	(3,606,808)	68,765,194	(1,840,076)
Kalyar Replica Ltd.	Common Director	Local Supply	236,998	(674,158)	7,040,742	(1,191,652)

DIRECTORS' INTERESTS IN OTHER ORGANIZATIONS

Sl. No.	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 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
		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. Kazi Sanaul Hoq	Investment Corporation of Bangladesh (ICB)	Managing Director
		ICB Capital Management Ltd.	Chairman
		Linde Bangladesh Ltd.	Director
		GlaxoSmithKline 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
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 2017 were as follows:

(Amount in BDT)

SL. #	Particulars	Remuneration and Salary	
		2016-2017	2015-2016
1	Directors Remuneration and Sitting Fees	31,119,167	30,295,003
2	Officers and Staffs Salary and Allowance	1,787,896,623	1,629,692,070

HUMAN RESOURCES

Multidisciplinary human resources comprising 7,576 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 respective agreements/trust deeds. Inspiring fringe benefits like bonus, holiday allowances, 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 programs. As we do believe, our success immensely depends upon performance of our 7,576 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 cannot be the only goal of any organization, well-being of the people and environments are also equally important. Moreover, it is our constitutional obligation as well to protect and improve the environment, bio-diversity etc. for the present and future citizen of Bangladesh. Hence, ACME has adopted Triple Bottom Line concept as its business philosophy.

The TBL dimensions synergistically include three Ps;

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

PEOPLE

- Ensured zero discrimination in performance appraisal, career development process and hiring process to establish Equal Opportunity Employment (EOE) culture in workplace.
- Initiated Periodic Health Monitoring and Diagnosis Programs to ensure healthy workplace.
- Ensured appropriate PPE in Risky & Hazardous operational areas where almost zero non-compliance has been found by HSE monitoring team.
- Involved with the multipurpose activities for the wellness of Community/ Society:

- In order to develop human resources and uphold the knowledge and skills of the medicinal plant Local Service Providers, the Company produced a comprehensive training manual titled, “প্রশিক্ষণ নির্দেশিকা - নির্বাচিত ঔষধি উদ্ভিদের পরিচিতি ও চাষাবাদ” in line with relevant WHO guideline. Another training manual has been developed namely, “ঔষধি উদ্ভিদ চাষীদের জন্য ব্যবহারিক শিক্ষা” targeting the illiterate and semi-illiterate farmers. The manual focused on Bengali alphabet learning, identification & cultivation technique of medicinal plants and other topics useful for the farmers (e.g. basic mathematics, weight & measures, primary health care, sanitation etc.). The Company spent BDT 85,000 for above purpose.
- BDT 319, 432 has been spent for providing series of trainings to the medicinal plant Local Service Providers & growers on identification, cultivation & collection technique of selected medicinal plants and other practical topics useful for the farmers.
- In order to meet the consistent practice of maintaining the quality standard of herbal raw materials the Company contributed for establishing Primary Collection & Multipurpose Centers and Sub Centers in the new areas of medicinal plant cultivation.
- Due to well understanding, good coordination and unique relationship between ACME and the medicinal plant growers despite of several constraints and natural disasters thousands of small and marginal farmers predominantly women have been producing huge quantity of selective herbs. They are regularly supplying medicinal plant materials to ACME and other medicine manufacturing companies of the country which provides additional income and also helping them to become self-reliant.
- The Company continued cash incentive scheme for medicinal plant growers and collectors with a view to accelerate medicinal plant cultivation more fully, poverty alleviation, self-employment and women empowerment. BDT 1,115,376 has been spent for this purpose.
- Recently the Company has taken initiative on trial basis for collecting honey from selective medicinal plants growing areas in order to diversify the product range of medicinal plant farmers so that additional income can be generated and superior quality of honey can be procured.
- Approximately BDT 168,000 has been spent for Graduate Students Internship Program (GSIP) in cash and kind.
- Introduced following employees’ well-being programs:
 - BDT 63,094,548 was disbursed under the scheme of WPPF and WWF.
 - In addition to Company’s contribution, BDT 17,132,452 was spent, contributed by both Officers’ and Directors’ of the Company, to support deceased employees’ family.
 - BDT 5,218,712 has been spent for the purpose of employees’ group insurance.
- In addition to above, the company 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 2016-17 the Company could reduce the use of CFC equivalent to 3,200 kg CO₂ which are vital evils for global warming and Ozone Layer Depletion.
- Saved energy consumption significantly through using energy saving electronic equipment (i.e. light, fan, computers, etc.)
- Minimized the risk of air pollution by using/installing HVAC systems in each and every manufacturing facility.
- The Company is upgrading its Effluent Treatment Plant (ETP) facility to make it more environment friendly. For this purpose, in the coming year we are going to implement zero discharge ETP water from our plants.
- The Company signed agreement with two International NGOs namely, United Purpose and HEVETAS Swiss Inter-cooperation in order to ignite cultivation of different medicinal plants including those are facing extinction crisis throughout the country for improving health of human, animal, environment and biodiversity.

PROFIT

- Achieved 7.37% Sales growth during the year 2016-2017.
- During the year 2016-17, Percentage of Net Profit to Net Sales ratio is 10.30%
- During the year 2016-17, Earnings Per Share is BDT 6.61 on one Equity Share of BDT 10.00 each.
- Net Assets Value per share is BDT 80.13 as at 30 June 2017.
- Followed consistent dividend policy over the last three years i.e. 35% cash dividend (proposed) during the year 2016-17; 35% cash dividend for the year 2015-16 and 2014-15.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year 2016-17, your Company paid BDT 2,092.20 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. Nagina Afzal Sinha and Mr. Kazi Sanaul Hoq, Directors of the Company, will be retired by rotation at the forthcoming Annual General Meeting and being eligible they offer themselves for reappointment.

RE-APPOINTMENT OF INDEPENDENT DIRECTORS

To meet the requirement of the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC), the Company appointed two Independent Directors namely- Syed Shahed Reza and Ms. Fouzia Haque, FCA on 9 September 2014 for 3 (three) years. Both of them completed their 1st term of 3 (three) years successfully. As per above mentioned guideline of BSEC, the Board in its 78th Meeting held on 11 September 2017 re-appointed Syed Shahed Reza and Ms. Fouzia Haque, FCA as Independent Directors of the Company for further 3 (three) years effective from 11 September 2017 subject to the approval of the shareholders in the 41st Annual General Meeting (AGM).

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 2017. 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 2017-2018 at a remuneration BDT 5,00,000 (Taka Five Lac) only subject to the approval of the shareholders in the AGM.

STATEMENT OF DIRECTORS ON FINANCIAL REPORTS

Directors are pleased to report that:

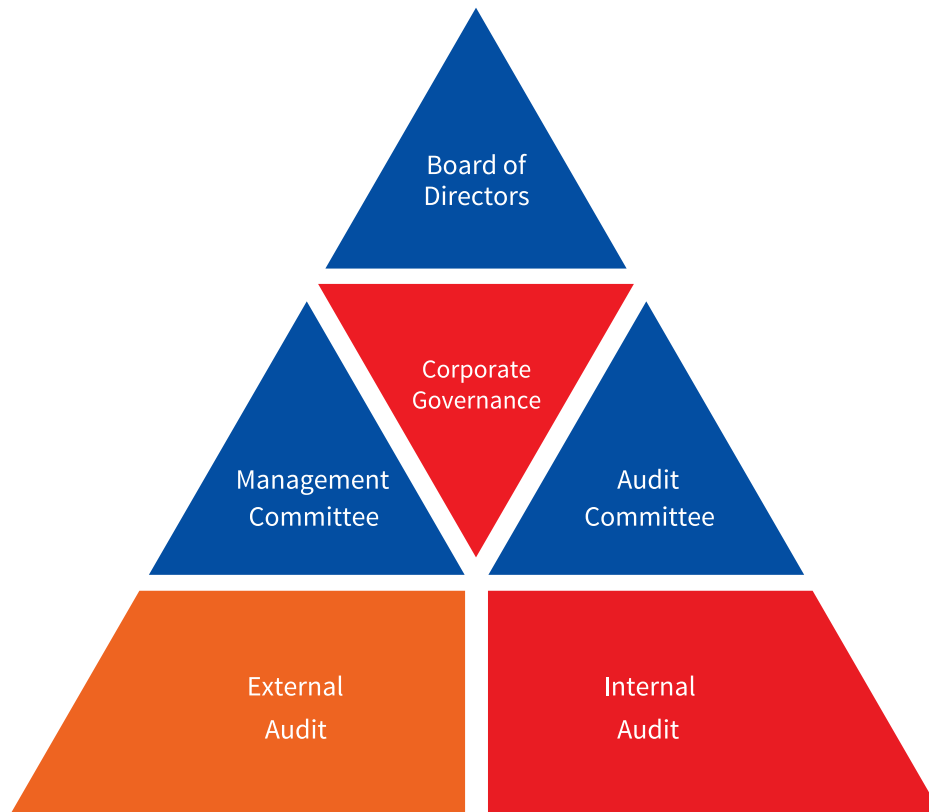
- a) The Financial Statements together with the notes thereon have been drawn up in consistent with the Companies Act, 1994 and Securities and Exchange Rules, 1987. These statements present fairly the Company's state of affairs, the result of its operations, statement of cash flows and changes in owners' equity.
- b) Proper books of accounts of the Company have been maintained.
- c) 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.
- d) 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 Stock Exchanges (Listing) Regulations, 2015 and as applicable any other law in Bangladesh, have been followed in preparation of the Financial Statements.
- e) Effective internal control system has been in place during the year under review and has been effectively monitored.
- f) There is no doubt whatsoever about the ability of the Company to continue as a going concern.

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 2017 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 Companies Act, 1994.

CORPORATE GOVERNANCE

Corporate Governance is a mechanism through which boards and directors are 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.



BOARD OF DIRECTORS

The current Board of Directors, elected on 7 November 2016 is the highest governance body of the Company and represents the interests of all shareholders and stakeholders, irrespective of who elected its Directors. The Board of Directors is a decision-making body, comprising eight Directors elected by the Ordinary Shareholders' Meeting, of whom 5 (five) Directors are Shareholder Directors, 1 (one) nominee Director and 2 (two) Independent Directors. Independent Directors are appointed as per provision of the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC). The Board's essential role is to approve the Company's strategy and oversee compliance.

AUDIT COMMITTEE

This Committee was established in September 2014 required under condition # 3.5 of the Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Guidelines provides and insight on the functions of the Audit Committee. The main aim of the Audit Committee is to assist the Board with the strategies adopted to manage the business-related risks and continuously oversee the internal control environment of operations. Presently the Committee is comprises with the following members:

Name	Status in Audit Committee	Status in Board
Ms. Fouzia Haque, FCA	Chairman	Independent Director
Syed Shahed Reza	Member	Independent Director
Mr. Kazi Sanaul Hoq	Member	Nominee Director of Investment Corporation of Bangladesh

MANAGEMENT COMMITTEE

The Management Committee shall deal with the day to day activities of the Company's business, develop and implement business plans, policies, procedures and budgets that have been recommended and approved by the Board, monitor the operating and financial performance of the Company, prioritise and allocate investment and resources, manage and develop talent and manage the risk profile of the Company.

The Management Committee shall implement the policy and strategy adopted by the Board and deal with all operational matters affecting the Company. It shall, of its own motion or at the request of the Board, promptly give or make available to the Board such information, reports and other documents to enable the Board to carry out its duties.

The ACME Laboratories Ltd. 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.

In this respect, we have the pleasure to confirm that the Company has complied with all the necessary guidelines under BSEC Notification No. SEC/ CMRRCD/2006-158/134/Admin/44; Dated: 07 August 2012. The Compliance Report along with the necessary remarks and disclosures is appended in this Annual Report for the year 2016-2017 (Annexure -A).

The Board of Directors take this opportunity to pay their thanks and gratitude to the Shareholders, Healthcare professionals, Customers, Bankers, Suppliers, Vendors, Insurance Companies, Employees, Regulatory Bodies including Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd., Central Depository of Bangladesh Ltd., National Board of Revenue, Directorate General of Drug Administration & Licensing Authority, Registrar of Joint Stock Companies and Firms, Insurance Development and Regulatory Authority 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

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





A world class facility to manufacture lifesaving Intravenous Fluids





40th AGM



OUR PERFORMANCE

BUSINESS JOURNEY

The ACME Laboratories Ltd. a listed Company with the Bangladesh Exchanges, one of the top ranking Pharmaceutical Companies, 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 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. 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 9001:2015 standard, WHO cGMP standard and best practices that are proven effective.

In the year 1999, the Company awarded ISO: 9001 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 ICDDR. The Company added IV Infusion products in its products line in the year 2007.

In the way of success, in 2008, ACME family built another milestone in its core business activities by establishing The ACME Specialized Pharmaceutical Limited (ASPL), a subsidiary of The ACME Laboratories Ltd., in order to cater upcoming national and global demand of various type of products and also to meet the challenges of 21st century. However, The Supreme Court of Bangladesh, High Court Division, vide its judgment dated 20.11.13 approved the scheme of amalgamation of the “The ACME Specialized Pharmaceuticals Limited” (the Transferor Company) with “The ACME Laboratories Limited” (the Transferee Company) whereby the entire undertaking of the Transferor Company as a going concern together with all the assets and liabilities relating there to be transferred to and vest in the Transferee Company. In this regard, the Board of Directors of the Transferee Company and the Transferor Company in its respective meetings held on 27.12.2013 resolved that the books of account of the Transferor Company to be closed through transferring all balances to the books of the Transferee Company by/as of 31.01.2014. The Amalgamation pave the way for availing International Accreditation benefit for the products being produced in the ASPL unit with International GMP compliance as earlier enjoyed by the Company.

As a part of continuous improvement policy, the Company renewed and upgraded its ISO Certification to ISO 9001:2008 in the year 2009. The Company started functioning of its own distribution hub at Bogra, Rangpur, Barishal, Mymensingh, Dhaka City North, Dhaka City South, Savar and Central sales center. Besides, we have started construction of Braahmanbaria distribution hub during the year 2016-2017.

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

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

In the year 2017, the Company upgraded its ISO standard from 9001:2008 to 9001:2015 version. In the same year, the Company also received the Letter of Allotment for API Plots.

PERFORMANCE 2016-17

Revenue increased by 7.37% in 2016-2017 and reached to BDT 13,576.32 million, compared to BDT 12,644.91 million in 2015-2016, Gross profit margin at 40.78% has been enjoyed with an increase in net income ratio at 10.30% over prior period 8.71%. It represents efficient operational performance of the Company. Fixed asset has increased by 5.69% implying higher capacity to generate future long-term economic benefits. Net Assets Value per share has reached at BDT 80.13 and the Earnings Per Share (EPS) at BDT 6.61.

In summary, during 2016-2017, the Company has met the satisfactory revenue and earning goals which was driven by an increasingly diversified portfolio of generic Pharmaceuticals formulation products which include human, veterinary, premix and herbal drugs dosages.

2016-2017
Performance at a glance



- Introduced 49 (forty nine) new products including different human and veterinary products.

