

ANNUAL REPORT

2018-2019

Save nature... Save life...



ACME

For Health, Vigour and Happiness



ACME

Since 1954



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Annual Report 2018-2019
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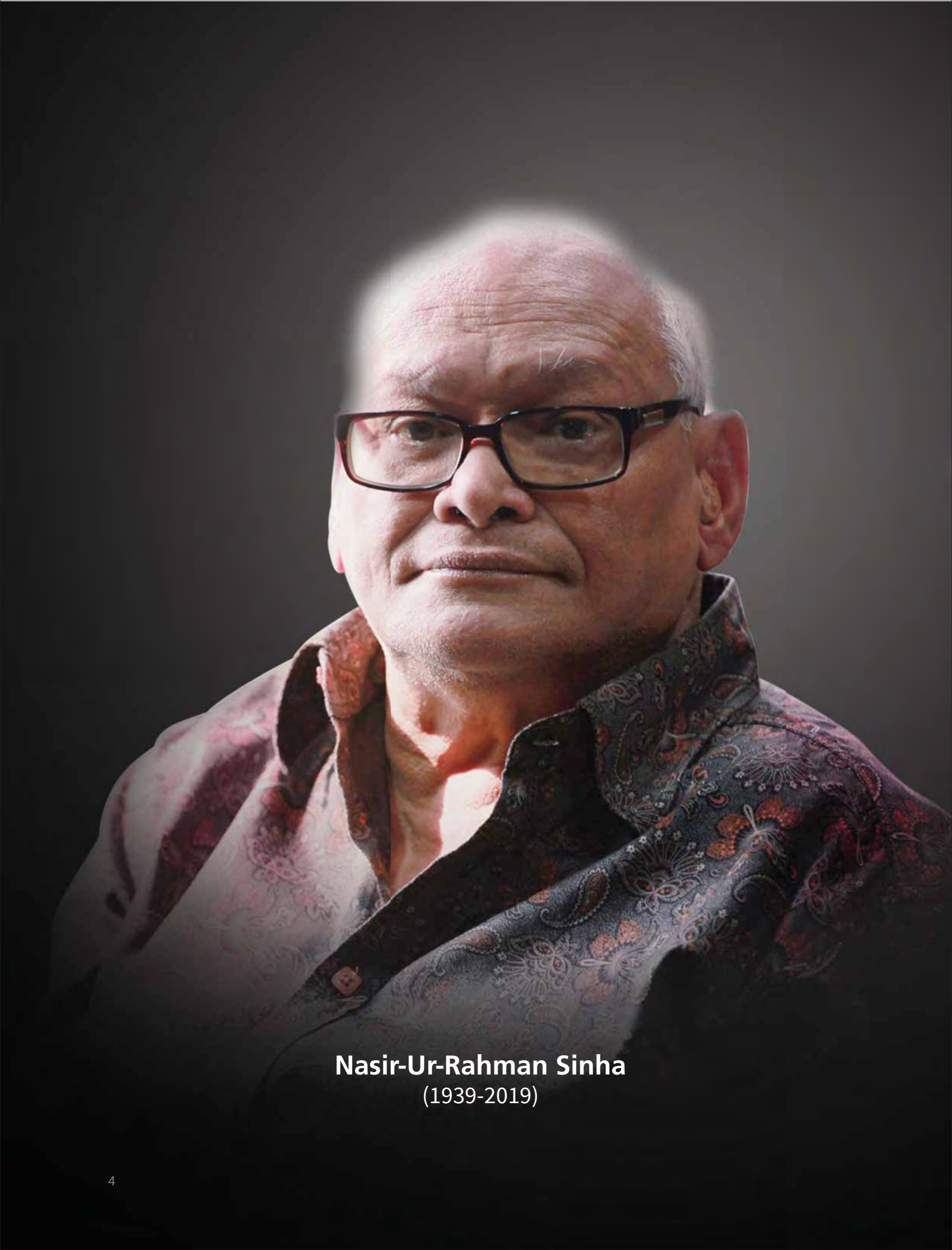
OUR VISIONARY LEADERS



Late Hamidur Rahman Sinha



Late Noor Jahan Sinha



Nasir-Ur-Rahman Sinha
(1939-2019)

WE MOURN

CONDOLENCE MEETING OF THE BOARD OF DIRECTORS

To pay tribute to the departed soul of Mr. Nasir-Ur-Rahman Sinha, our beloved and honorable Chairman of the Company from 1994 to 2014.

At the beginning of the meeting, Mr. Mizanur Rahman Sinha, Managing Director expressed his grief at the sad demise of Mr. Nasir-Ur-Rahman Sinha, the Chairman of the Company from 1994 to 2014. Mr. Nasir-Ur-Rahman Sinha passed away on 17 January 2019 at his own residence leaving his family members, relatives, colleagues, employees of the ACME family, Business Community, Corporate Houses, Government Officials and all the friends and well-wishers in a state of grief and mourning. Undoubtedly, his death is an irreparable loss to the family, the Company and the Country.

Mr. Nasir-Ur-Rahman Sinha became Chairman of the Board on 25 February 1994, after our beloved founder Chairman Mr. Hamidur Rahman Sinha passed away. He played a pivotal role as one of the key Promoters of The ACME Laboratories Ltd. till his retirement on 25 June 2014. His foresightedness and dynamic leadership enabled the company to join the league of Top 10 Pharmaceutical companies of the country.

At the meeting, all the members of the Board also expressed their grief at the sad demise of Mr. Nasir-Ur-Rahman Sinha. Each of the members of the Board took turn to speak a few words about Mr. Nasir-Ur-Rahman Sinha and various aspects of his multidimensional contributions for the development of the Company.

Mr. Mizanur Rahman Sinha, Managing Director fondly remembered the prime role and vital activities carried out by the Ex-Chairman in taking the Company to a greater level. He specially mentioned the personal initiatives taken by the Ex-Chairman for the welfare of the physically challenged people of the society. One of his remarkable accomplishments is the establishment of Salvation for the Deserving (SFD), a non-profit organization for rehabilitating the physically challenged people in Bangladesh.

The meeting Chairman conveyed his heart-felt condolences to the bereaved family of the Ex-Chairman, on behalf of the Board and all other members of the ACME family. As a sign of respect, the Board of Directors observed 1(One) minute silence.

Then the Board passed the following resolution:

The Board of Directors prayed to Almighty Allah for eternal peace and salvation of the departed soul of our beloved Ex-Chairman and for giving strength to the bereaved family members and the entire ACME family to bear this irreparable loss.





Afzalur Rahman Sinha
(1950-2018)

REMEMBRANCE

On the occasion of the 43rd Annual General Meeting of The ACME Laboratories Ltd., we are remembering with utmost admiration Mr. Afzalur Rahman Sinha, our immediate past Chairman from 2014 to 2018, who passed away on 8 August 2018.

Mr. Afzalur Rahman Sinha was a successful entrepreneur with his natural leadership in business operations and in-depth business acumen. As one of the capable successors along with his elder brothers, his role was instrumental in elevating ACME to new heights of success consolidating its position among top 10 Pharmaceutical Companies of Bangladesh.

In course of time, Afzalur Rahman Sinha expanded his interest in diversified businesses and became the Managing Director of The ACME Agrovet & Beverages Ltd., Sinha Printers Ltd. and Sinha Wool Wears Ltd. He was also Director of Sinha Fabrics Ltd. and Sinha Knit Industries Ltd.