CORPORATE OPERATIONAL RESULT FOR LAST 5 YEARS

BDT in million

Particulars	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Shareholders' Equity:					
Share Capital	2,116.02	2,116.02	1,616.02	1,616.02	1,556.31
Share premium	5,127.60	5,127.60	1,605.07	1,605.07	1,605.07
Revaluation Surplus	5,487.67	5,642.93	5,320.07	5,429.80	4,488.70
Capital Reserve	-	-	-	-	40.17
Share Money Deposit	-	-	-	-	500.00
Gain/(Loss) on Marketable Securities (Unrealized)	6.23	2.25	1.82	0.84	-
Tax Holiday Reserve	179.46	172.25	139.86	91.01	-
Retained Earnings	4,039.29	3,303.42	2,689.79	1,949.43	1,327.21
Total Shareholders' Equity :	16,956.28	16,364.47	11,372.63	10,692.17	9,517.46
Non Current Liabilities	3,675.91	3,958.45	4,904.88	3,057.68	1,128.41
Total	20,632.19	20,322.92	16,277.51	13,749.85	10,645.87
Application of Fund					
Property, Plant and Equipment	18,220.23	17,240.11	16,027.23	15,511.90	8,306.21
Intangible Assets	0.16	0.20	0.25	0.29	0.34
Investment in Shares	32.41	19.86	7.12	6.14	351.47
Investment Property	23.10	26.19	26.19	26.19	26.19
Current Assets	11,671.33	11,603.36	7,198.98	6,635.06	7,889.44
Current Liabilities	(9,315.04)	(8,566.79)	(6,982.26)	(8,429.73)	(5,927.78)
Total	20,632.19	20,322.92	16,277.51	13,749.85	10,645.87
Financial Result					
Revenue	13,576.32	12,644.91	11,496.41	10,217.93	8,973.32
Cost of Goods Sold	8,039.83	7,770.61	7,195.00	6,237.80	5,721.02
Gross Profit	5,536.49	4,874.30	4,301.42	3,980.14	3,252.30
Profit before Taxation	2,035.55	1,402.10	1,349.43	1,204.84	810.71
Profit after Taxation	1,397.85	1,101.27	921.92	893.89	505.70
Change in Turnover (%)	7.37%	9.99%	12.51%	13.87%	1.53%
Change in Cost of goods sold (%)	3.46%	8.00%	15.35%	9.03%	0.41%
Change in Profit After Tax (%)	26.93%	19.45%	3.14%	76.76%	6.21%
Financial Performance					
Number of shares	211.60	211.60	161.60	161.60	155.63
Earning per share (Taka)	6.61	6.55	5.70	5.65	4.19
Current Ratio - (Times)	1.25	1.35	1.03	0.79	1.33
Net operating cash flow per share (Taka)	6.60	6.25	6.50	2.85	4.69
Net Asset Value Per Share (Taka)	80.13	77.34	70.37	66.16	61.15

GRAPHICAL VIEW OF SELECTED GROWTH INDICATORS



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 2016 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 ages and following 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 Pharmaceutical 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 may be BDT 330,000 million by 2020 (only allopathic). • One of the fastest growing business sector. • About 568 (Allopathic: 268, Ayurvedic: 201, Unani: 25, Herbal: 32 & Homeopat: 42) licensed Pharmaceuticals manufacturers in the country, contributes about 1% of GDP. • Now, producing more than 8,000 allopathic brands 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 ischemic 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 Pharmaceutical 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 Pharmaceutical 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, The ACME Laboratories Ltd. 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;
- More than 63 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;
- Diverse range of products;
- World class manufacturing facilities;
- Comprehensive marketing and distribution network (Both in domestic and international markets).

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

Like previous years, the success in the domestic market prompted The ACME Laboratories Ltd. to explore the global market. The first export went to Bhutan in the year 1995. Following this, now ACME exports around 22 countries across continents and many other countries in Asia, Europe, Africa, and Latin America are under exploration. As a top ranking Pharmaceuticals Company, ACME relentlessly trying to strengthen its competencies and enhancing its capacity horizontally as well as vertically. It has established sophisticated cutting edge technologies which comply with WHO, cGMP, UK MHRA, US FDA and European Standards.

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

- Steroid and Hormone
- Penicillin
- Active Pharmaceuticals Ingredients (API)
- Oncology
- Ayurvedic, Modern Herbal & Neutraceuticals

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

STRATEGY AND OUTLOOK

Business development initiatives

We are dedicated to capitalizing on growth opportunities by progressing our own pipeline and maximizing the value of our in-line products. We view our business development activity as an enabler of our strategies, and we seek to generate profitable revenue growth and enhance shareholders value by pursuing a disciplined, strategic and financial approach to evaluating business development opportunities. We have medium term high priority on all therapeutic areas and new projects like Steroid and Hormone, Penicillin, Active Pharmaceuticals Ingredients (API), Oncology, Ayurvedic, Modern Herbal and Neutraceuticals. 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 business.

Guidance for 2017-18

- Ensure stable and long- term return to our investors;
- Strengthening our existing market share, cope with the changing scenario in the Pharmaceutical industry to ensure higher business growth, transparency and launching of new products and services for our existing and potential customers;
- Seek new ways of working to improve efficiency and ensure sustainability;
- Provide utmost efforts, by all available means, for stabilization and development of our position in both local and global pharma market;
- Ensure best utilization of newly developed facilities like Cephalosporin, LVP, Liquid in Hard Gelatin, Soft Gelatin, Lyophilized powder, Sachet 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 compliance and capacity building projects;
 - Continue trend of strong earnings and cash flow generation.
- Priority should be given to facilitate efficient distribution network.

The ACME Laboratories Ltd., as a responsible enterprise is committed to the conservation of nature and the growth of society. The Company is involved in a series of CSR activities including plantation of medicinal and herbal plants, Training, poverty elevation, woman empowerment and education.

CANTEEN & TRAINING CENTER





SALES CENTER



REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE 2016-2017

Audit Committee of the Board:

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

The Committee was comprised of Ms. Fouzia Haque, FCA (Independent Director & Chairman of the 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). Due to withdrawal of nomination of Mr. Md. Iftikhar –Uz-Zaman from the Board of the Company by the Investment Corporation of Bangladesh (ICB), the Board in its 78th meeting held on 11 September 2017 reconstituted the existing Audit Committee by inducting Mr. Kazi Sanaul Hoq, nominee Director of ICB as member of the Audit Committee. All members of the present Committee are non-executive Directors and the Chairman of Audit Committee is an Independent Director. As required, all members of the Audit Committee are 'financially literate and efficient to analyze and interpret financial statements effectively to discharge their duties and responsibilities.

Purpose of Audit Committee:

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

Responsibilities and Duties:

The responsibilities and duties of the Audit Committee are:

Financial Reporting:

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

Related Party Transactions:

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

Audit Reports:

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

Internal Control:

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

Internal Audit:

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

External Audit:

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

Other Matters:

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

REPORTING OF THE AUDIT COMMITTEE:

Reporting to the Board of Directors:

- The Audit Committee reports on its activities to the Board of Directors. The Audit Committee immediately reports to the Board of Directors on the following findings, if any:
 - Report on conflicts of interests;
 - Suspected or presumed fraud or irregularity or material defect in the internal control system;
 - Suspected infringement of laws, including securities related laws, rules and regulations;
 - 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's Legal Advisor, Tax Consultant and Statutory Auditor if required. The terms of reference of Audit Committee may be amended from time to time as required for the business in line with BSEC notifications subject to approval by the Board.

Meeting Attendance:

The Audit Committee met with the internal auditors on a regular basis with in the year 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 2016-2017 are given below:

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
Mr. Md. Iftikhar-Uz-zaman	Member	05	05	05	100
Syed Shahed Reza	Member	05	04	05	80

Summary of Activities during the Year:

In the year 2016-2017 the Audit Committee reviewed its terms of reference in line with requirements of BSEC notification on Corporate Governance. The Audit Committee carried out its responsibilities and duties in accordance with the terms of reference and carried out the following activities in the year 2016-2017.

Financial Reporting:

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

Internal Control:

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

Internal Audit:

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

External Audit:

- Reviewed the Company's monthly report, conducted by the external auditor on use of IPO proceeds, quarterly and annual financial statements focusing on findings arising from audits, particularly comments and responses in the management letter as well as assistance given by the employees of the Company before recommending them to the Board of Directors for approval.
- Reviewed the external auditors' audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and coordination of the external auditor.
- Reviewed the external auditors' findings arising from audits, particularly comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.
- Exercised its right to hold meetings with the external auditor (private audience with statutory auditor) without the presence of the Executive Directors or management. These private sessions help to reinforce the independence of the external audit function of the Company.
- Reviewed the overall performance of the external auditor for the year 2016-2017.

Related Party Transactions:

- Reviewed reports of related party transactions and possible conflict of interest transactions to ensure that all related party transactions are undertaken on an arm's length basis and on normal commercial terms, consistent with the Company's usual business practices and policies, which are generally not more favorable than those generally available to the public and other suppliers and are not detrimental to the minority shareholders.

- Periodically reviewed recurrent related party transactions to ensure that they are undertaken on an arm's length basis and on normal commercial terms.
- Reviewed the estimated recurrent related party transactions mandate for the running year and recommended to the Board to seek shareholders mandate at the upcoming Annual General Meeting of the Company.

Ethical and Integrity Areas:

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

Annual Reporting:

- Reviewed disclosures required by the Statement on Corporate Governance, Audit Committee Report, Standards of Business Conduct, Statement on Risk Management and Internal Control for the financial year ended 30 June 2017 for inclusion in the Annual Report for the year 2016-2017 and recommended their adoption by the Board.

Focus Internal Audit:

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

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

This Audit Committee Report is made in accordance with the resolution of the Board of Directors meeting on 9 October 2017.



Ms. Fouzia Haque, FCA
Chairman of Audit Committee

VALUE ADDED STATEMENT

Value Added Statement (VAS) for the year ended 30 June 2017

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

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

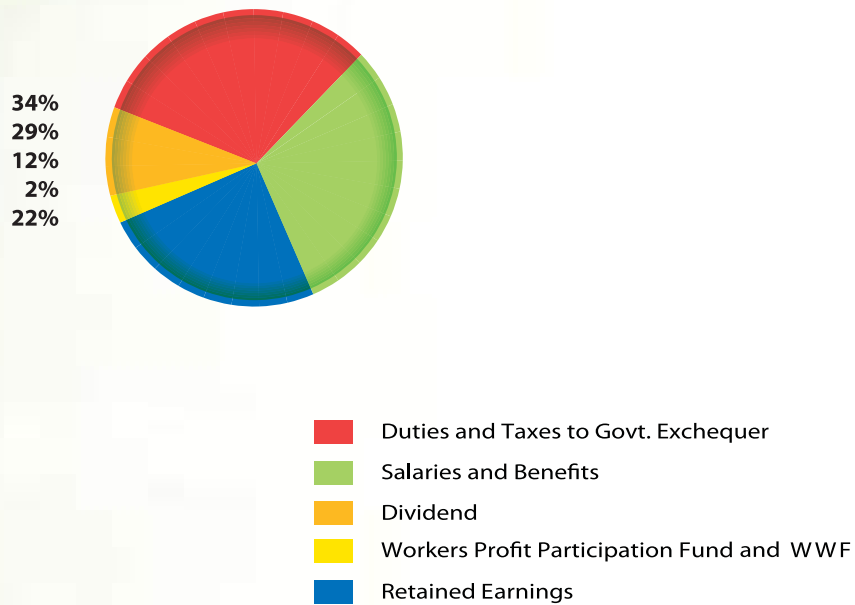
Application:

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

(BDT in Thousand)

2016-2017		2015-2016	
Amount	%	Amount	%
15,855,974	61.9%	14,607,645	60.4%
9,764,484	38.1%	9,588,624	39.6%
6,091,489	100%	5,019,021	100%

2,092,201	34%	2,149,684	43%
1,787,897	29%	1,629,692	32%
740,606	12%	565,606	11%
101,778	2%	70,105	1%
1,369,008	22%	603,934	12%
6,091,489	100%	5,019,021	100%





The ACME Laboratories Ltd.

MANUFACTURERS OF ETHICAL DRUGS & MEDICINES

ISO 9001:2008 CERTIFIED COMPANY

Annexure -I

9 OCTOBER 2017

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 Ltd. for the year ended 30 June 2017 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

Corporate Office:

Court de la ACME

1/4, Kallyanpur, Mirpur Road
Dhaka-1207, Bangladesh.
Phone: +88-02-9004194-6
Fax: +88-02-9016872
E-mail: headoffice@acmeglobal.com

www.acmeglobal.com

Plant:

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



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

10 (4-10) Eastern View (10th Floor)
50 D.I.T. Extension Road, Nayapaltan
Dhaka-1000, Tel : 880-2-9350992, 9330365
E-mail : mzislam.ca@gmail.com, afakrul@yahoo.com

Annexure -II

**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, 2017 as stipulated in clause 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.

M. Z. ISLAM & CO.
Chartered Accountants

Date : 30th October, 2017
Place : Dhaka



Annexure -A

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 Shares of the Company.	√		
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. His/her family members also should not hold above mentioned shares in the Company:	√		
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).	√		

Condition No.	Title	Compliance Status (Put “√” in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.2(iv)	The post of Independent Director(s) cannot remain vacant for more than 90 (ninety) days.	√		
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:-			

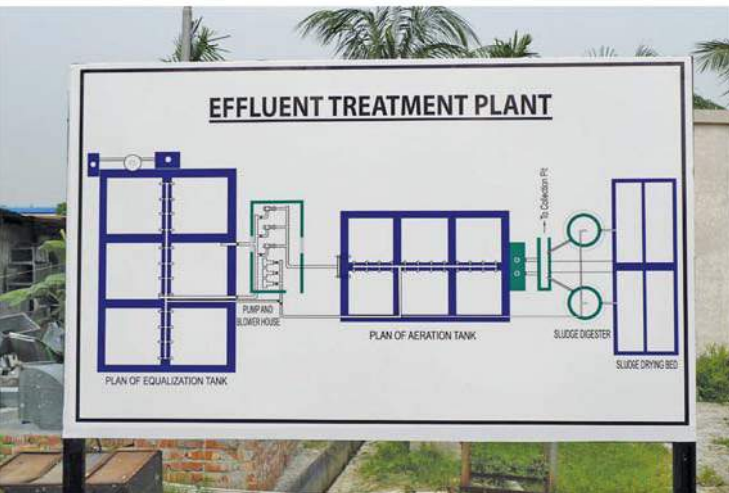
Condition No.	Title	Compliance Status (Put "√" in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5(xxi) (a)	Parents/Subsidiary/Associated Companies and other related parties (Name wise details);			N/A
1.5(xxi) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial 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) (c)	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 good monitoring system within the business.	√		
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.	√		

Condition No.	Title	Compliance Status (Put "√" in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.1	Constitution of the Audit Committee:			
3.1(i)	The Audit committee shall be composed of at 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 the 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.	√		
3.3(vi)	Review along with the management, the quarterly and half yearly 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(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 purposes 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.	√		
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.	√		

Condition No.	Title	Compliance Status (Put “√” in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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.	EXTERNAL/STATUTORY AUDITORS: 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	√		
5.	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
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

Condition No.	Title	Compliance Status (Put "√" in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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 send 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.	√		





AUDITOR'S REPORT

TO THE SHAREHOLDERS
OF
THE ACME LABORATORIES LTD.

We have audited the accompanying financial statements of The ACME Laboratories Ltd. which comprises the Statement of Financial Position as at 30 June 2017 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.

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 30 June 2017 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: 09.10. 2017

Pinaki & Co
Pinaki & Company
Chartered Accountants

The ACME Laboratories Ltd.
Statement of Financial Position
As at 30 June 2017

ASSETS	Notes	Amount in Taka	
		As at 30-06-2017	As at 30-06-2016
Non-Current Assets :		18,275,901,469	17,286,351,573
Property, Plant and Equipment	6	18,220,229,667	17,240,105,134
Intangible Assets	7	162,000	203,625
Investment in Shares	8	32,405,390	19,857,814
Investment Property	9	23,104,412	26,185,000
Current Assets:		11,671,330,040	11,603,359,057
Inventories	10	2,907,608,895	2,749,539,322
Trade Receivable	11	1,227,081,694	891,843,015
Other Receivable	12	135,275,733	7,323,164
Advance, Deposits & Pre-Payments	13	1,434,353,400	1,033,642,589
Advance Income Tax	14	2,037,434,874	1,843,423,421
Material In Transit	15	492,696,854	354,476,936
Term Deposit	16	2,054,000,000	3,575,000,000
Cash and Cash Equivalents	17	1,382,878,590	1,148,110,610
TOTAL		29,947,231,509	28,889,710,630
EQUITY AND LIABILITIES			
Shareholders' Equity :		16,956,277,126	16,364,471,981
Share Capital	18	2,116,017,000	2,116,017,000
Share Premium	19	5,127,599,728	5,127,599,728
Revaluation Surplus	6.a	5,487,674,207	5,642,930,494
Gain/(Loss) on Marketable Securities (Unrealized)	8.1	6,233,532	2,254,655
Tax Holiday Reserve (Refer-SOCE)		179,464,241	172,245,959
Retained Earnings	20	4,039,288,418	3,303,424,145
Non Current Liabilities:		3,675,912,676	3,958,448,269
Long Term Loans - Net off Current Maturity	21	3,025,882,035	3,637,654,598
Provision For Gratuity	22	268,364,985	206,370,155
Deferred Tax Liability	23	381,665,656	114,423,516
Current Liabilities:		9,315,041,707	8,566,790,380
Loans & Overdrafts	24	5,304,039,335	4,709,652,954
Current Maturity of Long Term Loans	25	1,791,905,667	1,695,003,924
Trade Payable	26	211,268,759	391,028,767
Provision for Income Tax	27	1,804,196,185	1,542,631,343
Liability for Expenses and Others	28	201,024,941	166,281,466
Dividend Payable	29	2,606,820	62,191,926
TOTAL		29,947,231,509	28,889,710,630

The annexed notes 1 to 52 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 Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

(Amount in Taka)

Particulars	Notes	July'16 to June'17			July'15 to June'16
		Non Tax Holiday Unit	Tax Holiday unit (Facility expired on Sep'16)	Total	Total
Revenue	30	13,086,227,589	490,094,709	13,576,322,298	12,644,913,144
Less: Cost of Goods Sold	31	7,747,676,854	292,152,702	8,039,829,556	7,770,610,089
Gross Profit/(loss)		5,338,550,735	197,942,007	5,536,492,742	4,874,303,055
Add: Other Income	32	187,931,448	2,218,993	190,150,441	45,609,335
		5,526,482,183	200,161,000	5,726,643,183	4,919,912,390
Less: Selling, Marketing and Distribution Expenses	33	1,897,714,614	65,952,252	1,963,666,866	1,838,411,776
		3,628,767,569	134,208,748	3,762,976,317	3,081,500,614
Less: Administrative Expenses	34	515,461,355	17,922,915	533,384,270	493,607,401
		3,113,306,214	116,285,833	3,229,592,047	2,587,893,213
Less: Financial Expenses	35	975,006,230	40,493,876	1,015,500,106	1,115,687,099
		2,138,299,984	75,791,957	2,214,091,941	1,472,206,114
Less: Loss due to Fire Incident	36	76,763,961	-	76,763,961	-
Profit before contribution to WPPF and WWF		2,061,536,023	75,791,957	2,137,327,980	1,472,206,114
Less: Contribution to WPPF and WWF	37	98,168,382	3,609,141	101,777,523	70,105,053
Net Profit Before Tax		1,963,367,641	72,182,816	2,035,550,457	1,402,101,061
Less: Current Tax Expenses	38	370,233,125	225,254	370,458,379	312,400,470
Less: Deferred Tax Expense/(Income)	38	263,514,704	3,727,436	267,242,140	(11,567,203)
Net Profit After Tax		1,329,619,812	68,230,126	1,397,849,938	1,101,267,794
Other Comprehensive Income					
Gain/(loss) on Marketable Securities (Unrealized)		3,978,877	-	3,978,877	430,022
Total Comprehensive Income for the year		1,333,598,689	68,230,126	1,401,828,815	1,101,697,816
Earnings Per Share (on the Equity Share of Tk. 10 each)	39			6.61	6.55

The annexed notes 1 to 52 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 2017

(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, 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 30 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 Vehicles	-	-	(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
Balance as at July 01, 2016	2,116,017,000	5,127,599,728	5,642,930,494	2,254,655	172,245,959	3,303,424,145	16,364,471,981
Net Profit after Tax for the year ended 30 June 2017	-	-	-	-	-	1,397,849,938	1,397,849,938
Final Dividend for the year 2015-2016	-	-	-	-	-	(740,605,950)	(740,605,950)
Gain/(loss) on Marketable Securities (Unrealized)	-	-	-	3,978,877	-	-	3,978,877
Tax Holiday Reserve	-	-	-	-	7,218,282	(7,218,282)	-
Adjustment for Depreciation on Revaluation Surplus	-	-	(85,333,938)	-	-	85,333,938	-
Adjustment of Revaluation Surplus for disposal of Motor Vehicles	-	-	(668,573)	-	-	504,629	(163,944)
Adjustment of Revaluation Surplus due to loss on fire	-	-	(69,253,776)	-	-	-	(69,253,776)
Balance as at 30 June 2017	2,116,017,000	5,127,599,728	5,487,674,207	6,233,532	179,464,241	4,039,288,418	16,956,277,126

The annexed notes 1 to 52 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 2017

PARTICULARS
Amount in Taka
Cash Flows From Operating Activities:

	July'16 to June'17	July'15 to June'16
Collection from Sales and Others	13,428,394,626	12,562,117,885
Payment to Suppliers & Others	(10,651,510,255)	(9,714,233,645)
Payment to WPPF and WWF	(63,094,548)	(60,724,353)
Cash generated from operation	2,713,789,823	2,787,159,887
Financial Expenses	(1,014,470,803)	(1,115,404,273)
Income Tax Paid	(302,904,990)	(348,951,555)
Net cash generated from Operating Activities	1,396,414,030	1,322,804,059

Cash Flows From Investing Activities:

Acquisition of Property, Plant & Equipments	(1,966,429,605)	(1,462,512,715)
Term Deposit	1,521,000,000	(3,155,996,381)
Sale proceeds from Property, Plant & Equipment (Motor Vehicles)	5,050,000	1,770,000
Dividend received	792,301	334,463
Investment in share	(6,383,251)	(12,304,879)
Received from ACMUNIO Int. Ltd. against advance	5,000,000	42,062,425
Net cash used in Investing Activities	(440,970,555)	(4,586,647,087)

Cash Flows From Financing Activities:

Share Capital	-	500,000,000
Share Premium	-	3,522,533,159
Dividend Paid	(800,191,056)	(655,119,004)
Net Increase / (Decrease) in Loans and Overdrafts	594,386,381	1,609,805,629
Net Increase / (Decrease) in Long Term Borrowings	(514,870,820)	(997,536,544)
Net cash generated/(used) from Financing Activities	(720,675,495)	3,979,683,240

Increase/(Decrease) in Cash and Cash Equivalents	234,767,980	715,840,212
Cash and Cash Equivalents at the Opening	1,148,110,610	432,270,398

Cash and Cash Equivalents at the Closing	1,382,878,590	1,148,110,610
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(Refer Note No. 17)

Net Operating Cash Flow Per Equity Share	6.60	6.25
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The annexed notes 1 to 52 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 30 June 2017

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.

In the Year 2016, 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 Ordinary Shares of the Company are listed at Dhaka Stock Exchange Ltd & Chittagong Stock Exchange Ltd with effect from 31 May 2016 and successfully traded with effect from 07 June 2016 at both the stock exchanges under the trade name ACME LAB and trading codes -18491 and 13031 respectively.

1.01 Address of Registered Office and Factories

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

2.00 Nature of business of the Company and Tax Holiday Period

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

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

As a Consequence of the amalgamation, business of the "Solid Dosages Unit" has been transferred as a going concern to The ACME Laboratories Limited, however they said unit of The company would continue to enjoy the tax holiday for the remaining period (i.e. up to 28 September 2016).

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2017

3.00 Share Capital

In the Financial Year 2015-2016, the Company had issued 50,000,000 Ordinary Shares of Tk. 10 each to Eligible Institutional Investors and General Public under “Book Building Method”. 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.

Reconciliation of Ordinary Shares and Share Capital:

Particulars	30 June 2017 (Tk.)	30 June 2016 (Tk.)
Authorized Capital		
500,000,000 Ordinary Shares @ Tk. 10 each	5,000,000,000	5,000,000,000
Total	5,000,000,000	5,000,000,000
Issued, Subscribed and Fully Paid up Capital:		
211,601,700 Ordinary Shares @ Tk.10 each.	2,116,017,000	1,616,017,000
Add: Issued During the year (Previous year 50,000,000 Ordinary Shares @Tk. 10 each)	-	500,000,000
Total 211,601,700 Ordinary Shares @ Tk. 10 each	2,116,017,000	2,116,017,000

4.00 Basis of Preparation of Financial Statements

4.01 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except; “Land and Land Development; Buildings; Machinery & Equipment; Motor Vehicle; Utilities, Electrical Installations & Engineering; Office Equipment and Investment Property,” which had been revalued by an independent valuer M/S Mashi Muhit Haque & Co. Chartered Accountants, Dhaka, Bangladesh during the financial year 2015-2016. The entire class of above mentioned Property, Plant and Equipment and Investment Property had been revalued on the basis of Current Cost Accounting (CCA) Method, as applicable. However, Investment Property has been valued on yearly basis. The valuation report of the valuer had been prepared in accordance with 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.

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2017

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 (ICAB) 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 comprises of:

- (i) A Statement of Financial Position as at 30 June 2017;
- (ii) A Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017;
- (iii) A Statement of Changes in Equity for the year ended 30 June 2017;
- (iv) A Statement of Cash Flows for the year ended 30 June 2017; and
- (v) Notes, comprising a summary of significant accounting policies and explanatory information.

4.04 Reporting Period

The Financial Statements cover the accounting year commencing from 01 July 2016 to 30 June 2017.

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 09 October 2017.

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.

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2017

4.07 Comparative Information

Comparative information disclosed is of the financial year 2015-2016 for all numerical information in the Financial Statements and also the narrative and descriptive information wherever it is relevant for understanding of the current year's Financial Statements.

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

4.08 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 were carried out in the year 2015-2016 for Property, Plant and Equipment as required by the Bangladesh Accounting Standard 16 "Property, Plant and Equipment" in respect periodicity of revaluation except in the useful life of two classes of non-current assets. There is no material impact of change of estimates on the financial results of the Company for the financial year 2016-2017.

4.09 Capital Management

The primary objective of the capital structure is to maintain an efficient combination of debt and equity ratio to achieve a low cost of capital. The management of the Company regularly reviews the return on equity, capital structure in light of the economic conditions, business strategies and future commitments. For that purpose, capital includes issued share capital, securities premium and all other equity reserves and debt covering foreign currency term loan, Long-term & Short Term Loan from domestic Financial Institutions/ Banks and finance lease obligations, etc. During the financial year ended 30 June 2017, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

4.10 Going Concern

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

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2017

4.11 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 and 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

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2017

5.00 Significant Accounting Policies

5.01 Revenue Recognition

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

5.02 Sales

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

5.03 Property, Plant and Equipment

i) Recognition and Measurement

This has been stated at cost or revalue 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 Non-current assets, depreciation is provided on a straight line method to amortize the cost of the asset after commissioning over their expected useful life. In respect of addition to property, plant and equipment, depreciation begins from the date of respective asset available for use up to the date immediately preceding the date of disposal.

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

The ACME Laboratories Ltd.

Notes to the Financial Statements

As at 30 June 2017

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

iv) Retirement and Disposal

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

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2017

5.06 Financial Instruments

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

i) Financial Assets

Financial assets of the company include cash and cash equivalents, trade receivable, other receivables and equity instrument of another entity. The company initially recognized receivable on the date they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provision of the transaction. The company derecognizes a financial asset when, and only when the contractual rights or 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 that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flow of that asset, that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indicates that a debtor or issuer will enter bankruptcy etc.

The ACME Laboratories Ltd.
Notes to the Financial Statements
 As at 30 June 2017

ii) Non-Financial Assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impaired loss if, and only if, the recoverable amount of the asset is lesser than its carrying amount. Impaired loss is recognized immediately in the Statement of Profit or Loss and Other Comprehensive Income unless the asset is carried at revalued amount. Any impaired loss of a revalued asset shall be treated as a revaluation decrease to the extent to availability of revaluation surplus. If it more than the revaluation surplus available, then it is routed through the Statement of Profit or Loss and Other Comprehensive Income.

5.08 Investment in Shares

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

5.09 Inventories

Inventories are carried at the lower of cost and net realizable value as prescribed by 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 Stationery	At cost on First in First Out basis
Spare & Accessories	At cost on First in First Out basis

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.

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2017

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 Equipment (both present and future)
- Floating assets (both present and future) including but not limited to book debts, bills receivable, goodwill and other floating assets both tangible and intangible and all documents title, undertakings, contracts, engagements securities and other documents whatsoever related to such assets of the Company in favor of various bankers securing the various kinds of loans taken by the company from them through a pari-passu security sharing agreement dated 23 April 2014 amongst the banks. However, the Company has settled any and every loan due to Agrani Bank Ltd. and received a no dues certificate dated 02 April 2017. Further, other participating bankers have given approval in principal for inclusion of another lender namely Eastern Bank Ltd as a beneficiary of pari-passu charge. The revised pari-passu security sharing agreement is under finalization as at balance sheet date. As per the agreement under revision the names of the participating banks in the charges through pari-passu agreement are stated here under:
 - Dutch Bangla Bank Limited.
 - Dhaka Bank Limited.
 - The Hongkong and Shanghai Banking Corporation Limited.
 - Standard Chartered Bank.
 - Trust Bank Limited.
 - Eastern Bank Ltd.

The ACME Laboratories Ltd.

Notes to the Financial Statements

As at 30 June 2017

- Registered mortgage of the specified Land of the Company executed in favor of Concerned Banks/ Financial Institutions.
- Personal Guarantee of some /all sponsored directors in favor of certain Banks/Financial Institutions.

5.13 Employee Benefits

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

The Company has accounted for and disclosed employee benefits in compliance with the provision of 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.: নথি নং পি,এফঅনুমোদন/৩২/ক:অ:-৩/২০১০-২০১১, তারিখ: ২৩/০৩/২০১১ for employees of the company eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrevocable trust. All permanent employees contribute to the provident fund and the Company also makes equal contribution.

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

ii) Defined Benefit Plan (Gratuity)

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

iii) Short-Term Employee Benefits

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

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

This represents 5% of net profit before tax and before charging the contribution to WPPF by the

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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 7,576 employees employed in the Company with remuneration above Tk. 3,000 per month, among them 5,534 employees employed for the full year and remaining 2,042 employees employed less than full year.

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

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

5.16 Research, Development and Experimental Cost

In compliance with the requirements of 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.

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 BAS 21: “The Effects of Changes in Foreign Exchange Rates”.

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5.19 Directors' Responsibility Statement

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

5.20 Triple Bottom Line Practice in ACME

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

5.21 Segmental Reporting

As required by 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 Contingent assets are present or possible obligations or on liabilities or assets, arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the Company or which amount of the obligations cannot be measured with sufficient reliability. In accordance with BAS-37 "Provisions, Contingent Liabilities and Contingent Assets", they are disclosed in the Note # 46 hereunder.

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.

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5.25 Insurance Claim

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

5.26 Highest and Lowest Equity Share Price at Stock Exchanges

The highest and lowest price of each equity shares of Taka 10 each fully paid up of the company listed at Dhaka and Chittagong stock exchange during the financial year 2016-17 is as under:

Sl. No.	Stock Exchange	Trade Name	Highest Quoted Price		Lowest Quoted price	
			BDT	Date	BDT	Date
1.	Dhaka Stock Exchange	ACMELAB	123.30	16.07.2016	97.20	19.10.2016
2.	Chittagong stock exchange	ACMELAB	122.90	16.07.2016	96.90	19.10.2016

5.27 Risk Management

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

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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 nation-wide phenomenon experienced by the entire industry. In such a scenario, there will be a market adjustment in end product prices, subject to the approval of the concerned authorities.

Industry Risk

The pharmaceutical industry has witnessed challenges such as intellectual property rights, a historic fuel price peak, and material cost increase across the globe. It stands as one of the most challenging and dynamic industries to operate as on date. Fortunately, Bangladesh is only least developed country who demonstrates significant competencies in pharmaceuticals industry and it requires huge 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 capital income and per person consumption of medicine has been increasing over the years, management is optimistic about growth opportunities of pharmaceutical industry in Bangladesh. The Company is trying to adopt sophisticated state of art cutting edge technology driven manufacturing facilities and making efforts to catch the opportunity of regulated global market.

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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 full-proof scientific integrated marketing policy hence, has marginal probability for shrinkage of the market share.

Technology Related Risk

Pharmaceutical industry is dynamic in nature and heavily driven by technology. Hence, technology always plays a vital role here. Adaptation of better technology 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 equipment and facilities. Finally, ACME is committed to hold its leading edge and maintaining quality and brand image.

Potential or Existing Government Regulations

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

Management Perception

Since product of pharmaceuticals industry is essential one for lives and it is an import substitute industry and degree of value addition is remarkable, we see the government regulations are mostly investment friendly for this sector particularly. As ACME is one of the top ranking pharmaceutical Companies of the country, it is doing business by following all the rules and regulations of the land. Change in regulations will bring changed strategies for doing the business by the dynamic management of the Company. Besides, many of the patented



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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 full-proof market promotion system, which reduce the non-operating risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge 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 2017 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

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conditions without incurring unacceptable losses or bringing damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalent to meet expected operational expenses including financial obligations through preparation of the cash flow forecast with due consideration of time line of payment of the financial obligation and accordingly arrange for sufficient fund to make the expected payment within due date.