Mr. Afzalur Rahman Sinha was also a valiant freedom fighter, avid sports organizer and devoted philanthropist.

Mr. Afzalur Rahman Sinha, an all-through family man, was a very humble, well-mannered and a soft-spoken person with a great sense of time - a gem of a personality. On the occasion of the 43rd Annual General Meeting of The ACME Laboratories Ltd., all the shareholders and members of ACME family are lovingly remembering him for inspiring us to live a great life and praying for the blessing of almighty Allah for eternal peace and the salvation of his departed soul.



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SAVE NATURE & SAVE LIFE

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ACME

TRANSMITTAL LETTER

25 November 2019

The Members

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

Subject: Annual Report for the year ended 30 June 2019.

Dear Sir(s),

We are pleased to enclose herewith a copy of the Annual Report together with the Audited Financial Statements which includes the Statement of Financial Position as at 30 June 2019, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2019 along with notes thereon of The ACME Laboratories Ltd. and all related Statements for your record and necessary measures.

Yours sincerely,

Md. Rafiqul Islam, FCS
Company Secretary



A large blue circle with a thick blue border and a dashed blue line around it. Inside the circle, the text "43rd Annual General Meeting" is written in white.

43rd Annual General Meeting

A green circle with a thick green border and a dashed green line around it. Inside the circle, the text "AGM INVITATION for our Shareholders" is written in white.

AGM INVITATION for our Shareholders

A purple circle with a thick purple border and a dashed purple line around it. Inside the circle, the text "WILL BE HELD ON" is written in white.

WILL BE HELD ON

Thursday, 12 December 2019 at
10:30 a.m. at PSC Convention Hall
(1st Floor), Police Staff College
Bangladesh, Mirpur -14,
Dhaka -1206

A green circle with a thick green border and a dashed green line around it. Inside the circle, the text "AGM HELPLINE" is written in white.

AGM HELPLINE

Md. Habibul Karim Sarker
e-mail: hkarim.share@acmeglobal.com
Tel: 88 02 9004194-6,
Ext.: 236

NOTICE

25 November 2019

NOTICE OF THE 43rd ANNUAL GENERAL MEETING

Notice is hereby given that the 43rd Annual General Meeting (AGM) of the Shareholders of The ACME Laboratories Ltd. will be held on Thursday, 12 December 2019 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 2019-43- 01 :	To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2019 and the Reports of the Directors' and the Auditors' thereon.
A 2019-43- 02 :	To approve the proposed dividend for the year ended 30 June 2019.
A 2019-43- 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 2019-43- 04 :	To appoint Statutory Auditors and fix their remuneration.
A 2019-43- 05 :	To appoint Compliance Auditors and fix their remuneration.

By order of the Board



Md. Rafiqul Islam, FCS
Company Secretary

Notes:

- The record date was fixed on '31 October 2019'. The Shareholders, whose names were appeared in the Share Register/ Depository Register of the Company at the close of business on the 'Record Date' i.e. Thursday, on 31 October 2019 will be entitled to attend at the 43rd Annual General Meeting and receive the Dividend.
- A member eligible to attend and vote in the AGM may appoint a proxy to attend and vote in his/her behalf. The Proxy Form duly completed and stamped must be deposited at the registered office of the Company not later than 48 hours before the time fixed for the Annual General Meeting.
- 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).
- 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.
- Annual Report, Attendance Slip and Proxy Form along with Notice are being sent to all the Members through E-Mail ID(s). In case of non-receipt of Annual Report 2018-19, the members may collect the same from the Registered Office of the Company within 9 December 2019 by submitting written application. Annual Report is also available in Investors Corner of the Company's website: www.acmeglobal.com.
- The concern Merchant Banks and all Depository Participants (DP) are requested to provide us a statement with the details (Shareholders' Names, BO ID Numbers, Client-wise shareholding position, Gross Dividend Receivables, applicable tax rate and Net Dividend Receivables) of their Margin Loan Holders who hold Company's share, as on the 'Record Date' along with the name of the Contact Person in this connection, to the Company's Registered Office on or before 9 December 2019. The Merchant Banks and Depository Participants (DP) are also requested to provide us with their Bank Names, Account Numbers and Routing Numbers etc.
- In Compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154; dated: 24 October 2013, No Gift/Gift Coupon/Food Box shall be distributed at the upcoming 43rd AGM.**



Achieved Certificate of GMP Compliance from UK MHRA for Solid Dosages Unit

(Medicines and Healthcare products Regulatory Agency of UK)



Medicines & Healthcare products
Regulatory Agency



Certificate No: UK GMP 44338 Insp GMP 44338/11868716-0002

Medicines and Healthcare products Regulatory Agency

CERTIFICATE OF GMP COMPLIANCE OF A MANUFACTURER

Part 1

Issued following an inspection in accordance with Art. 111(5) of Directive 2001/83/EC.

The competent authority of the United Kingdom confirms the following:

The manufacturer THE ACME LABORATORIES LIMITED
Site address DHULMITA
DHAMRAI
DHAKA
BANGLADESH

Has been inspected in connection with marketing authorisation(s) listing manufacturers located outside of the European Economic Area in accordance with Art. 111(4) of Directive 2001/83/EC transposed in the following national legislation: The Human Medicines Regulations 2012 (SI 2012/1916).

From the knowledge gained during inspection of this manufacturer, the latest of which was conducted on 15/10/2018, it is considered that it complies with the principles and guidelines of Good Manufacturing Practice laid down in Directive 2003/94/EC.

This certificate reflects the status of the manufacturing site at the time of the inspection noted above and should not be relied upon to reflect the compliance status if more than three years have elapsed since the date of that inspection. However, this period of validity may be reduced or extended using regulatory risk management principles by an entry in the Restrictions or Clarifying remarks field.

This certificate is only valid when presented with all pages and both parts 1 and 2.

The authenticity of this certificate may be verified in EudraGMP. If it does not appear please contact the issuing authority.



ACME marks a major milestone with UK MHRA approval. This success opens the doors to enter UK and other European markets.

AWARD & ACHIEVEMENT



The ACME Laboratories Ltd. received the gold award for Corporate Governance Excellence in Pharmaceuticals and Chemicals category under 5th ICSB National Award 2017. The award was handed over by Former Finance Minister Mr. Abul Maal Abdul Muhith.

“We will continue to pursue excellence to become one of the most innovative and trusted Pharmaceutical Companies in the world.”



MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

Welcome to the 43rd Annual General Meeting of The ACME Laboratories Ltd.!

In today's meeting, we would furnish before you the Annual Report 2018-2019 showing the financial position, achievements and notable performance of the Company. On this auspicious occasion, we express our heartfelt thanks and gratitude to all the investors who showed their continuous confidence on ACME by holding the securities and accompanied the journey of ACME towards enormous possibilities and prosperity.

We warmly welcome Mr. Md. Abul Hossain, who joined the Board of the Company on 9 September 2019 as Nominee Director from the Investment Corporation of Bangladesh (ICB) in place of Mr. Kazi Sanaul Hoq. We appreciate the commendable contribution of Mr. Kazi Sanaul Hoq in overall development of the Company through his constructive participation in the Board. We are quite hopeful that long and rich experience of Mr. Md. Abul Hossain in the Financial and Capital Market will enrich the Board as well as the Company.