Management Perception

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

5.28 General Comments & Observations

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

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Property, Plant and Equipment* - Schedule - A

SCHEDULE - A
(Amount in Taka)

Particulars of Assets	COST/REVALUATION					D E P R E C I A T I O N						Written Down Value as at 30.06.17
	Historical Cost as at 01.07.16	Revaluation Surplus as at 01.07.16	Additions during the year (Cost)	Addition during the year due to Revaluation	Disposal/Discard		Accumulated Dep. On Revaluation Surplus as at 01.07.16	Depreciation on Historical Cost during the year	Depreciation on Revaluation Surplus during the year	Disposal/Discard		Total as at 30.06.17
					Cost	Revaluation Surplus				Cost	Revaluation Surplus	
Land and Land Development	652,169,954	4,065,335,080	-	-	-	-	-	-	-	-	-	4,717,505,034
Building	3,573,816,413	1,953,688,650	402,235,645	-	(83,826,307)	(81,916,524)	600,236,196	136,976,054	66,665,758	(37,323,899)	(17,340,430)	1,204,415,594
Machinery & Equipment	3,708,049,129	41,552,857	580,735,366	-	(118,611,273)	(4,928,816)	931,106,684	323,668,525	4,580,540	(54,218,164)	(1,848,763)	1,218,400,856
Furniture & Fixture	259,544,850	-	56,631,203	-	-	-	156,935,567	20,838,638	-	-	-	177,774,205
Motor Vehicle	462,356,648	32,259,548	105,107,341	-	(13,316,542)	(1,384,500)	279,400,709	27,892,589	4,104,742	(8,327,526)	(715,927)	320,456,440
Utilities, Electrical Installation & Eng.	1,578,065,000	60,854,113	310,546,969	-	(42,691,966)	(3,648,785)	627,359,682	101,894,266	9,925,290	(28,700,956)	(2,051,156)	731,081,499
Office Equipment	105,254,815	1,503,819	27,086,567	-	-	-	74,562,203	4,744,949	57,608	-	-	80,558,159
Books and Periodicals	5,641,585	-	701,460	-	-	-	4,234,915	413,256	-	-	-	4,648,171
Sub Total	10,344,898,394	6,155,194,067	1,483,044,551	-	(258,446,088)	(91,878,625)	2,673,835,956	616,428,277	85,333,938	(128,570,545)	(21,956,276)	3,737,334,924
Machinery in Transit	864,359,907	-	923,895,467	-	-	(912,801,000)	-	-	-	-	-	875,454,374
Construction Work in progress	3,061,752,296	-	793,505,201	-	-	(405,959,579)	-	-	-	-	-	3,449,297,918
Sub Total	3,926,112,203	-	1,717,400,668	-	-	(1,318,760,579)	-	-	-	-	-	4,324,752,292
Total Taka (As at 30.06.2017)	14,271,010,597	6,155,194,067	3,200,445,219	-	(258,446,088)	(91,878,625)	2,673,835,956	616,428,277	85,333,938	(128,570,545)	(21,956,276)	3,737,334,924
Total Taka (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)	2,078,495,489	600,819,861	110,098,541	(5,479,394)	(230,541)	3,186,099,530
												17,240,105,134

ALLOCATION OF DEPRECIATION:

	On Cost	On Revaluation	Total
Factory Overhead	517,799,753	71,680,508	589,480,261
Selling, Marketing & Distribution Expenses	50,855,333	7,040,051	57,895,384
Administrative Expenses	47,773,191	6,613,379	54,386,570
	616,428,277	85,333,938	701,762,215

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Note No.	Particulars	Amount in Taka	
		As at 30.06.2017	As at 30.06.2016
6	Property Plant and Equipment: Tk. 18,220,229,667		
	Details of Property, Plant and Equipment and Depreciation as at 30 June 2017 are shown in the annexed Schedule - A. This is arrived at as follows:		
		17,213,009,728	15,349,097,875
	Opening Balance (Cost)	14,271,010,597	12,785,663,800
	Add: Addition of cost during the year	3,200,445,219	2,573,789,032
	Less: Adjustment due to loss on revaluation	-	2,640,301
	Less: Adjustment of cost due to Disposal/Discard (Refer note no. 36 & 41)	258,446,088	7,714,656
		6,063,315,442	6,155,194,067
	Opening Balance (Revaluation Surplus)	6,155,194,067	5,722,461,703
	Add: Addition during the year due to revaluation	-	433,217,364
	Less: Adjustment of Revaluation Surplus due to disposal	91,878,625	485,000
		1,318,760,579	1,078,087,278
	Less: Adjustment of CWIP	405,959,579	878,575,159
	Adjustment of Machinery in Transit	912,801,000	199,512,119
	Closing balance	21,957,564,591	20,426,204,664
	Cost	15,894,249,149	14,271,010,597
	Revaluation Surplus	6,063,315,442	6,155,194,067
	Less: Accumulated Depreciation		
	Opening balance	3,186,099,530	2,480,891,363
	On Cost	2,673,835,956	2,078,495,489
	on Revaluation Surplus	512,263,574	402,395,874
	Add: Depreciation Charged during the year	701,762,215	710,918,102
	on Cost	616,428,277	600,819,861
	on Revaluation Surplus	85,333,938	110,098,241
	Less: Adjustment due to Disposal/Discard (Refer note no. 36 & 41)	150,526,821	5,709,935
	on Cost	128,570,545	5,479,394
	on Revaluation Surplus	21,956,276	230,541
	Closing balance	3,737,334,924	3,186,099,530
	Cost	3,161,693,688	2,673,835,956
	Revaluation Surplus	575,641,236	512,263,574
	Carrying Value	18,220,229,667	17,240,105,134
	Allocation of depreciation charge for the year has been made in the accounts as follows:		
	Factory Overhead	589,480,261	597,171,205
	Selling, Marketing and Distribution Expenses	57,895,384	58,650,744
	Administrative Expenses	54,386,570	55,096,153
	Total	701,762,215	710,918,102

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Note No.	Particulars	Amount in Taka	
		As at 30.06.2017	As at 30.06.2016

6.a Revaluation Surplus: Tk. 5,487,674,207

Current balance has been arrived as below:

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

Revaluation Surplus	6,063,315,442	6,155,194,067
Opening Balance	6,155,194,067	5,722,461,703
Add: Net addition due to Revaluation	-	441,464,613
Less: Adjustment due to Loss on Revaluation	1,384,500	8,247,249
Less : Adjustment due to disposal/Discard (Refer note no. 36)	90,494,125	485,000
Less: Accumulated depreciation on revaluation & Loss on Disposal	575,641,235	512,263,573
Opening Balance	512,263,573	402,395,873
Add: Depreciation charged for the year	85,333,938	110,098,241
Less: Adjustment due to disposal/Discard (Refer note no. 36)	21,956,276	230,541
	5,487,674,207	5,642,930,494

7 Intangible Assets :Tk. 162,000

The Details are as under:

Application Software (Note no. 7.1)	940,285	940,285
Less: Amortization	778,285	736,660
Accumulated balance till last financial year	736,660	695,035
For the year	41,625	41,625
	162,000	203,625

7.1 Application Software: Tk. 162,000

Details have been given below :

Year of acquisition	Amount	Amortization				Closing Balance
		Rate	Opening balance	for the year	Total	
2000-01	385,285	7.50%	385,285	-	385,285	-
2007-08	400,000	7.50%	270,000	30,000	300,000	100,000
2009-10	155,000	7.50%	81,375	11,625	93,000	62,000
Total	940,285		736,660	41,625	778,285	162,000

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Note No.	Particulars	Amount in Taka	
		As at 30.06.2017	As at 30.06.2016
8	Investment in Shares : Tk. 32,405,390		
	Public Limited Co.'s Securities (Details are given in Note no. 8.1 below)	32,405,390	19,857,814
		32,405,390	19,857,814

8.1 Public Limited Co.'s Securities

Particulars	No. of Equity Shares held	FV	Average cost per unit	Total cost as at 30.06.2017	Market Price as at 30.06.2017	Unrealized gain/(loss) as at 30.06.2017
AB Bank Ltd.	25,312	10	20.64	522,446	478,397	(44,049)
Eastern Bank Ltd.	24,150	10	24.16	583,480	845,250	261,770
Pioneer Insurance Co. Ltd.	28,875	10	36.36	1,050,013	822,938	(227,075)
Southeast Bank Ltd.	25,000	10	20.18	504,509	462,500	(42,009)
EXIM Bank Ltd.	27,500	10	9.33	256,530	335,500	78,970
Square Pharma Ltd.	82,500	10	224.71	18,538,586	23,933,250	5,394,664
Square Textile Ltd.	239	10	-	-	16,180	16,180
Grammeen Phone Ltd.	16,000	10	294.71	4,715,424	5,510,400	794,976
C & A Textiles Ltd.	92	10	9.46	870	975	105
				26,171,858	32,405,390	6,233,532
Comparative year as at 30 June 2016				17,603,159	19,857,814	2,254,655

9 Investment Property: Tk. 23,104,412

The company has an Investment Property (Building) which has been rented to ACMUNIO International Ltd. As per BAS-40: Investment Property, the company is following fair value model as subsequent measurement and any gain or loss arising from a change in fair value of Investment Property is recognized in Statement of Profit or Loss and Other Comprehensive Income for the year in which it arises. During the year ended 30 June 2017 the company has revalued its Investment Property by an independent valuer M/S Masih Muhith Haque & Co., Chartered Accountants, Dhaka, Bangladesh. The valuer revalued the property by using current replacement cost method as mentioned in Paragraph B8 of BFRS 13: "Fair Value Measurement".

The details are hereunder :

Opening balance	26,185,000	26,185,000
Add/(Less): Changes in fair value	(3,080,588)	-
Closing Balance	23,104,412	26,185,000

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2017

Note No.	Particulars	Amount in Taka	
		As at 30.06.2017	As at 30.06.2016
10	Inventories: Tk. 2,907,608,895		
	This consists of as follows:		
	Raw Materials	817,689,878	848,133,333
	Packing Materials	538,976,580	451,563,377
	Work-in-Process	497,654,654	583,838,595
	Finished Goods	806,736,527	717,729,076
	Printing & Stationery	87,647,739	44,236,174
	Spare & Accessories	158,903,517	104,038,767
	Total	2,907,608,895	2,749,539,322

11 Trade Receivable : Tk. 1,227,081,694

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

Domestic	1,154,566,982	836,127,705
Exports	69,640,036	55,004,656
	1,224,207,018	891,132,361
Add: Foreign exchange Unrealized Gain	2,874,676	710,654
	1,227,081,694	891,843,015

There was no amounts due from 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. 1,227,081,694

Ageing of the above receivables are given below:

Particulars	Up to 6 Months		Above 6 Months		Total	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
Domestic	1,154,566,982	836,127,705	-	-	1,154,566,982	836,127,705
Export	69,640,036	55,004,656	-	-	69,640,036	55,004,656
					1,224,207,018	891,132,361
Add: Foreign exchange Gain/(Loss)					2,874,676	710,654
					1,227,081,694	891,843,015

12 Other Receivable: Tk. 135,275,733

This consists of as follows:

Rent on Investment Property	6,462,000	-
Interest Receivable	1,166,495	7,283,789
Claim receivable from Insurance Company due to fire (Inventory)	52,171,000	-
Claim receivable from Insurance Company due to fire (Machinery)	75,476,238	-
Dividend Receivable on Marketable Securities	-	39,375
	135,275,733	7,323,164

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2017

Note No.	Particulars	Amount in Taka	
		As at 30.06.2017	As at 30.06.2016
13	Advances, Deposits and Prepayments : Tk 1,434,353,400		
	The followings items are unsecured but considered good and consists of as follows :		
	Advances:		
	Advances against Salary	109,631,013	70,843,541
	Motor Cycle Advance to Employees	327,388,519	251,714,362
	Employee Advances (Others)	187,429,096	127,096,251
	Advance for API Industrial Park	66,330,000	300,000
	Advance to ACMUNIO International Ltd.	96,479,473	101,479,473
	Advance to Suppliers	207,140,525	141,625,904
	Advance to Suppliers for Construction	224,866,357	154,771,392
	Advance against Land	35,150,000	20,500,000
	Others	8,512,500	4,455,658
	Deposit :		
	Security Deposit and Earnest Money	27,130,418	24,530,401
	Security Deposit to Dhaka Polli Biddut Samity-3	15,140,000	35,449,176
	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	86,287,647	57,738,774
	Security Deposit to CDBL	500,000	500,000
	Others	3,700,750	3,700,750
	Prepayments :		
	Office Rent	2,915,750	5,107,250
	Insurance	8,895,938	6,974,243
		1,434,353,400	1,033,642,589
14	Advance Income Tax: Tk. 2,037,434,874		
	The breakup of the above amount is as under:		
	Opening Balance as per last A/C	1,843,423,421	1,820,547,016
	Adjustment of Current Tax Provision and Advance Income Tax for completed assessment		
	- For the assessment year 2012-2013	-	(326,075,150)
	- For the assessment year 2008-2009	(108,893,537)	-
	Payment during the year:		
	AIT collected by Customs Authority	113,645,388	93,926,029
	AIT collected by Bank from Export Bills	3,093,176	2,203,935
	AIT deducted against supply of Medicines	9,813,848	9,968,736
	AIT collected by BRTA Authority	3,891,000	3,197,000
	AIT deducted on Bank Interest on FDRs and STD account	19,863,441	5,068,244
	AIT deducted from Dividend Received	158,460	66,813
	AIT against Rent on Investment Property	-	2,180,925
	Paid by pay order:		
	for the assessment year 2008-09	2,439,677	-
	for the assessment year 2012-13	-	22,339,873
	for the assessment year 2016-17	-	210,000,000
	for the assessment year 2017-18	150,000,000	-
		2,037,434,874	1,843,423,421

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2017

Note No.	Particulars	Amount in Taka	
		As at 30.06.2017	As at 30.06.2016
15	Material in Transit: Tk. 492,696,854		
	Raw Materials	295,427,053	224,141,116
	Packing Materials	109,490,475	66,274,880
	Spare Parts	87,779,326	64,060,940
		492,696,854	354,476,936
16	Term Deposit: Tk. 2,054,000,000		
	As a part of efficient treasury management the company has made some short term investment with various Commercial Banks and Non Banking Financial Institutions which are stated below:		
	Trust Bank Limited	-	75,000,000
	Dhaka Bank Limited	506,750,000	1,000,000,000
	Investment Corporation of Bangladesh (ICB)	1,547,250,000	2,500,000,000
		2,054,000,000	3,575,000,000
17	Cash and Cash Equivalents: Tk. 1,382,878,590		
	This is made up as follows :		
	Cash in Hand	439,947,387	364,010,149
	Cheque in Hand	-	70,000,000
	Cash at Bank :		
	Agrani Bank Ltd.	8,456,107	9,281,826
	Dhaka Bank Ltd.	767,876	667,954
	National Bank Ltd.	25,030,599	47,861
	Uttara Bank Ltd.	124,032,389	33,160,966
	Marcantile Bank Ltd.	39,255,107	26,122,637
	Standard Chartered Bank	320,391,380	574,073,624
	Sonali Bank Ltd.	144,756	5,723,497
	Islami Bank Ltd.	229,544	163,067
	NCC Bank Ltd.	29,571,850	21,173,658
	Eastern Bank Ltd.	15,932,828	9,404,765
	Dutch Bangla Bank Ltd.	123,250,276	9,192,132
	HSBC	7,721,453	8,373,780
	United Commercial Bank Ltd.	495,546	497,196
	The City Bank Ltd.	2,907,964	48,290
	Trust Bank Ltd.	192,899,779	15,415,050
	Exim Bank Ltd.	235,939	61,894
	Bank Asia Ltd.	38,179,368	684,123
	Southeast Bank Ltd.	11,707,742	-
	Cash at BO Account	1,720,700	8,141
		1,382,878,590	1,148,110,610

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2017

Note No.	Particulars	Amount in Taka	
		As at 30.06.2017	As at 30.06.2016
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:		
	211,601,700 Ordinary Shares @ Tk. 10 each.(Previous year 161,601,700 Ordinary Shares @ Tk. 10)	2,116,017,000	1,616,017,000
	Add: Issued during the year (Previous year 50,000,000 Ordinary Shares issued @ Tk.10 each)	-	500,000,000
		2,116,017,000	2,116,017,000
c)	The movement of Ordinary Shares during the year is as under		
		No. of Share	No. of Share
	Opening Balance	211,601,700	161,601,700
	Add: Issued during the year (Previous year 50,000,000 Ordinary Shares issued @ Tk.10 each)	-	50,000,000
	Closing Balance.	211,601,700	211,601,700
19	Share Premium: Tk. 5,127,599,728		
	In the year 2015-2016, the company issued 50,000,000 Ordinary Shares of Tk. 10 each of which 30,000,000 Ordinary Shares issued at an issue price of Tk. 85.20 with a premium of Tk. 75.20 each and 20,000,000 Ordinary Shares issued at an issue price of Tk. 77.00 with a premium of Tk. 67.00 each.		
	Opening balance	5,127,599,728	1,605,066,569
	Add : Amount received during the year	-	3,596,000,000
	Less: Transaction cost (Note no. 19.1)	-	73,466,841
	Closing balance	5,127,599,728	5,127,599,728
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 EII's 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

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2017

Note No.	Particulars	Amount in Taka	
		As at 30.06.2017	As at 30.06.2016
20	Retained Earnings: Tk. 4,039,288,418		
	Opening balance	3,303,424,145	2,689,794,678
		1,483,688,505	1,211,620,494
	Add: Net profit after tax for the year	1,397,849,938	1,101,267,794
	Adjustment for Depreciation on Revaluation Surplus	85,333,938	110,098,241
	Revaluation surplus transferred to Retained earnings due to disposal of Motor Vehicles	504,629	254,459
		747,824,232	597,991,027
	Less: Tax Holiday Reserve	7,218,282	32,385,077
	Dividend for the year 2015-2016 (comparative year dividend was for the year 2014-2015)	740,605,950	565,605,950
	Closing balance	4,039,288,418	3,303,424,145
21	Long Term Loans - Net off Current Maturity: Tk. 3,025,882,035		
	This represents long term borrowings from Financial Institutions which are as follows:		
	Name of Financial Institutions		
	Trust Bank Ltd.	330,306,597	127,107,745
	Dhaka Bank Ltd.	-	27,498,333
	Dutch Bangla Bank Ltd.	451,659,092	708,254,975
	Eastern Bank Ltd.	650,000,000	-
	IDLC Finance Ltd.	62,078,015	95,265,479
	Standard Chartered Bank-Foreign Loan (Net of foreign currency gain/loss)	128,952,000	376,320,000
	IIDFC	245,000,000	172,500,000
	IPDC	437,250,000	342,500,000
	HSBC-Foreign Loan (Net of foreign currency gain/loss)	170,191,403	415,725,869
	HSBC Term Loan	20,444,928	12,482,197
	United Finance Ltd. (UFL)	180,000,000	260,000,000
	ILFSL	-	275,000,000
	Fareast Finance & Investment Ltd.	-	275,000,000
	Lanka Bangla Finance Ltd.	350,000,000	550,000,000
		3,025,882,035	3,637,654,598
22	Provision for Gratuity: Tk. 268,364,985		
	Opening Balance	206,370,155	57,776,500
	Add: Provision for the year	103,311,473	208,082,149
	Less: Paid during the year	41,316,643	59,488,494
	Closing Balance	268,364,985	206,370,155

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2017

Note No.	Particulars	Amount in Taka	
		As at 30.06.2017	As at 30.06.2016
23	Deferred Tax Liability: Tk. 381,665,656		
	This represents provision made/assets created related to deferred income tax for taxable/deductable temporary differences which is arrived at as follows:		
	Opening Balance	114,423,516	125,990,719
	Add : Deferred Tax Liability/(Assets) created during the year		
	Increase in Deferred tax liability	297,184,972	6,551,635
	On account of (deductable) /taxable temporary difference of taxable unit	293,457,536	(11,631,724)
	On account of (deductable)/taxable temporary difference of Tax holiday unit	3,727,436	18,183,359
	Creation of Deferred Tax Assets	(29,942,832)	(18,118,838)
	on account of Provision for Gratuity	(29,942,832)	(18,118,838)
	Closing Balance	381,665,656	114,423,516
24	Loans & Overdrafts: Tk. 5,304,039,335		
	This represents the amount are as follows :		
	Name of the Bank		
	Dutch Bangla Bank Ltd.	648,457,651	189,326,218
	Standard Chartered Bank	602,225,086	606,801,216
	Dhaka Bank Ltd.	427,010,443	399,057,749
	HSBC	1,122,527,704	1,045,369,588
	Eastern Bank Ltd.	1,215,859,615	1,071,577,307
	Trust Bank Ltd.	149,517,113	153,343,680
	The City Bank Ltd.	1,138,441,723	1,244,980,405
	Agrani Bank Ltd.	-	(803,209)
		5,304,039,335	4,709,652,954
25	Current Maturity of Long Term Loans: Tk. 1,791,905,667		
	This amount represents current portion of long term loans from Bank & Non-Banking Financial Institutions which are repayable within next 12 months from the balance Sheet date :		
	Name of Financial Institutions:		
	Trust Bank Ltd.	198,928,757	199,881,232
	IDLC Finance Ltd.	46,077,072	65,635,085
	IIDFC	107,500,000	90,000,000
	IPDC	157,250,000	112,317,266
	Eastern Bank Ltd.	200,000,000	-
	Standard Chartered Bank - Foreign Loan (Net of foreign currency gain/loss)	257,904,000	250,880,000
	HSBC - Foreign Loan (Net of foreign currency gain/loss)	257,199,665	253,645,277
	HSBC Term Loan	22,303,558	-
	Dhaka Bank Ltd.	27,198,644	24,295,515
	Dutch Bangla Bank Ltd.	237,543,971	218,133,544
	United Finance Ltd. (UFL)	80,000,000	80,000,000
	ILFSL	-	100,000,000
	Fareast Finance and Investment Ltd.	-	100,000,000
	Lanka Bangla Finance Ltd.	200,000,000	200,000,000
	Standard Chartered Bank	-	216,005
		1,791,905,667	1,695,003,924

The ACME Laboratories Ltd.
Notes to the Financial Statements
As at 30 June 2017

Note No.	Particulars	Amount in Taka	
		As at 30.06.2017	As at 30.06.2016
26	Trade Payables: Tk. 211,268,759		
	This consists of :		
	Trade Creditors	211,268,759	391,028,767
		211,268,759	391,028,767
27	Provision for Income Tax: Tk. 1,804,196,185		
	Opening Balance	1,542,631,343	1,556,306,023
	Add: Provision during the year	370,458,379	312,400,470
	Less: Adjustment of Current Tax Provision and Advance Income Tax for completed assessment		
	- For the assessment year 2012-2013	-	326,075,150
	- For the assessment year 2008-2009	108,893,537	-
	Closing Balance	1,804,196,185	1,542,631,343
28	Liability for Expenses and Others: Tk. 201,024,941		
	This is arrived at as follows:		
	Salary & Allowances	18,519,772	18,212,234
	Power & Electricity	9,925,123	6,982,041
	Postage & Telephone	1,376,156	1,512,342
	Gas Bill	13,787,084	13,215,585
	Office Rent	479,250	417,250
	Audit Fee	500,000	500,000
	Valuation & Certification fee	55,000	776,250
	WASA Bill	86,613	58,650
	Workers Profit Participation Fund (WPPF) and Workers Welfare Fund (WWF) (Note no. 28.a)	126,182,061	87,499,086
	TDS on Dividend	-	6,936,213
	Advance against Export Sales	7,163,193	8,230,575
	Interest on WPPF and WWF	1,312,129	282,826
	Other Expenses and TDS & VDS	21,638,560	21,658,414
		201,024,941	166,281,466
28.a	Workers Profit Participation Fund (WPPF) and Workers Welfare Fund (WWF): Tk. 126,182,061		
	The company makes a regular allocation of 5% on net profit before tax to this funds and payment is made to the workers as per provisions of Labor Law 2006 as amended in 2013.		
	Opening Balance	87,499,086	78,118,386
	Add: Addition for the year	101,777,523	70,105,053
	Less: Payment during the year	63,094,548	60,724,353
	Closing Balance	126,182,061	87,499,086
29	Dividend Payable: Tk. 2,606,820		
	The Board of Directors proposed 35% cash dividend of Tk. 740,605,950 for the year 2015-2016 which was duly approved in the 40th AGM by the shareholders . The details are stated below:		
	Opening balance	62,191,926	151,704,980
	Add: Final dividend declared for the year 2015-2016 (Gross)	740,605,950	565,605,950
	Less: Dividend paid to Shareholders	800,191,056	655,119,004
	Net Dividend Payable	2,606,820	62,191,926

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2017

Note No.	Particulars	July'16 to June'17			July'15 to June'16
		Non Tax Holiday Unit	Tax Holiday unit (Facility Expired on Sep'16)	Total	Total
30	Revenue : Tk. 13,576,322,298				
	This is made up as follows:				
	Gross Turnover				
	Domestic				
	Own Products	14,639,824,552	566,789,255	15,206,613,807	14,138,964,116
	Manufactured by Others :				
	Pharmaceutical Products	-	-	-	42,235,474
	Syringe	68,379	-	68,379	9,052,416
	Imported	8,723,250	-	8,723,250	-
	Fish Feed	-	-	-	5,250
		14,648,616,181	566,789,255	15,215,405,436	14,190,257,256
	Export				
	Own Products	443,107,665	7,309,994	450,417,659	371,778,736
		443,107,665	7,309,994	450,417,659	371,778,736
	Total Gross Turnover	15,091,723,846	574,099,249	15,665,823,095	14,562,035,992
	Less: VAT	2,005,496,257	84,004,540	2,089,500,797	1,917,122,848
	Net Turnover	13,086,227,589	490,094,709	13,576,322,298	12,644,913,144

The summarized sales and production quantities are as follows:

Name of Category	Unit	Opening balance	Production/ Purchase	Sales	Closing balance
Capsule	Pcs	17,043,563	390,614,212	390,334,721	17,323,054
Cream	Tube	587,632	5,419,326	5,279,831	727,127
Dry Syrup	Bottles	1,380,688	8,759,319	8,972,534	1,167,473
Eye/Ear/Nosal Drop	Phials	1,415,470	11,212,518	11,085,287	1,542,701
Injection	Pcs	3,067,827	38,515,612	39,742,525	1,840,914
Liquid	Bottles	5,435,623	62,014,125	62,001,551	5,448,197
Ointment	Tube	235,943	2,270,292	2,255,518	250,717
Tablet	Pcs	80,271,238	2,442,567,314	2,390,646,829	132,191,723
Powder	Pcs	75,120	715,265	710,871	79,514
Inhaler (DPI)	Cans	1,809,932	36,319,426	33,534,342	4,595,016
Suppository	Pcs	756,720	25,217,514	24,105,926	1,868,308
Inhaler(MDI)	Cans	96,164	615,745	612,160	99,749
Injection	Pcs	1,775,723	11,561,648	11,545,150	1,792,221
Liquid (Vet.)	Bottles	803,564	6,169,148	6,292,594	680,118
Bolus	Pcs	7,874,769	180,897,479	177,097,479	11,674,769
Primix	Pcs	4,940,768	20,514,391	20,013,135	5,442,024
Water Soluble Powder	Pcs	311,334	6,315,461	6,016,757	610,038
Syringe	Pcs	50,126	-	11,131	38,995
Fish Feed	Kg	2,986	-	-	2,986
Infusion	Pcs	1,137,203	3,369,642	3,545,837	961,008
Sachet	Pcs	390,068	8,912,189	8,758,593	543,664
Vaporizer	Pcs	-	51,990	34,893	17,097

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2017

Note No.	Particulars	July'16 to June'17			July'15 to June'16
		Non Tax Holiday Unit	Tax Holiday unit (Facility Expired on Sep'16)	Total	Total
31	Cost of Goods Sold : Tk. 8,039,829,556				
	This is arrived at as follows :				
	Raw Materials Consumed (Note no. 31.a)	4,035,595,533	150,479,851	4,186,075,384	4,266,616,134
	Packing Materials Consumed (Note no. 31.b)	2,054,616,544	85,700,635	2,140,317,179	2,231,379,082
	Work in Process (Opening)	468,739,849	115,098,746	583,838,595	392,224,068
	WIP transfer from Tax Holiday unit	107,865,435	(107,865,435)	-	-
	Work in Process (Closing)	(497,654,654)	-	(497,654,654)	(583,838,595)
	Material Consumption during the year	6,169,162,707	243,413,797	6,412,576,504	6,306,380,689
	Factory Overhead (Note no. 31.c)	1,622,158,450	87,340,753	1,709,499,203	1,563,703,677
	Cost of Production	7,791,321,157	330,754,550	8,122,075,707	7,870,084,366
	Purchase of Finished Goods	6,761,300	-	6,761,300	45,219,013
	Opening Stock of Finished Goods	638,765,489	78,963,587	717,729,076	573,035,786
	Finished Goods transfer from Tax Holiday unit	117,565,435	(117,565,435)	-	-
	Finished Goods Available	8,554,413,381	292,152,702	8,846,566,083	8,488,339,165
	Closing Stock of Finished Goods	(806,736,527)	-	(806,736,527)	(717,729,076)
	Cost of Goods Sold	7,747,676,854	292,152,702	8,039,829,556	7,770,610,089

31.a Raw Materials Consumed : Tk. 4,186,075,384

This is arrived at as follows :

Opening Stock of Raw Materials	807,045,676	41,087,657	848,133,333	690,584,842
Purchase during the year	4,006,564,271	149,067,658	4,155,631,929	4,424,164,625
Transfer from Tax Holiday unit	39,675,464	(39,675,464)	-	-
Closing Stock of Raw Materials	(817,689,878)	-	(817,689,878)	(848,133,333)
Raw Material Consumed	4,035,595,533	150,479,851	4,186,075,384	4,266,616,134

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	384,545,871	2,998,265	963,124	285	15,347	-	-
Purchase	381,974,505	5,011,357	5,114,844	254	45,960	24,000	3,331,200
Available for use	766,520,376	8,009,622	6,077,968	539	61,307	24,000	3,331,200
Closing Balance	352,245,897	2,595,654	816,504	305	12,146	-	-
Consumption	414,274,479	5,413,968	5,261,464	234	49,161	24,000	3,331,200

31.b Packing Materials Consumed : Tk. 2,140,317,179

This is arrived at as follows :

Opening Stock of Packing Materials	429,867,483	21,695,894	451,563,377	688,717,291
Purchase during the year	2,139,368,857	88,361,525	2,227,730,382	1,994,225,168
Transfer from Tax Holiday unit	24,356,784	(24,356,784)	-	-
Closing Stock of Packing Materials	(538,976,580)	-	(538,976,580)	(451,563,377)
Packing Materials Consumed	2,054,616,544	85,700,635	2,140,317,179	2,231,379,082

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2017

Note No.	Particulars	July'16 to June'17			July'15 to June'16
		Non Tax Holiday Unit	Tax Holiday unit (Facility Expired on Sep'16)	Total	Total

The total quantity of Packing Materials are as under:

Name of Category	Unit	Opening	Purchase	Consumption	Closing
Ampoule	Pcs	25,130,826	21,696,697	30,612,034	16,215,489
Bottle	Pcs	20,267,705	69,568,587	68,620,830	21,215,462
Carton	Pcs	19,829,361	127,592,183	120,137,991	27,283,553
Plastic Item	Pcs	19,257,814	115,273,531	110,963,370	23,567,975
Cap	Pcs	17,953,294	85,691,813	87,108,409	16,536,698
Catch Cover	Pcs	15,066,144	21,770,784	21,691,032	15,145,896
Inner Leaflet	Pcs	9,845,244	107,152,726	97,383,244	19,614,726
Label	Pcs	5,165,099	81,512,489	81,475,011	5,202,577
Shipping Box Label	Pcs	2,024,511	8,087,684	6,627,278	3,484,917
PVC/PVDC	Pcs	157,708	664,754	657,188	165,274
Shipping Box	Pcs	41,898	9,436,620	8,689,183	789,335
Tube	Pcs	2,292,092	5,959,550	6,533,195	1,718,447
Al. Foil- Blister	Kgs	15,563	140,760	124,986	31,337
Al. Foil- Strip	Kgs	425,077	794,213	829,165	390,125
Inner Board	Pcs	134,366	1,341,254	891,146	584,474
Vial	Pcs	4,303,502	12,776,644	14,622,042	2,458,104
Sticker Label	Pcs	11,217,972	34,369,732	27,968,323	17,619,381