In the financial year under review, ACME maintained sustainable advancement in terms of Earnings Per Share (EPS), profit earnings and cash flow generation. The achievement against operating targets was excellent with notable success in launching of new products. In this year, we attained accreditation of UK MHRA as well as some other foreign recognitions. It was also the year when the strategic shape of ACME started getting redefined with a view to achieve greater results. We firmly believe that your co-operation and support will enhance the future development of ACME including improvement of the overall function of the Company.

During the last two decades, Pharmaceutical Industry of Bangladesh has reached a newer height. At present, the sector is meeting about 98% of the local demand and exporting to more than 147 countries. The country earned \$130 million from Pharmaceutical export in fiscal

year 2018-2019, with an annual growth of 25.60%. A few companies of Bangladesh already got the US FDA, UK MHRA, EU, Philippines, TGA Australia and GCC approvals and as a result entered into the Highly Regulated Markets. A few more companies are in the process to get the US FDA and UK MHRA approvals. Considering the circumstances, we are hopeful that Pharmaceutical Market will reach new dimensions and achieve substantial growth in the forthcoming years.

For the success of 2018-2019, on behalf of the Board of Directors, I sincerely acknowledge the contribution and untiring efforts of the management team and employees of all levels. I also express my heartfelt gratitude to our valued Shareholders, Customers, Suppliers, Healthcare Professionals, Bankers, National Board of Revenue (NBR), Directorate General of Drug Administration (DGDA), Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE), Central Depository Bangladesh Ltd. (CDBL), Registrar of Joint Stock Companies and Firms (RJSC), other Government Agencies and all concerned for their continued support and co-operation.

ACME's long journey of success is founded on the strength of our core values and expectations. We will continue to pursue excellence in all of our core values, with emphasis on patient focus, to realise our goal of becoming one of the most innovative, best-performing and trusted Pharmaceutical Companies in the world. Our deep appreciation to all of our shareholders for their continued confidence and support.

Thank you all with best wishes and kindest regards,



Nagina Afzal Sinha
Chairman



“We will continue to discharge our sacred duties at the optimum level by means of good governance and transparency.”



MESSAGE

FROM THE MANAGING DIRECTOR

Dear Shareholders,

I, on behalf of the Management, 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 43rd Annual General Meeting of The ACME Laboratories Ltd.

During the year, the Company achieved sustainable growth and its total revenue stood BDT 16,308.63 million. Domestic sales continue to remain as the key driver with 96% of the total revenue. The Company is continuously pressing hard for expanding its International Market. During the year, the export amounting BDT 651.66 million as against BDT 514.04 million in previous year, with 26.70% growth. You will be happy to know that we have received the certification of GMP Compliance from UK-MHRA and we expect to mark the first consignment to UK by December 2019. We are 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.

Bearing in mind the industry outlook, bright prospect and demand of both domestic and global market, The ACME Laboratories Ltd. introduced some new projects. During the year 2018-2019, the Company has commenced the commercial operation of Steroid & Hormone and Penicillin projects. We are very much hopeful that in the coming years the mentioned new projects will bring significant benefits to patients and to continue to maximize our current portfolio. Besides, the construction works of Active Pharmaceutical Ingredients (API) project has already been started and will also be completed within the timeframe thereon.

During the year, 30 (thirty) new products have been added with the existing product portfolio of which 20 (twenty) new products are in Human and 10 (ten) products are in Veterinary, production capacity increased and marketing territory of ACME both in local and global has been expanded. This is the sign of our gradual growth that preserves the interest of the investors through accomplishment of our strategic goals and objectives.

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

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

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

Thanking you,

With warm regards,



Mizanur Rahman Sinha
Managing Director



BOARD OF DIRECTORS



Standing:

Md. Rafiqul Islam, FCS
Company Secretary

Sitting from left:

Md. Hasibur Rahman
Additional Deputy Managing Director

Md. Abul Hossain
Director

Syed Shahed Reza
Independent Director

Mizanur Rahman Sinha
Managing Director



Standing:

Md. Arshadul Kabir, FCA
Head of Finance & Accounts

Sitting from left:

Nagina Afzal Sinha
Chairman

Jahanara Mizan Sinha
Deputy Managing Director

Fouzia Haque, FCA
Independent Director

Dr. Jabilur Rahman Sinha
Deputy Managing Director

BRIEF PROFILE OF THE DIRECTORS



Nagina Afzal Sinha
Chairman

Mrs. Nagina Afzal Sinha is a Director of The ACME Laboratories Ltd. since 1981. She was elected as the Chairman of The ACME Laboratories Ltd. on 5 September 2018 after the demise of the past Chairman. After taking her chair, she has contributed immensely in reforming the company particularly with her contributions in the Human Resources (HR), Administration and organization development areas with a view to make the company ready for the 21st century. The workforce of ACME is now well-developed and more motivated to deliver brilliant results on the face of current challenges of the market. She has also contributed significantly for the overall establishment of Corporate Governance & Regulatory Compliances. Under her able guidance the Company is experiencing rapid growth in terms of both business and development.

She is also a shareholder of The ACME Agrovet and Beverages Ltd. and Sinha Printers Ltd. She is a devoted philanthropist engaged in various social welfare organizations. At a personal level, she is relentlessly supporting the welfare of Senior Citizens living in old homes as well as children living in orphanage.



Mizanur Rahman Sinha
Managing Director

Mr. Mizanur Rahman Sinha obtained his honors graduation in Commerce from University of Dhaka. After graduation, he joined the then Habib Bank Ltd. in 1964 and worked there in different senior positions. In 1975 he joined The ACME Laboratories Ltd. to fulfil the desire of his father, the founder of The ACME Laboratories Ltd. His wholehearted efforts and bold leadership made the organization's achievement a milestone in the Pharmaceuticals industry of the country.

He is also the Chairman of Sinha Fabrics Ltd., Sinha Knit Industries Ltd. and Sinha Knit and Denims Ltd., Kalyar Packaging Ltd. and Kalyar Replica Ltd. All of these 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, establishment of schools and construction of buildings and roads.

He was elected as Member of Parliament for two consecutive terms starting from 1996 and during the period 2001-2006 at the constituency of Louhajang, Sherajdekhan and Munshigonj, where he is very popular. 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.



Jahanara Mizan Sinha
Deputy Managing Director

Mrs. Jahanara Mizan Sinha is a Director of The ACME Laboratories Ltd. since 1981. She became the Deputy Managing Director of The ACME Laboratories Ltd. on 28 April 2019. Her constructive ideas and inspiring guidance is enabling ACME to pursue excellence with greater success.

Mrs. Jahanara Mizan Sinha is also the Chairman of J M Sinha Agriculture Food Processing Industries Ltd., Director of the ACME Agrovet & Beverages Ltd. and Kalyar Replica Ltd. She is also the member of Nomination and Remuneration Committee (NRC) of The ACME Laboratories Ltd.

Mrs. Jahanara Mizan Sinha is a social entrepreneur which has given her an opportunity to make a difference in the society with an impact on the country. She is the Cabinet Member and region Chairperson HQ, Lions Clubs International. She is also the founder Director of Lions Club of Dhaka Shapla and past Vice President of Women's Voluntary Association (WVA).



Md. Abul Hossain
Director

Mr. Md. Abul Hossain has joined as Managing Director of Investment Corporation of Bangladesh (ICB) on 21 August, 2019. He started his career as a System Analyst/Senior Principal Officer in ICB on 19-02-1998 and served different position in the same organization. Before his joining he acted as Managing Director at Karmasangsthan Bank (KB), During his service life, he served different Banks and Financial Institutions. He served as Managing Director (Additional Charge) and Deputy Managing Director at Bangladesh Krishi Bank (BKB). In addition to that Mr. Md. Abul Hossain served as System Manager/Deputy General Manager and General Manager at Investment Corporation of Bangladesh (ICB). He completed his B.Sc (Hon's) and M.Sc degree in Statistics from Jahangirnagar University.

He has over 29 years of diversified experience in investment banking, specialized and commercial banking, Islamic banking, Asset management and ICT works. He was always instilled by the changed and research oriented, dynamic management that focused innovations, creativity and organizational increased efficiency and effectiveness, resulted in higher value addition to the organizational, stakeholders and the society as well.

During the long journey, he served 16 (sixteen) organizations with different capacities. He served as a Chairman of 03 (three) organizations before of which two are the subsidiaries of ICB (ICB Asset Management Company Ltd. & ICB Securities Trading Company Ltd.) and the other is Aziz Pipes Ltd. In addition to this, he served as a Director to a number of organizations like Islami Bank Bangladesh Ltd., The Farmers Bank Ltd. (Now Padma Bank), Nitol Insurance Company Ltd., AllTex Industries Ltd., ICB Securities Trading Company Ltd., Aramit Ltd., Kay & Que (Bangladesh) Ltd., Business Automation Ltd., DNS Satcomm Ltd. and Upload Yourself Systems 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 Information and Services Ltd. (CRISL), Standard Bank Ltd., National Tea Company Ltd. (NTC), Apex Tannery Ltd., Central Depository Bangladesh Ltd. (CDBL), United Power Generation & Distribution Company Ltd. (UPGDCL), Aramit Ltd., Industrial Infrastructure Development & Finance Company Ltd. (IIDFC), Bangladesh Institute of Capital Market (BICM), Apex Footwear Ltd., Aramit Thai Aluminum Ltd., The Peninsula Chittagong Ltd., Lafarge Surma Cement Ltd., Standard Bank Securities Ltd., SBL Capital Management Ltd., Ratanpur Steel Re-rolling Mills Ltd. (RSRM), Heidelberg Cement Bangladesh Ltd., Padma Bank Ltd. and some other Directorships.

Being the Managing Director of the Investment Corporation of Bangladesh (ICB), he joined as nominee Director of The ACME Laboratories Ltd. on 9 September 2019. He is also the member of Audit Committee and Nomination and Remuneration Committee (NRC) of the Company.



Syed Shahed Reza
Independent Director

Syed Shahed Reza has obtained BA (Hons) in Political Science, M.A. in Public Administration from Dhaka University. He then proceeded for service to the Saudi Arabian as Senior Executive (Finance, Accounts and Administration) at the PARSONS Ltd, an USA based multinational 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 Bangladesh Handball Federation. He was the former president of Dhaka Club Ltd. for consecutive two terms.

He has Extensive experience in management, leadership, organizational effectiveness and diplomacy arena at National level.

Mr. Reza extensively travelled all over the world and participated in good number of conferences and training program at home and in abroad. He is also the Chairman of Nomination and Remuneration Committee and Member of the Audit Committee of the Company.



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.

MANAGEMENT COMMITTEE

Standing back from left to right:

Dr. Sayeed Ahmed
Member

Md. Rafiqul Islam, FCS
Member Secretary

Tushar Kanti Kundu
Member

Fahim Sinha
Member

Sabrina Juned
Member

Standing front from left to right:

Tanveer Sinha
Member

Tasneem Sinha
Member

Jahanara Mizan Sinha
Member

Nagina Afzal Sinha
Member



Standing back from left to right:

Md. Humayun Kabir
Member

Md. Ferdous Khan
Member

Sheikh Maksudur Rahman
Member

Md. Arshadul Kabir, FCA
Member

Standing front from left to right:

Mizanur Rahman Sinha
Chairman

Dr. Jabilur Rahman Sinha
Vice Chairman

Md. Hasibur Rahman
Member

Dr. Syed A.M. Mustafij Billah
Member





VISION

To ensure Health, Vigour and Happiness for all.

MISSION STATEMENT

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

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

COMPANY GOALS (CG)



Ensure Top Line Revenue Growth for Human, Veterinary and Export.

Financial



Increase and Achieve desired level of Net Profit and Net Assets Value per share.



Facilitate Sustainable Market Growth to keep pace with Industry Leading Position.



Ensure Significant business growth in New Products.

Customer



Ensure top class Quality Products.



Ensure CSR activities through focusing people and planet for upholding corporate image among various stakeholder groups.

Internal Process



Improve operational efficiency with specific focus on quality, productivity, safety and timeliness.

Learning & Growth



Achieve Globally recognized accreditations through stronger execution of cGMP, ISO and Other Best Practices.



Strengthen organizational capability and effectiveness through Value Adding Activities.