31.c Factory Overhead : Tk. 1,709,499,203

This is made up as follows :

Salary & Allowances	379,094,353	14,055,510	393,149,863	332,747,238
Daily Wages	89,050,966	3,666,117	92,717,083	84,206,819
Gratuity	21,894,472	463,200	22,357,672	56,117,380
Group Insurance Premium	858,700	-	858,700	715,104
Postage & Telephone	3,175,920	99,955	3,275,875	3,102,299
Fuel, Power & Electricity	188,291,778	9,533,367	197,825,145	129,220,849
Conveyance	2,974,427	24,233	2,998,660	2,547,413
Company's Contribution to RPF	16,871,032	600,951	17,471,983	14,017,103
Gas Bill	128,480,883	6,152,977	134,633,860	112,761,441
Factory Staff Uniform	5,054,699	158,505	5,213,204	3,458,931
Carriage Inward	8,285,113	168,787	8,453,900	6,079,689
Repairs & Maintenance	65,759,471	1,806,602	67,566,073	73,646,888
Medical Expenses	543,922	248	544,170	143,591
Insurance	16,692,427	788,305	17,480,732	15,395,785
Local Tax	1,859,199	305,801	2,165,000	1,581,157
Printing & Stationery	20,655,759	835,270	21,491,029	18,009,819
Research & Analysis	5,398,784	155,265	5,554,049	4,277,958
Welfare & Recreation	11,824,801	268,702	12,093,503	10,552,315
Entertainment	4,651,966	172,527	4,824,493	3,310,592
Canteen Expenses	13,747,409	405,924	14,153,333	12,926,593
Spare Parts	91,205,157	1,206,482	92,411,639	77,131,392
Service charge	-	-	-	4,166,402
Travelling	2,778,976	-	2,778,976	415,714
Depreciation	543,008,236	46,472,025	589,480,261	597,171,205
	1,622,158,450	87,340,753	1,709,499,203	1,563,703,677

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2017

Note No.	Particulars	July'16 to June'17			July'15 to June'16
		Non Tax Holiday Unit	Tax Holiday unit (Facility Expired on Sep'16)	Total	Total
32	Other Income: Tk. 190,150,441				
	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	(443,645)	-	(443,645)	(719,721)
	Bank Interest on STD and SND A/C	7,634,418	-	7,634,418	18,734,247
	Translation Gain/(loss) for foreign currency fluctuation	(19,301,295)	-	(19,301,295)	(9,129,394)
	Settlement Gain/(loss) for foreign currency fluctuation	(2,286,791)	-	(2,286,791)	(1,091,133)
	Realized gain on Marketable Securities	-	2,185,448	2,185,448	-
	Gain due to settlement of Insurance claim for Inventory lost in transit	151,859	-	151,859	-
	Interest on Term Deposit	189,798,344	-	189,798,344	30,751,896
	No Claim Bonus - Group Health Insurer	4,969,177	-	4,969,177	-
	Dividend Income from marketable securities	719,381	33,545	752,926	373,440
		187,931,448	2,218,993	190,150,441	45,609,335
33	Selling, Marketing and Distribution Expenses: Tk. 1,963,666,866				
	This is made up as follows :				
	Salary & Allowances	1,124,373,484	37,146,091	1,161,519,575	1,088,244,509
	Daily Basis Salary	8,937,146	369,983	9,307,129	7,384,526
	Gratuity	62,250,261	2,881,406	65,131,667	119,848,564
	Company's Contribution to RPF	52,883,785	1,911,160	54,794,945	45,314,956
	Office Rent	7,975,116	298,384	8,273,500	8,228,500
	Electricity & WASA, Gas	8,340,019	399,509	8,739,528	8,344,180
	Postage & Telephone	30,339,012	1,204,362	31,543,374	29,653,781
	Fuel for Generator	1,625,413	67,024	1,692,437	1,945,777
	Vehicle Expenses	37,040,627	1,421,437	38,462,064	32,572,954
	Printing & Stationery	38,436,746	1,323,613	39,760,359	37,876,529
	TA/DA	79,480,366	3,408,043	82,888,409	80,469,165
	Travelling Kits	5,331,957	39,043	5,371,000	4,035,688
	Carriage Outward	45,289,803	2,231,412	47,521,215	42,935,479
	Seminar & Conference	11,735,844	326,209	12,062,053	11,675,136
	Medical Expenses	1,206,774	24,214	1,230,988	1,069,302
	Sales Promotion Expenses	124,544,636	4,617,449	129,162,085	91,032,439
	New Products induction expenses	1,040,429	131,232	1,171,661	1,630,559
	Group & Health Insurance Premium	3,955,383	-	3,955,383	4,499,412
	Export Expenses	14,991,994	595,659	15,587,653	14,097,276
	Welfare & Recreation	2,042,293	66,914	2,109,207	2,093,198
	Free Sample	73,947,475	2,194,574	76,142,049	51,981,376
	Insurance	9,079,511	286,640	9,366,151	5,271,203
	Fees & Renewals	16,269,841	937,657	17,207,498	13,170,189
	Repair & Maintenance	55,146,429	709,725	55,856,154	55,016,599
	Entertainment	24,600,261	940,097	25,540,358	20,413,398
	Advertisement	868,417	6,089	874,506	-
	Repacking Materials	462,784	37,750	500,534	956,337
	Depreciation	55,518,808	2,376,576	57,895,384	58,650,744
		1,897,714,614	65,952,252	1,963,666,866	1,838,411,776

The ACME Laboratories Ltd.
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Note No.	Particulars	July'16 to June'17			July'15 to June'16
		Non Tax Holiday Unit	Tax Holiday unit (Facility Expired on Sep'16)	Total	Total
34	Administrative Expenses: Tk. 533,384,270				
	This is made up as follows :				
	Directors Remuneration	27,699,120	1,100,880	28,800,000	28,800,000
	Salary & Allowances	223,718,495	9,508,690	233,227,185	208,700,323
	Directors Sitting Fees	2,219,527	99,640	2,319,167	1,495,003
	Group & Health Insurance Premium	404,629	-	404,629	734,509
	Postage & Telephone	5,111,635	180,849	5,292,484	4,899,884
	Electricity ,Gas & WASA	13,960,492	643,528	14,604,020	14,370,192
	Fuel for Generator & Vehicle	5,785,241	275,025	6,060,266	7,355,393
	Conveyance	2,676,050	208,400	2,884,450	4,387,856
	Refreshment Expenses	4,153,655	166,234	4,319,889	4,182,756
	Office General Expenses	9,345,332	309,877	9,655,209	6,768,191
	Vehicle Expenses	16,154,372	591,046	16,745,418	12,625,738
	Advertisement for Recruitment & Others	4,169,536	71,704	4,241,240	12,556,253
	Printing & Stationery	6,123,014	214,314	6,337,328	5,959,573
	Intangible Assets Amortization	40,034	1,591	41,625	41,625
	Newspaper & Periodicals	241,911	9,414	251,325	571,973
	AGM Expenses	5,360,423	-	5,360,423	415,027
	Expenses for Legal Procedure	4,001,582	127,428	4,129,010	3,082,370
	Gratuity	15,618,575	203,559	15,822,134	32,116,205
	Company's Contribution to RPF	7,909,228	302,001	8,211,229	8,685,797
	Professional Fee	10,710,407	195,127	10,905,534	11,088,312
	Audit Fees	500,000	-	500,000	500,000
	Non current assets valuation fee	-	-	-	776,250
	Medicine Expenses	355,374	22,170	377,544	436,395
	Uniform and liveries	1,014,828	44,081	1,058,909	656,523
	Travelling Expenses	8,140,122	178,935	8,319,057	5,775,000
	Repair and maintenance	18,285,480	386,063	18,671,543	32,228,757
	Insurance	1,279,220	48,435	1,327,655	1,656,000
	Municipal Tax	3,892,447	14,848	3,907,295	10,246,946
	Fees and Renewals	6,355,820	317,693	6,673,513	4,214,841
	Welfare and recreation	2,233,609	103,245	2,336,854	1,711,714
	IPO related revenue expenses	-	-	-	3,885,616
	Daily basis salary	6,249,126	351,243	6,600,369	4,282,333
	Contribution to CSR Activities	1,505,454	14,354	1,519,808	663,592
	Product Registration fees (US FDA)	45,012,000	-	45,012,000	-
	Loss due to revaluation of PPE and Investment Property	3,080,588	-	3,080,588	2,640,301
	Depreciation	52,154,029	2,232,541	54,386,570	55,096,153
		515,461,355	17,922,915	533,384,270	493,607,401
35	Financial Expenses: Tk. 1,015,500,106				
	This is made up as follows :				
	Interest on Cash Credit	49,605,231	2,220,978	51,826,209	70,951,886
	Interest on Overdraft	34,433,046	1,689,955	36,123,001	47,242,368
	Interest on MTL & LTR	34,189,901	1,270,360	35,460,261	32,801,756
	Interest on Revolving & STL	309,275,505	13,465,908	322,741,413	314,099,171
	Interest on Lease Finance	225,254,460	11,572,526	236,826,986	334,189,066
	Interest on Term Loan	272,605,899	1,329,236	273,935,135	250,577,718
	Interest on Accepted Import Loan	34,930,974	8,366,228	43,297,202	49,299,535
	Interest on WPPF and WWF	4,354,701	200,982	4,555,683	2,828,258
	Bank Charge	10,356,513	377,703	10,734,216	13,697,341
		975,006,230	40,493,876	1,015,500,106	1,115,687,099

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For the year ended 30 June 2017

Note No.	Particulars	July'16 to June'17			July'15 to June'16
		Non Tax Holiday Unit	Tax Holiday unit (Facility Expired on Sep'16)	Total	Total
36	Loss due to Fire Incident - At Factory : Tk. 76,763,961				
	Loss of Machinery due to Fire (A)	Cost	Revaluation	Total	Total
	Machinery at cost/revaluation	465,370,705	20,667,764	486,038,469	-
	Less: Accumulated Depreciation till date of incident	161,048,467	8,429,391	169,477,858	-
	Carrying amount	304,322,238	12,238,373	316,560,611	-
	Less: Recoverable Amount	225,938,120	7,560,691	233,498,811	-
	Loss due to fire incident	78,384,118	4,677,682	83,061,800	-
	Add: Startup cost after fire incident			11,283,433	-
	Total loss before adjusting revaluation surplus and insurance claim			94,345,233	-
	Less: Loss adjusted through revaluation surplus			4,677,682	-
	Total loss before adjusting insurance claim			89,667,551	-
	Less: Insurance claim received			75,476,238	-
	Net loss after adjusting insurance claim (A)			14,191,313	-
	Loss of Inventory due to Fire (B)				
	Inventory damaged due to fire			68,241,240	-
	Less: Value of inventory covered by insurance			52,171,000	-
	Net loss after adjusting amount of insurance coverage (B)			16,070,240	-
	Loss of Factory Building due to Fire (C)	Cost	Revaluation	Total	
	Machinery at cost/revaluation	83,826,307	81,916,524	165,742,831	-
	Less: Accumulated Depreciation till date of incident	37,323,899	17,340,430	54,664,329	-
	Carrying amount	46,502,408	64,576,094	111,078,502	-
	Less: Recoverable Amount	-	-	-	-
	Total loss before adjusting insurance claim and revaluation surplus	46,502,408	64,576,094	111,078,502	-
	Less: Loss adjusted through revaluation surplus			64,576,094	-
	Total loss before adjusting insurance claim			46,502,408	-
	Less: Insurance claim received			-	-
	Net loss after adjusting insurance claim (C)			46,502,408	-
	Total Loss due to fire incident (D = A + B + C)			76,763,961	-

A fire incident was occurred at the Solid Dosages Unit (SDU) of the factory, situated at Dhulivita, Dhamrai, Dhaka on 15 November 2016. Within a short time span without any sort of injury and/or causality of people and firefighters it came under control by the Fire Service, Civil Defense, Employees of the Company, Local inhabitants, Local Government Representatives & Law Enforcement Agencies. The fire caused partial damage of the SDU facilities including machineries and materials. It is not be out of place to mention that said manufacturing facility including machinery and materials are insured with the following insurance companies:

S.L	Name of the Insurance Company	Insured Items	Total Insured Amount (Tk.)	Remarks
1	Pioneer Insurance Company Ltd. & Green Delta Insurance Company Ltd.	Machinery	2,664,658,145	Co-insurance
2	Federal Insurance Company Ltd.	Building	500,000,000	-
3	Pioneer Insurance Company Ltd.	Inventory	1,500,000,000	-

Quantum of damages with regard to building, plant & machinery and inventory arose due to incident had been assessed by the company and claim with respective insurers had been lodged. Details of claim lodged and claim settled is here under

The ACME Laboratories Ltd.
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Sl. No.	Insured Items for which claim has been lodged	Amount of claim lodged (Tk.)	Amount of claim settled (Tk.)	Amount of claim under assessment stage with insurer (Tk.)
1	Machinery	180,190,154	75,476,328	Nil
2	Inventory	52,171,000	52,171,000	Nil
3	Building	83,826,307	Nil	83,826,307
	Total	316,187,461	127,647,328	83,826,307

The Company has booked the loss with regard to building, plant & machinery and inventory arose due to incident net of insurance claim received/receivable is as under:

Sl. No.	Insured Items for which claim has been lodged	Value of damage (Carrying Amount) as per the books of accounts including startup cost (Taka)	Amount of claim settled (Taka)	Amount of claim under assessment stage with insurer (Taka)	Amount of loss booked in the books of accounts (Taka)
1	Machinery	94,345,233	75,476,328	Nil	14,191,313
2	Inventory	68,241,240	52,171,000	Nil	16,070,240
3	Building	114,279,009	Nil	83,826,307*	46,502,408
	Total	276,865,482	127,647,328	83,826,307	76,763,961

* Management of the Company is not satisfied with the report of the surveyor appointed by the insurance company and insisting upon to appoint a second surveyor as the computation of loss made by the first surveyor has gross mistakes in application of principle for determination of loss incurred.