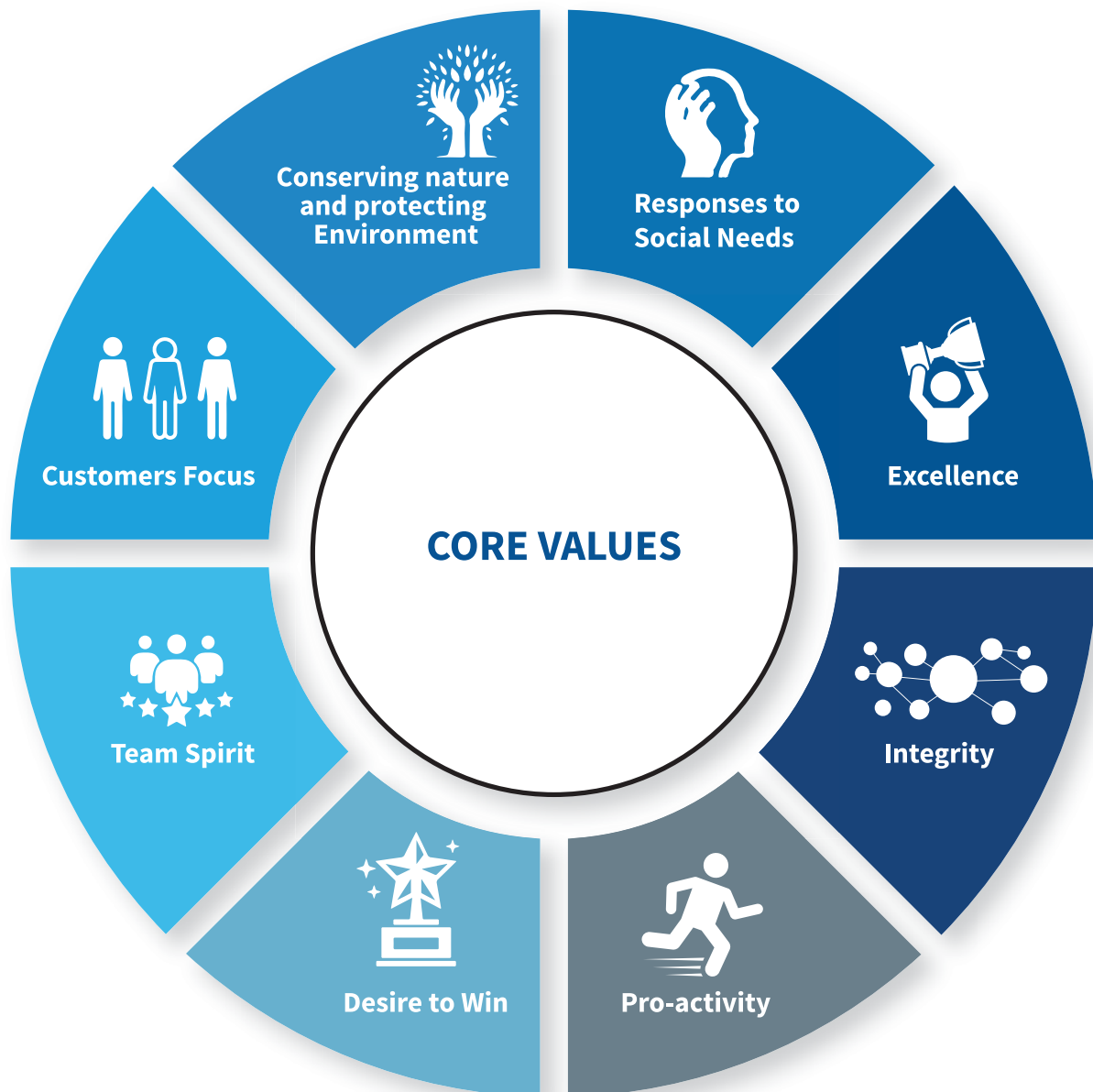


PURPOSE

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

CORE VALUES

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



2019

- Received the Certification of GMP Compliance from UK-MHRA (Medicines and Healthcare Products Regulatory Agency of UK).
- Commencement of commercial operations of Steroid & Hormone and Penicillin Facilities.
- Successfully registered and exported medicines in Peru and Yemen.

2018

- Received certificate on outstanding contribution to the mitigation of Climate Change from Global Climate Partnership Fund and The City Bank Ltd. jointly.
- Awarded first position in 4th International Exhibition on Dairy, Aqua & Pet (IEDAP) organized by AHCAB.
- Awarded First Position in the fair of Livestock Service Week 2018 organized by the Department of Livestock Services (DLS).

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 & Hormone and Penicillin projects.

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 2,060 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.

2011

- Established Modern state of the ART facilities Solid Dosages Units (SDU).
- ACME converted into a Public limited company.

2009

- Up-gradation of QMS as per latest version of ISO 9001:2008.

2007

- Inclusion veterinary section under QMS scope of ISO 9001:2000.

2006

- 18-storied new corporate office commissioned.

2004

- Celebration of 50 years' anniversary.

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 to 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.

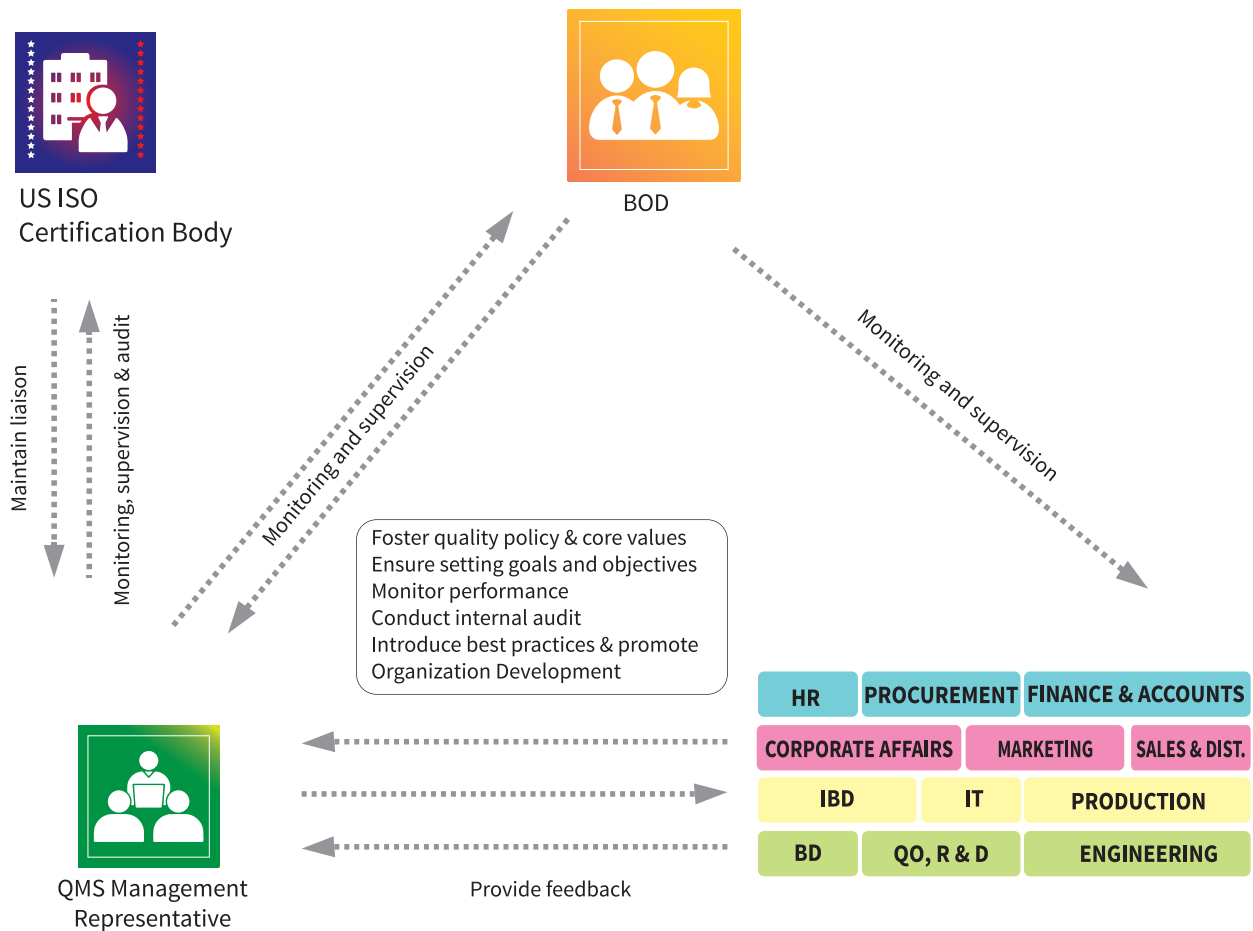




CORPORATE OFFICE
Court de la **ACME**

QMS OPERATIONS

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



QMS and OD Division under HR Division 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 relentlessly 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 facilities the development and communication of the organization's core values, vision, mission and ethical behaviors.



MANUFACTURING COMPLEX, DHAMRAI



BOARD'S STRUCTURE AND ITS ROLE

Composition of the Board

The Board of ACME is comprised of seven Directors, including one Nominee Director from Investment Corporation of Bangladesh (ICB) and two Independent Directors. Chairman is elected from amongst the Non-Executive Directors. 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.

Board Meetings

As per Articles of Association of the Company, the Board is required to meet at least four times in a year. 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 its attention.

Role of Chairman

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

Role of Managing Director

The roles of the Managing Director are eminent 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.

PENICILLIN UNIT



DIRECTORS' REPORT

For the year ended 30 June 2019

Dear Shareholders,

On behalf of the Board of Directors and Management Team, we would like to welcome you all to the 43rd Annual General Meeting (AGM) of The ACME Laboratories Ltd. According to the Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Bangladesh Securities and Exchange Rules, 1987; BSEC Notification no. BSEC/CMRRCD/2006-158/207/Admin/80; dated: 03 June 2018 and International Accounting Standards- 1 "Presentation of Financial Statements" as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB), Financial Reporting Act, 2015; we have the pleasure to place herewith the Directors' Report and Auditors' Report in respect of the Financial Statements of the Company for the year ended 30 June 2019.

PROFIT AND ITS APPROPRIATION

Particulars	(BDT in million)	
	2018-19	2017-18
Net Profit after Tax	1,440.379	1,426.571
Adjustment for depreciation on revaluation surplus	83.442	85.266
Profit brought forward from previous year	4,810.519	4,039.288
Total Profit Available for appropriation	6,334.340	5,551.125
Appropriation		
Final Cash Dividend for the year 2017-18 (Comparative year 2016-17)	(740.606)	(740.606)
Closing Retained Earnings at the year- end (before proposed Dividend)	5,593.734	4,810.519
Proposed cash dividend for the year 2018-2019 @ 35%	(740.606)	(740.606)
Retained earnings after Proposed Dividend	4,853.128	4,069.913

DIVIDEND

During the year ended 30 June 2019, the Company has earned net profit before tax amounting to BDT 1,953.341 million which after provision of Income Tax stood at BDT 1,440.379 million. Considering the performance of the Company the Board of Directors has recommended 35% cash dividend i.e. BDT 3.50 per share which comes to BDT 740.606 Million subject to the approval of the Shareholders in the 43rd Annual General Meeting,

INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENT

Pharmaceuticals Industry is one of the success stories of Bangladesh in the last four decades. Bangladesh had to depend largely for medicines on multinational companies and imports in the 1970s and early 1980s. Now, local Companies meet almost 98 percent of domestic demand with the market size of BDT 205,118 million during 2017-2018. According to Bangladesh Association of Pharmaceutical Industries (BAPI) and Directorate General of Drug Administration (DGDA), approximately 257 licensed pharmaceutical manufacturers are operating in Bangladesh and about 150 are functional. These manufacturing companies have been meeting around 98% of local demand and exporting to more than 147 countries.

According to the industry experts, Bangladesh's pharmaceuticals sector will grow 15 percent year-on-year to reach \$5.11 billion by 2023 and the present contribution of Pharmaceutical sector to Bangladesh economy will be the highest revenue earning sector by 2025.

Bangladesh disease profile is expected to change by gradual move from acute to chronic disease. Besides, drugs purchasing

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

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

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

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

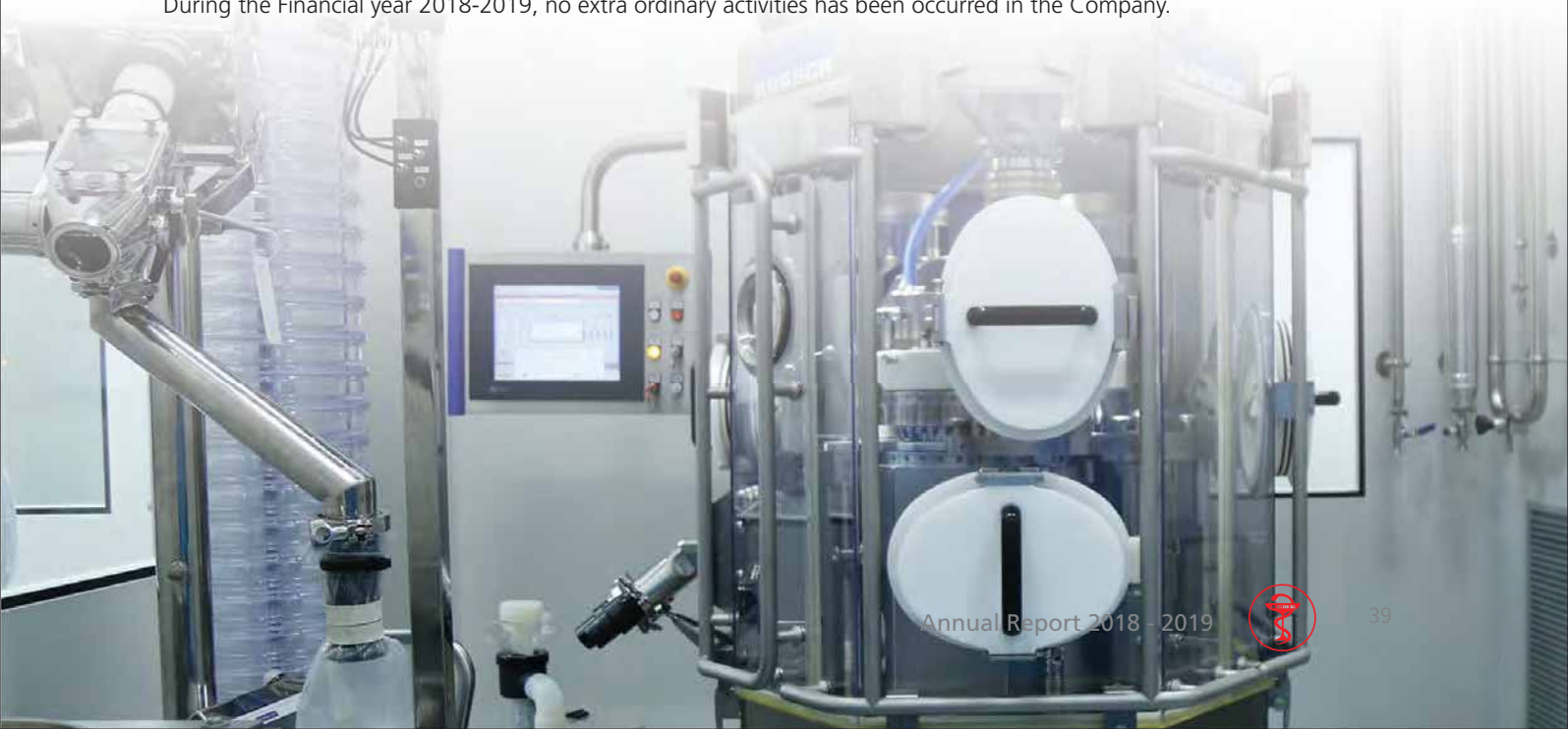
Once the API Park is completed, Bangladeshi companies would be able to produce substantial portion of their raw materials from the units of the said API park which will reduce the reliance of imports and lead time related to import of Raw Materials. Apart from this, we understand that from the said API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

COST OF GOODS SOLD, GROSS PROFIT MARGIN AND NET PROFIT MARGIN

The amount of Cost of Goods Sold for the Financial Year 2018-19 is BDT 9,882.879 million which is 60.60% of the revenue of the Company. In the previous year the same was BDT 8,942.398 million which was 60.36% of the revenue. On the other hand, Gross Profit margin and Net Profit margin for the financial years 2018-19 are 39.40% and 8.83% respectively, with compare to the previous year the same was 39.64% and 9.63% respectively. This has happened due to unfavorable fluctuation of BDT against foreign currencies. High rate of interest and increasing of overhead cost due to inflation. The Management is trying their best to reduce the cost by using different effective cost cutting tools.

CONTINUITY OF ANY EXTRAORDINARY ACTIVITIES

During the Financial year 2018-2019, no extra ordinary activities has been occurred in the Company.