July'16 to June'17			July'15 to June'16
Non Tax Holiday Unit	Tax Holiday unit (Facility Expired on Sep'16)	Total	Total

37 Contribution to Workers Profit Participation Fund (WPPF) and Workers Welfare Fund (WWF) : Tk. 101,777,523

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

Profit before charging WPPF and WWF	2,061,536,023	75,791,957	2,137,327,980	1,472,206,114
Contribution to WPPF and WWF	98,168,382	3,609,141	101,777,523	70,105,053

38 Income Tax Expenses : Tk. 637,700,519

This is arrived at as follows :

Current Tax Expenses

Current Tax for the year under review	350,233,125	225,254	350,458,379	257,265,413
Current tax provision for previous years	20,000,000	-	20,000,000	55,135,057
	370,233,125	225,254	370,458,379	312,400,470

Deferred Tax Expenses/(Income)

Deferred Tax Expenses/(Income)	263,514,704	3,727,436	267,242,140	(11,567,203)
	263,514,704	3,727,436	267,242,140	(11,567,203)
	633,747,829	3,952,690	637,700,519	300,833,267

39 Basic/Diluted Earnings Per Share (EPS) : Tk 6.61

The computation is given below :

Net Profit After Tax	1,397,849,938	1,101,267,794
Weighted average number of shares outstanding during the year (Note no. 39.2)	211,601,700	168,040,056
Basic Earnings Per Share	6.61	6.55

Diluted Earnings Per Share

Refer Policy notes 5.17

The ACME Laboratories Ltd.
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39.1 Number of Ordinary Shares Outstanding : 211,601,700

211,601,700 Ordinary Shares @ Tk.10 each. (Previous year 161,601,700 Ordinary Shares)
Add: Issued during the year (Previous year 50,000,000 Ordinary shares @ Tk. 10 each)

July'16 to June'17	July'15 to June'16
211,601,700	161,601,700
-	50,000,000
211,601,700	211,601,700

39.2 Weighted Average Number of Ordinary Shares: 211,601,700

Number of existing Ordinary Share

Add: Issued during the year [Previous year 50,000,000 Ordinary shares @ Tk. 10 each issued on 15 may 2016 (50,000,000 X 47/365)]

211,601,700	161,601,700
-	6,438,356
211,601,700	168,040,056

40 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:

(Amount in Taka)

Name of the company	Relationship	Nature of Transaction	2016-2017		2015-2016	
			Value of transaction during the year	Balance as at 30 June 2017	Value of transaction during the year	Balance as at 30 June 2016
Sinha Printers Ltd.	Common Director	Local Supply Received	445,803,332	(139,196,108)	445,037,684	(283,448,685)
		Provide Services & Others	299,133	-	460,444	-
ACMUNIO Int. Ltd.	Common Director	Advance	(5,000,000)	96,479,473	(42,562,425)	101,479,473
		Finished Goods Purchase	68,379	-	9,052,416	-
		Rent on Investment Property	6,462,000	6,462,000	6,462,000	-
		Car Sale	-	-	500,000	-
The ACME Agrovet & Beverages Ltd.	Common Director	Material Purchase	1,259,220	(1,259,220)	-	-
Kalyar Packaging Ltd.	Common Directo	Local Supply	4,712,459	(3,606,808)	68,765,194	(1,840,076)
Kalyar Replica Ltd.	Common Directo	Local Supply	236,998	(674,158)	7,040,742	(1,191,652)

41 Details regarding disposal of Motor Vehicle:

Particulars	Cost/Revaluation (Tk.)	Acc. Dep on Cost/Revaluation	Net Book value (Tk.)	Sales Price (Tk.)	Disposition of total Gain/(Loss)		
					Charged to P/L Tk.	Charged to Equity (Tk.)	Total (Tk.)
Vehicle GA-23-3799	1,411,000	1,126,097	284,903	400,000	115,097	62,928	178,025
Vehicle BHA-11-0603	1,651,994	1,352,158	299,836	550,000	250,164	299,836	550,000
Vehicle BHA-11-1659	7,300,000	2,732,934	4,567,066	3,550,000	(1,017,066)		(1,017,066)
Vehicle MA-51-3557	2,264,103	2,222,263	41,840	250,000	208,160	41,840	250,000
Vehicle MA-51-4362	1,264,945	1,003,140	261,805	250,000	-	61,830	61,830
Vehicle MA-51-1639	809,000	606,639	202,361	50,000	-	202,139	202,139
Total	14,701,042	9,043,231	5,657,811	5,050,000	(443,645)	668,573	224,928

July'16 to June'17	July'15 to June'16
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42 Payments/Receipts in Foreign Currency
Payment

Import of Machinery, Spare Parts and Equipment

Import of Raw Material and Packing Material

Foreign Currency Loan

785,625,494	376,606,093
2,020,578,025	1,846,412,396
543,797,624	497,192,336
3,350,001,143	2,720,210,825

Receipts

Exports

441,882,286	367,322,488
441,882,286	367,322,488

The ACME Laboratories Ltd.
Notes to the Financial Statements
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43 Directors Remuneration and Sitting Allowance

	July'16 to June'17	July'15 to June'16
Directors Remuneration (Including MD's Remuneration for CY/PY amounting to Tk. 12,000,000)	28,800,000	28,800,000
Directors Sitting Allowance (Including MD's Sitting Allowance for CY Tk. 287,500 and previous year Tk. 172,503)	2,319,167	1,495,003
	31,119,167	30,295,003

44 Audit Fees

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

45 Events after the Reporting Period

A fire incident had been occurred in the factory premises of the Company (for detail referred note no. 36) as on 15 November 2016 and claim were lodged with respective Insurance Companies with whom assets were insured. Though, the claim made by the company were settled by the Insurance Companies after 30 June 2017, i.e. after the reporting period. However, being the adjustable event the claims received have been adjusted against the loss to the company in the Financial Statements for the financial year ended on 30 June 2017.

46 Contingent Liability

Large Tax payer unit(LTU),North Commissionerate and Directorate,Inspection,Intelligence & Investigation under National Board of Revenue(NBR) against 3(three) claims of VAT and another 1(one) regarding VAT on VAT exempted medicine and remaining one for reopening of audit proceeding. The ACME Laboratories Ltd. has filed 5(five) writ petitions in The Honorable High Court Division of the Supreme Court of Bangladesh separately vide no. 8650/2008,785/2009,3948/2004, 4477/2002 and 14250/2016 respectively against the said claims. The company reviews status of the same on every reporting date. Details of current status are given below:

SL No.	Writ No.	Value in Taka	Reason	Expiry Date/Result
1	8650/2008	Non-monitory	Medicine supply to ICDDR,B as Exempted	Valid up to disposal of hearing
2	785/2009	13,097,829	Rebate for exempted of medicine	Valid up to disposal of hearing
3	3948/2004	2,730,765	Rebate cancel	Disfavor of our company and further leave to appeal no.1569
4	4477/2002	1,907,555	Rebate cancel	In favor of our company.
5	14250/2016	Non-monitory	Re-initiation and reopening of audit proceedings	Extended for a period of six months from the date of 4 June 2017
Total		17,736,149		

47 Un Expired Bank Guarantees

Details of Unexpired Bank Guarantees of Tk. 47,984,290 (as at 30 June 2016 the amount was Tk. 35,735,790) given in the normal course of business on behalf of the company to various parties as at 30 June 2017 are as follows -

SL No.	Name of Bank	Date of Expiry	Amount in Taka
1	Trust Bank Ltd.	22.10.2021	1,093,820
2	Trust Bank Ltd.	31.08.2017	4,608,000
3	Trust Bank Ltd.	31.08.2017	2,368,800
4	Trust Bank Ltd.	15.05.2021	12,401,250
5	Trust Bank Ltd.	15.05.2021	316,050
6	Trust Bank Ltd.	15.05.2021	2,320,400
7	Trust Bank Ltd.	15.05.2021	252,700
8	Trust Bank Ltd.	30.11.2017	2,268,000
9	Trust Bank Ltd.	30.09.2017	2,784,900
10	Trust Bank Ltd.	30.09.2017	5,680,790
11	Trust Bank Ltd.	28.08.2017	435,000
12	Trust Bank Ltd.	08.10.2017	960,000
13	Trust Bank Ltd.	18.04.2019	229,000
14	Trust Bank Ltd.	18.04.2019	4,507,700
15	Trust Bank Ltd.	30.07.2019	848,800
16	Dutch Bangla Bank Ltd.	17.10.2021	249,800
17	Dutch Bangla Bank Ltd.	17.10.2021	180,900
18	Dutch Bangla Bank Ltd.	24.05.2022	766,350
19	Dutch Bangla Bank Ltd.	24.05.2022	164,680
20	Agrani Bank Ltd.	11.09.2018	1,547,350
21	Trust Bank Ltd.	03.01.2018	4,000,000
Total			47,984,290

48 Claim not acknowledge as debts

There is no claim against the company which have been acknowledges as debt as at 30 June 2017.

The ACME Laboratories Ltd.
Notes to the Financial Statements
For the year ended 30 June 2017

49 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 2017 Tk. 30,021,322. (as at 30 June 2016 the amount was Tk. 162,198,212)

50 Production Capacity & Utilization

(Quantity in thousand)

Name of Category	Unit	Production Capacity		Actual Production		Actual Production	
		2016-17	2015-16	2016-17	%	2015-16	%
Human							
Tablet	Pcs	3,501,094	3,479,490	2,430,363	69.42	2,384,322	68.53
Capsule	Pcs	635,755	630,486	381,970	60.08	377,555	59.88
Liquid	Bottle	84,761	87,234	54,125	63.86	55,593	63.73
Dry Syrup	Bottle	19,907	18,409	9,474	47.59	9,135	49.62
Ointment	Tube	6,752	6,158	2,270	33.62	2,003	32.53
Cream	Tube	18,776	17,928	5,419	28.86	5,310	29.62
Suppository	Pcs	37,713	32,660	25,217	66.87	23,542	72.08
Inhaler (DPI)	Cans	95,671	66,690	36,319	37.96	31,601	47.38
Inhaler (MDI)	Canister	3,095	1,457	615	19.87	491	33.74
Eye/Ear/Nasal Drop	Phials	21,758	17,136	11,212	51.53	9,268	54.09
Injection (Amps)	Pcs	60,467	35,380	28,456	47.06	32,502	91.87
Injection (Vial)	Pcs	23,804	15,350	10,059	42.26	9,359	60.97
Infusion	Pcs	6,347	4,680	3,369	53.08	2,957	63.19
Sachet	Pcs	29,774	28,201	8,912	29.93	8,808	31.23
Veterinary							
Bolus	Pcs	270,365	238,444	180,897	66.91	169,358	71.03
Liquid	Pcs	8,284	5,811	6,169	74.47	4,055	69.78
Premix	Pcs	28,253	27,587	20,514	72.61	18,146	65.78
WSP	Pcs	9,773	9,078	6,315	64.62	5,455	60.09
Injection	Vial	13,378	12,487	11,561	86.42	11,310	90.57
Herbal & Ayurvedic							
Capsule	Pcs	32,574	32,370	8,644	26.54	9,911	30.62
Liquid	Pcs	13,081	8,708	7,889	60.31	7,654	87.90
Tablet	Pcs	41,902	29,880	12,204	29.13	12,006	40.18

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

51 Income Tax Assessment:

Among the several disputed assessments, the final assessment for the assessment year 2008-2009 has been completed during the year 2016-17 and the company adjusted the additional final tax liability amounting Tk. 27,939,677 from the provision. Other assessments are in progress at various stages which have been contested by filling appeals, petitions as per section 173. The management had created provisions amounting to Tk. 65,153,057 in the prior years. However, as an abundant caution during the financial year 2016-17 an additional provision amounting to Tk. 20,000,000 has been created to take care of any liability in this regard.

52 VAT Return and Auditing status as at 30.06.2017

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 was a demand of Tk. 29,879. The audit for the financial year 2014-15 is completed by the department and the observation made are yet to be settled.

GOING CONCERN

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

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

FINANCIAL INDICATIONS

Positive Net Current Asset

ACME has positive net current assets of BDT 2,356.29 million as at 30 June 2017. It indicates the companies abilities to meet its short term immediate obligations.

Uninterrupted financial support by lenders

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

Positive operating cash flows

During the year 2016-2017, the Statement of Cash Flows of the Company shows very positive operating cash flows amounting BDT 1,396.41 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 Board of Directors has proposed 35% cash dividend to the shareholders. In the year 2015-16, 2014-15, 2013-14 the company declared 35% cash dividend consistently to its shareholders. The continuous paying of dividend reflects Company's long-term viability in operational existence.

Credibility in Payment of Obligations

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

Performance growth

ACME has excellent growth in its operating performance. Total operating revenue is BDT 13,576.32 million and total profit after tax is BDT 1,397.85 million. All those indicators support Company's continuance in foreseeable periods.

OPERATING INDICATIONS

Expansion of business

The Company has expanded its business line in locally and globally by introducing new projects, new products line and strengthening its distribution channel. In continuation of its regular development with regard to competencies, capabilities and adaptation of sophisticated cutting edge technologies the Company has recently completed and started a couple of projects. Besides, considering the future prospects the Board of Directors has decided to start construction work of Steroid & Hormone products and Penicillin products by using IPO Proceeds. The company also got letter of allotment of three plots for Active Pharmaceutical Ingredients (API) projects from BSCIC at Gazaria, Munshigonj.

The Marketing Management Division also expanded its products/services line by introducing 59 new products during the year. It is expected that after introducing all these products in the market a positive impact will be reflected in the revenue of the Company in near future. These represent Company's intention for perpetuity.

Corporate environment and employee satisfaction

The Company has sound human resource policy to ensure the congenial working environment and better career path. Multidisciplinary human resources comprising above seven thousands full time equivalent qualified, trained and skilled professionals, including a good number of white collar employees such as pharmacists, chemists, doctors, microbiologists, scientists, engineers, accountants and business administration graduates and/or post-graduates are currently working at ACME. Our utmost importance on the continuous development of human resources to enhance their competencies through continuous in-house and external training programs and encourages our people.

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

OTHER INDICATIONS

Strong equity base

As on 30 June 2017, total equity of the Company stands at BDT 16,956.28 million (30 June 2016: BDT 16,364.47 million) representing an increase of 3.62% 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 particular. 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.

Mass Extinction Crisis: The Gravest Global Threat



1. Mass Extinction Crisis-global scenario

An *extinction event* (also known as a *mass extinction* or biotic crisis) is a widespread and rapid decrease in the biodiversity on Earth. Mass extinction can also be described as the extinction of a large number of species within a relatively short period of geological time, thought to be due to factors such as a catastrophic global event or widespread environmental change that occurs too rapidly for most species to adapt. There have been five mass extinction events in Earth's history, "many scientists are now predicting that we are on track for a sixth mass extinction (Table-A). The world's species already seem to be vanishing at an unnaturally rapid rate" (Source: *The Washington Post*, February 11, 2014).

Table- A: The Mass Extinction Events on Earth

Rank	Extinction Event	Approximate Time of Occurrence	Major Effects
1	Ordovician–Silurian Extinction	439 million years ago	<ul style="list-style-type: none"> 86% of life on Earth was wiped out. Scientists believe two major events resulted in this extinction: glaciations and falling sea levels. Some theories suggest that the Earth was covered in such a vast quantity of plants that they removed too much carbon dioxide from the air which drastically reduced the temperature. Falling sea levels were possibly a result of the Appalachian mountain range forming.

2	Late Devonian Extinction	364 million years ago	<ul style="list-style-type: none"> • Around 75% species were lost. • Giant land plants are thought to be responsible as their deep roots released nutrients into the oceans. • The nutrient rich waters resulted in mass amounts of algal blooms which depleted oxygen of the seas and therefore, animal life.
3	Permian-Triassic extinction	251 million years ago	<ul style="list-style-type: none"> • This extinction is considered the worst in all history because around 96% of species were lost. Life today descended from the 4% of surviving species. • Ancient coral species were completely lost. • The ‘Great Dying’ was caused by an enormous volcanic eruption that filled the air with carbon dioxide which fed different kinds of bacteria that began emitting large amounts of methane. • The Earth warmed and the oceans became acidic.
4	Triassic-Jurassic extinction	Between 199 million to 214 million years ago.	<ul style="list-style-type: none"> • As in other mass extinctions, it is believed there were several phases of species loss due to asteroid impact, climate change, and flood basalt eruptions. • During the beginning of this era, mammals outnumbered dinosaurs. By the end, dinosaurs’ ancestors (archosaurs) reigned the earth’s surface. • This extinction laid the path that allowed for the evolution of dinosaurs which later existed for around 135 million years.
5	Cretaceous-Paleogene extinction	65 million years ago	<ul style="list-style-type: none"> • Cretaceous-Paleogene brought on the extinction of dinosaurs. • A combination of volcanic activity, asteroid impact, and climate change effectively ended 76% of life on earth. • This extinction period allowed for the evolution of mammals on land and sharks in the sea.
6	Holocene extinction	Present	<ul style="list-style-type: none"> • According to a good number of Scientists, the world is in the Holocene era, plants and animals are dying off at abnormally fast rates and life as we know it is in danger. • This time, however, the cause is not volcanic activity nor asteroid impacts. Human activity is triggering a change in global climate which has increased species extinction to between 10 and 100 times faster than the norm. The evidence is pretty clear; we are headed toward the 6th mass extinction.

(Source: www.worldatlas.com/articles/the-timeline-of-the-mass-extinction-events-on-earth.html)

A majority of the American’s biologists are convinced that, a “mass extinction” of plants and animals is underway that poses a major threat to humans in the 21st century. According to The Washington Post, April 21, 1998, “The rapid disappearance of species was ranked as one of the planet’s gravest environmental worries, surpassing pollution, global warming and thinning of the Ozone layer, according to the survey of 400 scientists commissioned by New York’s American Museum of Natural History”.

“The Earth is in the midst of the sixth mass extinction of both plants and animals, with nearly 50 percent of all species disappearing”, scientists say (Source: *Science Daily*, October 21, 2008).



Amazon Forest

Plants and animals in the seas and oceans are also at risk of mass extinction for various reasons. **“The world’s oceans are faced with an unprecedented loss of species comparable to the great mass extinctions of prehistory, a major report suggests. The seas are degenerating far faster than anyone has predicted, because of the cumulative impact of a number of severe individual stresses, ranging from climate warming and sea-water acidification, to widespread chemical pollution and gross overfishing”** (Source: Michael McCarthy, Environment Editor, *The Independent*, June 20, 2011).



“Carbon dioxide in the atmosphere is absorbed by the seas – at least a third of the carbon that humans have released has been dissolved in this way, and makes them more acidic” according to the Intergovernmental Panel on Climate Change. **“The oceans are becoming more acidic at the fastest rate in 300 million years, due to carbon dioxide emissions from burning fossil fuels, and a mass extinction of key species may already be almost inevitable as a result”** (Source: *The Guardian*, October 03, 2013).



Furthermore, recent studies revealed, **“an increasing number of pollinating mammal and bird species are moving towards extinction”**, according to the first study of its kind (Source: BBC, March 6, 2015).

“A decline in pollinator abundance and diversity can result in a loss of pollination services that could significantly affect the maintenance of wild plant diversity, wider ecosystem stability, crop production, food security, and human welfare” (Kremen et al. 2002; Garibaldi et al. 2013).

“On an average, 2.4 species per year have moved one red list category towards extinction in recent decades, representing a substantial increase in extinction risk across this set of species, report the scientists. This may be impacting the delivery of benefits that these species provide to people” (Source: “Global Trends in the Status of Bird and Mammal Pollinators”, Eugenie et al., Conservation Letters, March 27, 2015).

BBC News, November 20, 2015 reported, **“More than half of all tree species in the Amazon face extinction, warn international scientists”**. According to new data, **“up to 57% of all Amazonian trees may already fit the criteria of being globally threatened”**. **“21% of all plants are at risk of extinction and face a broad range of threats”** (Source: BBC, May 10, 2016).

2. Mass Extinction Crisis-status of medicinal plants

• Importance & Contribution of Medicinal Plants

Medicinal plants play a very vital role for human & animal health care and also healthy environment. According to the World Health Organization (WHO) up to 80% of developing country populations rely on traditional/herbal medicines for their primary health care. Global herbal market is around **US\$ 70.5 billion** which is growing rapidly with an average annual growth rate of 10-12%. The World Bank estimated global trade of Medicinal & Aromatic Plants and their products at **US\$ 5 trillion by 2050**. Medicinal plant cultivation may be an effective tool for poverty alleviation, self-employment and women empowerment in the rural area by utilizing marginal fallow land.

- **Number of drug molecules from plants used in modern medicines 121 (1995); 130 (1997); 143 (2000); 166 (2006); 170 (2008).**
- **61% of the small molecule – New Chemical Entities (NCE) introduced as drugs world wide during 1981-2000 can be traced to or were inspired by natural products.**
- **In both 2001 and 2002, about one quarter of the best selling drugs worldwide were natural products or derived from natural products (Butler 2004).**

Therapeutic Classification of Herbal Drugs

Sl No.	Drug Substance	Therapeutic Group
1	Atropine	Anticholinergic
2	Caffeine	CNS stimulant
3	Camphor	Rubefacient
4	Cocaine	Local anaesthetic
5	Codeine	Analgesic/antitussive
6	Colchicine	Antigout
7	Digitoxin	Cardiotonic
8	Ephedrine	Sympathomimetic
9	Hyoscyamine	Anticholinergic
10	Morphine	Analgesic
11	Noscapine	Antitussive

Sl No.	Drug Substance	Therapeutic Group
12	Physostigmine	Cholinesterase inhibitor
13	Podophyllotoxin	Topical treatment
14	Quinine	Antimalarial
15	Reserpine	Antihypertensive
16	Sennosides A&B	Laxative
17	Yohimbine	Aphrodisiac
18	Levodopa	Antiparkinsonian
19	Menthol	Rubefacient
20	Vinblastine	Anticancer
21	Vincristine	Anticancer

23 New drugs derived from natural sources have been launched on the market during 2000-2005 after having been approved for the treatment of Cancer, Neurological, Cardiovascular, Infections, Metabolic, Immunological, Inflammatory Diseases and Genetic Disorders.

• Impact of Mass Extinction of Medicinal Plants

From the above scenario it is clear that, the medicine industries regardless of traditional or modern medicines dependent on natural sources i.e. medicinal plants. **“But some 15,000 of 50,000 medicinal species are under threat of extinction”**, according to a report from international conservation group – **Plant life**. Shortages have been reported in China, India, Kenya, Nepal, Tanzania and Uganda which countries are well known among the big suppliers and also consumers of herbal materials. Many important medicinal plants are at risk include the Himalayan yew (*Taxus wallichiana*), a source of the anti-cancer drug, paclitaxel; the pepper-bark tree (*Warburgia*), which yields an anti-malarial; and the African cherry (*Prunus africana*), an extract from which is used to treat a prostate condition. If this current trend of medicinal plant species loss continues the consequences would be terrible in the near future. **“The loss of medicinal plant diversity is a quiet disaster,”** says Sara Oldfield, Secretary General of the NGO Botanic Gardens Conservation International.

Mass extinction of medicinal plant species from the nature might lead human and animal health at serious risk and also the whole ecosystem could be disrupted.

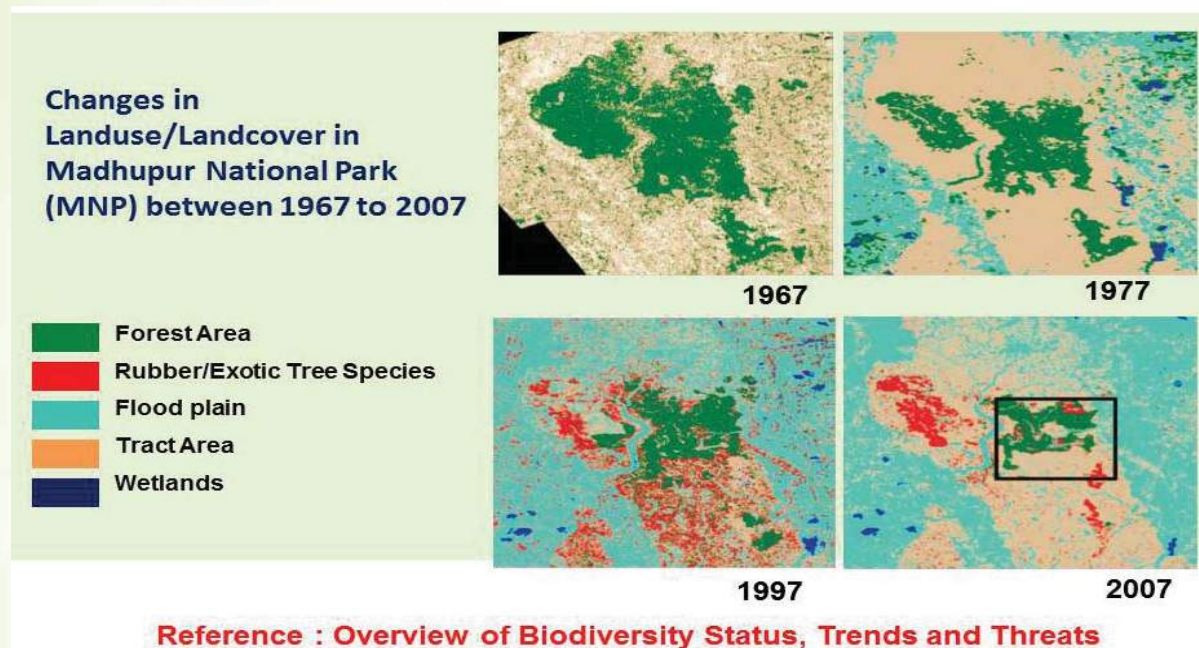
3. Mass Extinction Crisis-Bangladesh scenario

Bangladesh possesses a good species diversity of flora and fauna. The tropical semi-evergreen forests in the country are botanically amongst the richest in the Indian subcontinent, and they also support a good diversity of mammals and great diversity of birds. **“For a small country like Bangladesh, the species richness is relatively large but population size of most of the species has declined drastically”** (Source: Overview of Biodiversity Status, Trends and Threats, <https://www.cbd.int/doc/world/bd/bd-nr-04-p2-en.pdf>).

Among the plant species in Bangladesh, medicinal plants are in a most critical status even though these plants are essentially needed for human and animal health care and also overall ecosystem. According to a recent research, significant changes in land use/ land cover evident in some forest areas of the country resulting in mass extinction crisis of different species including most commonly used medicinal plants. There are many causes for the drastic decline of most of the species some of which are as under:

- **Changes in land use**
- **Massive deforestation**
- **High intensity of pollution**
- **Introduction of invasive alien species**
- **Unsustainable exploitation of resources and weak management system**
- **Gaps in spatial information**
- **Lack of public awareness etc.**

Change in land use in Bangladesh



*Massive deforestation**Satellite image of pollution in Sundarbans**Air pollution*

In light of the global commitment towards Sustainable Development, Bangladesh too is focused on ensuring sustainable production and consumption, as well as ensuring environmental sustainability. One of the core targets of Bangladesh's 7th Five Year Plan in the context of vision 2021 is pursuing environmental friendly development. The National Sustainable Development Strategy (NSDS) of the country identified Environment, Natural Resource and Disaster Management as one of the Strategic Priority Areas.

4. ACME's Initiatives for Medicinal Plant Cultivation

The ACME Laboratories Ltd. has been manufacturing both allopathic and herbal medicines for human and animal (Livestock) healthcare. The Company started medicinal plant cultivation activities as a part of Corporate Social Responsibility (CSR) and also to procure quality herbs produced as per WHO guideline in respect of Good Agricultural and Collection Practices (GACP) since long for improving health of human, animal and environment and also for contributing towards the risks mitigation initiatives regarding extinction crisis of medicinal plants in Bangladesh.

Major initiatives of ACME regarding medicinal plant cultivation are as under:

- ACME piloted medicinal plant cultivation in marginal/fallow land involving a few poor and marginal farmers of Bogra and Gaibandha district from 2006-07 which was first of its kind in Bangladesh.
- Series of trainings were imparted every year to the medicinal plant Local Service Providers/growers on cultivation & post harvest technique of five important medicinal plant species such as, Basak, Ashwagandha, Kalomegh, Tulsi and Shotomuli including WHO guidelines on Good Agricultural and Collection Practices (GACP) for medicinal plants.
- In order to increase the income level of the medicinal plant growers and for contributing to the environmental health and biodiversity conservation, ACME as a part of Corporate Social Responsibility (CSR) undertook a dedicated project namely **Social, Environmental and Economic Development (SEED)** project as an initiative for meeting challenges of extinction crisis of medicinal plants in Bangladesh.
- A feasibility study has been conducted by ACME's Social, Environmental and Economic Development (SEED) project in the new areas with a view to assess the status of medicinal plant cultivation and marketing system in those areas. The study findings were instrumental for expanding selected medicinal plant cultivation in the new areas including those medicinal plants which are facing extinction crisis.
- ACME signed agreement with two International NGOs namely, United Purpose (Formerly known as Concern Universal) and HEVETAS Swiss Interco-operation in order to ignite cultivation of different medicinal plant species throughout the country for improving health of human, animal, environment and biodiversity.
- In order to develop human resources and uphold the knowledge and skills of the medicinal plant Local Service Providers (LSP)/ moderately literate growers SEED project of ACME developed a comprehensive training manual for field level trainers titled, “প্রশিক্ষণ নির্দেশিকা - নির্বাচিত ঔষধি উদ্ভিদের পরিচিতি ও চাষাবাদ” in line with **WHO guidelines on Good Agricultural and Collection Practices (GACP) for medicinal plants**. The manual focused on identification of different medicinal plants, their cultivation & collection procedures together with integrated pest management technology. The training manual has been used by the concerned resource persons and the trainees as well in the Training of Trainers (ToT) programmes at different locations of the country. Local Service Providers/Collectors participated in these ToT programmes with a view to eventually transferring the training learning to the marginal farmers of their respective areas.



Inauguration session of a ToT programme in Bogra



Participants of a ToT programme in Bogra

- SEED project of ACME developed another training manual namely, “ঔষধি উদ্ভিদ চাষীদের জন্য ব্যবহারিক শিক্ষা” targeting the illiterate and semi-illiterate farmers which focused on Bengali alphabet learning, identification of different medicinal plants & their cultivation technique and other practical topics useful

to their daily life (e.g. basic mathematics, weight & measures, primary health care, sanitation etc.). Local Service Providers/Collectors participated in these ToT programmes in order to eventually transferring their training learning to the illiterate and semi-illiterate medicinal plant growers of their respective territory by organizing Uthan boithak/Lawn meeting.



ToT for LSPs on primary health care, sanitation, Bengali alphabet learning, medicinal plant cultivation etc.



Lawn meeting /UthanBoithak with medicinal plant growers

- A well-structured medicinal plant collection and supply chain model was developed led by ACME where Local Service Providers (LSPs)/Collectors are working as a bridge between the Company and the marginal farmers.
- In order to meet the consistent practice of maintaining the quality standard of herbal raw materials while collection and storage the Company extended its support regarding establishing Primary Collection & Multipurpose Centers and Sub Centers in the new areas of medicinal plant cultivation.
- Due to well understanding, good coordination and unique relationship between ACME and the medicinal plant growers despite of several constraints and natural disasters thousands of small and marginal farmers predominantly women have been producing huge quantity of selective herbs. They are regularly supplying medicinal plant materials to ACME and other medicine manufacturing companies of the country. It has become an additional source of income of the medicinal plant growers and helping them to become self-reliant. During the year 2016-17, ACME procured substantially more quantity of selective herbs than previous years directly from the medicinal plant growers of different project areas in Bangladesh.



Medicinal plant cultivated in the marginal land/road side



Herbal raw materials are being collected from the Collection Center

- ACME has been rewarding the best performing Local Service Providers (LSP)/Collectors recognizing their services to the marginal farmers related to medicinal plant cultivation and collection.



*Mr. Mizanur Rahman Sinha, Managing Director,
The ACME Laboratories Ltd. distributing crest to a best medicinal plant LSP*



*Mr. Md. Hasibur Rahman, ADMD,
The ACME Laboratories Ltd. distributing crest to a best medicinal plant LSP*

- The Company continued cash incentive scheme for medicinal plant growers and collectors like previous years with a view to accelerate medicinal plant cultivation more fully, poverty alleviation, self-employment and women empowerment.
- Recently the Company has taken initiative on trial basis for collecting honey from selective medicinal plants growing areas in order to diversify the product range of medicinal plant farmers so that additional income can be generated and superior quality of honey can be procured from the medicinal plant sources.

5. Conclusion

It is apparent that, extinction of commonly used native medicinal plants will jeopardize our health care system and ecosystem which needs to be addressed immediately by all concerned. Concerted efforts should be taken forthwith for mitigating the risks of the said crisis. In order to ensure proper health care of both human & livestock and also healthy environment immediate comprehensive programme should be taken by the government for combating the ongoing extinction crisis of medicinal plant in Bangladesh. Sufficient budgetary support should be provided, in the form of incentive, to the medicinal plant growers.



FORM OF PROXY

I/We -----
of ----- being a
member of The ACME Laboratories Ltd. do hereby appoint Mr. /Mrs./Ms ----- of
----- as my / our proxy to attend, vote for my/our behalf at the 41st
Annual General Meeting of the company to be held on Monday, 4 December 2017 at 10:30 A.M. at PSC Convention
Hall, Mirpur-14, Dhaka-1206. and at any adjournment thereof.

(Signature of Proxy)

Dated:-----

(Signature of the Witness)

Affix
Revenue Stamp
Tk.20.00

Signature of Shareholder(s)

BO ID No.-----

Dated: -----

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



(SHAREHOLDERS ATTENDANCE SLIP)

I/We hereby record my /our attendance at the 41st Annual General Meeting being held on Monday, 4 December 2017 at 10:30 AM at PSC Convention Hall, Mirpur-14, Dhaka-1206.

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.



The **ACME** *Laboratories Ltd.*

ISO 9001:2015 CERTIFIED COMPANY

Corporate Office

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