RELATED PARTY TRANSACTIONS

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

Name of the Company	Nature of Transaction	2018-2019		2017-2018	
		Value of transaction during the year	Balance as at 30 June 2019	Value of transaction during the year	Balance as at 30 June 2018
Sinha Printers Ltd.	Local Supply Received	636,827,494	(276,752,974)	550,481,583	(190,819,988)
	Provide Services & Others	316,042	-	294,650	-
ACMUNIO Int. Ltd.	Advance	-	96,479,473	-	96,479,473
	Rent on Investment Property	6,462,000	19,386,000	6,462,000	12,924,000
The ACME Agrovet & Beverages Ltd.	Local Supply	30,004,341	(7,013,439)	34,300,890	-
Kalyar Packaging Ltd.	Local Supply	118,440,490	(12,078,235)	85,935,564	(4,300,597)
Kalyar Replica Ltd.	Local Supply	13,444,733	(1,034,968)	10,237,502	(1,440,525)



A STATEMENT OF UTILIZATION OF PROCEEDS RAISED THROUGH PUBLIC ISSUES

Information as per 42nd AGM:

Considering the greater interest of the Shareholders and to meet the local and global regulatory requirement as well, the Board of Directors of the Company in its 93rd Meeting held on 2 October 2018 recommended to re-arrange the use of IPO proceeds which was duly approved by the shareholders' in its 42nd Annual General Meeting and necessary intimation to the Commission and the Exchanges. The approved re-arrangement of IPO Proceeds utilization Plan is given below:

Approved Utilization Plan of IPO Proceeds

Amount in BDT

S.L	Name of the Projects	Approved Timeline	Cost Breakdown	Approved Amount as per 42 nd AGM
1	Steroid and Hormone Project	Within June 2019	Civil Construction	334,934,878
			Machinery & Equipment	933,900,000
			Utility	353,700,000
			Warehouse	21,986,000
			Vehicle	5,000,000
			Consultancy fee	1,200,000
			Contingencies	9,870,308
			Sub Total	1,660,591,186
2	Penicillin Project	Within June 2019	Civil Construction	142,922,303
			Machinery & Equipment	79,768,602
			Utility	146,345,797
			Warehouse	21,641,545
			Vehicle	2,901,503
			Consultancy fee	1,420,250
			Contingencies	5,000,000
			Sub Total	400,000,000
3	Active Pharmaceuticals Ingredients (API)	Within June 2022	Civil Construction	355,637,304
			Machinery & Equipment	250,495,241
			Utility	-
			Warehouse	-
			Vehicle	-
			Consultancy fee	-
			Contingencies	-
			Initial Working Capital	-
			Sub Total	606,132,545
4	Repayment of Bank Borrowing	N/A		1,360,000,000
5	IPO Expenses	N/A		68,291,870
	Total			4,095,015,601



Present status of IPO proceeds as on 30 June 2019:

Among the three projects, the Company has commenced the commercial production of its state-of-the-art Penicillin and Steroid & Hormone facilities at Dhulivita, Dhamrai, Dhaka after successful completion of the trial production, with effect from 12 June 2019 and 30 June 2019 respectively.

Project wise snapshot are as follows:

Steroid and Hormone Project:

The construction work of the project was started in the year 2016 and commenced the commercial operation in the month of June 2019. The facility is five-storied building with a total area of 154,807 square feet. Different types of dosage form like Tablet, Capsule, Cream Ointment, Dry Powder Inhaler (DPI), Metered Dose Inhaler (MDI) and Liquid and Hard Gelatin Capsule will be manufactured and marketed through this Unit, in addition to that a large number of contraceptives and hormonal drugs will be produced to fill up the local, Governmental and other Institutional demand. This unit touched a new era in the field of Hormone related drugs by producing through art technology namely Containment. The said technology is also adapted first time in Bangladesh as well. It is expected that this project will contribute to boost up the revenue of the company in the near future. As such, it is emerging as another import substitute segment of healthcare sector of the country. Total Project Cost is BDT 1,832 million approximately, out of which BDT 1,660.59 million has been generated from IPO fund and rest of the amount has been incurred from the organic source of the Company.

Penicillin Project:

The Company started the construction work of the project in the year 2017 and successfully completed in the month of June 2019. The Penicillin building is situated at Dhulivita, Dhamrai, Dhaka. It is three-storied Building with a total area of 55,143 square feet. Sophisticated technology for production unit and latest Quality Control apparatus has been installed meanwhile. Different types of Penicillin products like Tablet, Capsule, Cream Ointment, Powder for Suspension (PFS), Vial for Injection and Liquid products will be manufactured and marketed through this Unit. Total Project Cost is BDT 609 million approximately, out of which BDT 400 million has been generated from IPO fund and rest of the amounts has been incurred from the organic source of the Company.

Active Pharmaceuticals Ingredients (API) Project:

Bangladesh Pharmaceutical sector has been growing on an average at 15 percent over the last couple of years and as per insider information, it is expected that the growth will be sustained in future as well, which will be eventually expanded in the domestic market as well as new export frontiers. Likewise, with the demand growth of pharmaceuticals product, the demand of API products is also increasing. Considering the demand growth of API products, the Government of Bangladesh has taken initiatives to establish The Active Pharmaceutical Ingredients (API) industrial park in Gazaria, Munshigonj with a view to facilitating a steady supply of raw materials of drugs to reduce import dependency.

The Company has got three plots comprising of 9.25 acres of land to establish the Active Pharmaceutical Ingredient (API) Park in Gazaria, Munshigonj. The construction work of the project has already been started. With the completion of API Park, Bangladesh will be able to decrease the cost of locally manufactured drugs and it will add to the cost advantage for exports. It is expected that the country can save substantial amount of import cost of raw material by producing raw material at the API Park. This will dramatically reduce the cost of production and help Bangladesh to achieve price competitiveness in Global Market. API can also be exported to other countries. Currently, Global API market stands at USD 238 billion. The Government has announced Pharmaceuticals "The product of the year 2018." This will accelerate immense opportunity for Bangladesh to export APIs to foreign countries.

It is expected that the project will be completed and commercially launched in the month of June 2022. The Company has already utilized an amount of BDT 161.83 million out of total allocated IPO fund of BDT 606.13 million up to the month of June 2019.

FINANCIAL RESULTS AFTER THE COMPANY GOES FOR INITIAL PUBLIC OFFERING (IPO)

In the year 2016, the Company listed its share with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. by issuing 50,000,000 Ordinary Shares of BDT 10 each. The Company commenced its trade with both the Exchanges from 07 June 2016 under the trade name of ACMELAB. After completion of Initial Public Offering (IPO) successfully, different financial indicators related with financial results of the Company have been increased consistently which has been more fully explained in the Page No. 45 under the head of Financial Highlights for last 5 years.

SIGNIFICANT VARIANCE BETWEEN QUARTERLY FINANCIAL PERFORMANCES AND ANNUAL FINANCIAL STATEMENTS

During the financial year 2018-2019, Annual Financial Statements is almost in consonance with the Quarterly Financial Performance of the Company. As such, no significant variance has been observed between Quarterly Financial Performances and Annual Financial Statements.

REMUNERATION PAID TO THE DIRECTORS INCLUDING INDEPENDENT DIRECTORS

During the year 2018-2019, a remuneration of BDT 20,025,806 has been paid to the whole time Directors of the Company. The Company did not pay any remuneration to its Nominee and Independent Directors except sitting fees for attending the meetings of the Board of Directors and respective committees to whom they are members. A Statements regarding payment of remuneration to its Directors is as under:

Amount in BDT		
Particulars	2018-2019	2017-2018
Directors	20,025,806	28,800,000
Nominee and Independent Directors	-	-

FAIRNESS OF THE FINANCIAL STATEMENTS

The financial statements together with the notes thereon have been drawn up in conformity with International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) as adopted in Bangladesh by Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act, 1994 and Securities & Exchange Rules, 1987. These statements fairly present the Company's state of affairs, the results of its operations, cash flow and changes in equity.

In compliance with the requirement of the Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Code; dated: June 3, 2018, Chief Executive Officer and Chief Financial Officer have given the declaration about the fairness of the financial statements which is shown on page 82-83 of the report

BOOKS OF ACCOUNTS

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

CONSISTENCY OF APPROPRIATE ACCOUNTING POLICIES

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

APPLICATION OF INTERNATIONAL ACCOUNTING STANDARDS (IAS) OR INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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

INTERNAL CONTROL

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

INTEREST OF MINORITY SHAREHOLDERS

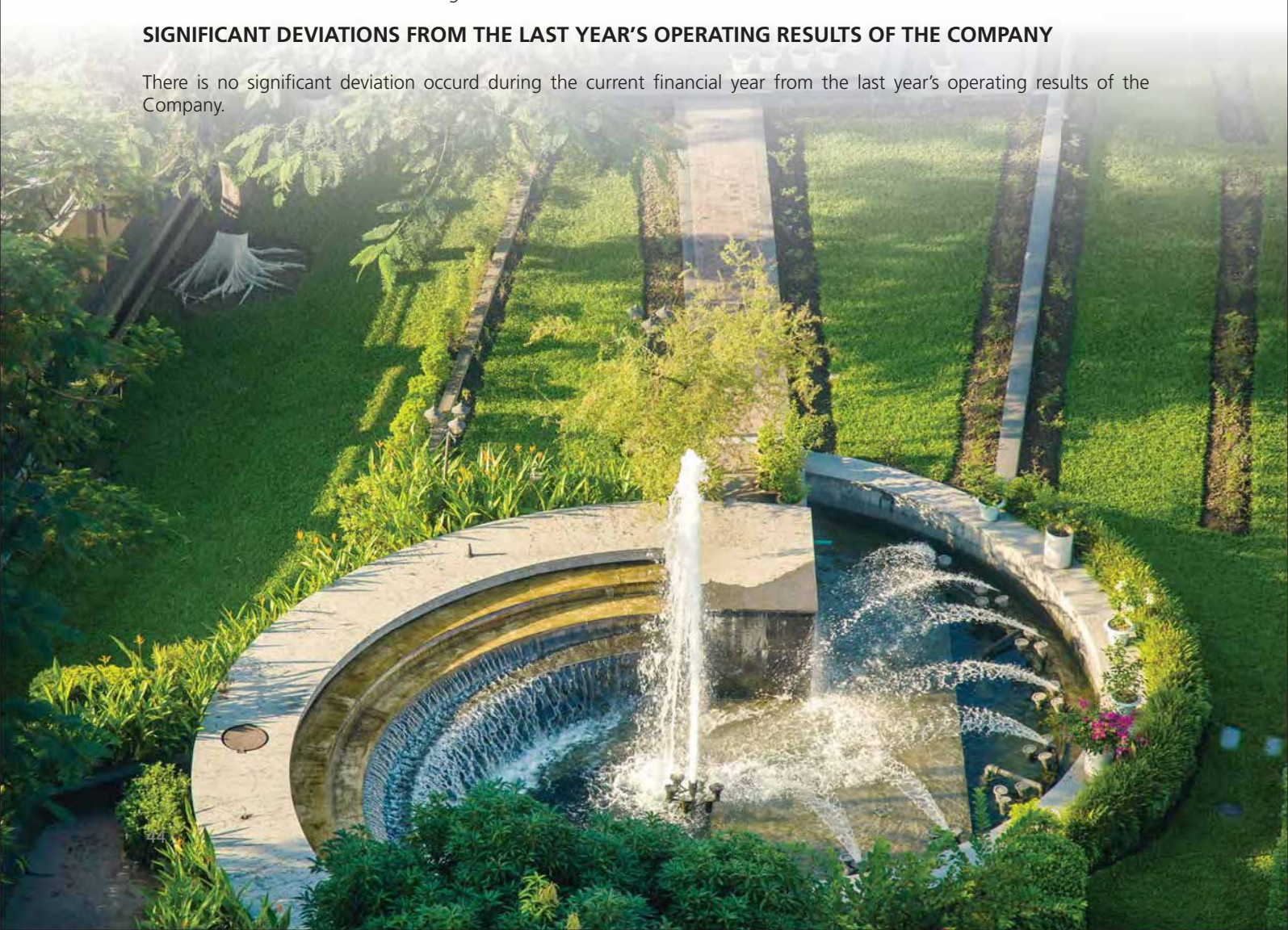
As a constant policy of the Company, the management has protected Interest of Minority shareholders meticulously. The management protects interest of Minority Shareholders from abusive actions by or in the interest of, controlling shareholders acting either directly or indirectly and has system of effective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

GOING CONCERN

There is no doubt upon the Company's ability to continue as a going concern; accordingly, the financial statements of the Company have been prepared on going concern basis. A detail statement regarding the ability to continue as a going concern has been discussed in the Page No. 155-156

SIGNIFICANT DEVIATIONS FROM THE LAST YEAR'S OPERATING RESULTS OF THE COMPANY

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



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

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

Financial Highlights

For Last 5 Years

(BDT in million)

Particulars	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Shareholders' Equity:					
Share Capital	2,116.02	2,116.02	2,116.02	2,116.02	1,616.02
Share premium	5,127.60	5,127.60	5,127.60	5,127.60	1,605.07
Revaluation Surplus	5,319.64	5,402.71	5,487.67	5,642.93	5,320.07
Gain/(Loss) on Marketable Securities (Unrealized)	6.94	7.85	6.23	2.25	1.82
Tax Holiday Reserve	179.46	179.46	179.46	172.25	139.86
Retained Earnings	5,593.73	4,810.52	4,039.29	3,303.42	2,689.79
Total Shareholders' Equity:	18,343.39	17,644.16	16,956.28	16,364.47	11,372.63
Non Current Liabilities	4,578.02	4,615.51	3,675.91	3,958.45	4,904.88
Total	22,921.41	22,260.54	20,632.19	20,322.92	16,277.51
Application of Fund					
Property, Plant and Equipment	23,751.66	21,105.68	18,220.23	17,240.11	16,027.23
Intangible Assets	0.08	0.12	0.16	0.20	0.25
Investment in Shares	33.88	34.89	32.41	19.86	7.12
Investment Property	-	21.34	23.10	26.19	26.19
Current Assets	12,135.98	11,462.21	11,671.33	11,603.36	7,198.98
Current Liabilities	(13,000.19)	(10,363.70)	(9,315.04)	(8,566.79)	(6,982.26)
Total	22,921.41	22,260.54	20,632.19	20,322.92	16,277.51
Financial Result					
Revenue	16,308.63	14,813.91	13,576.32	12,644.91	11,496.41
Cost of Goods Sold	9,882.88	8,942.40	8,039.83	7,770.61	7,195.00
Gross Profit	6,425.75	5,871.52	5,536.49	4,874.30	4,301.42
Profit before Taxation	1,953.34	1,954.84	2,035.55	1,402.10	1,349.43
Profit after Taxation	1,440.38	1,426.57	1,397.85	1,101.27	921.92
Change in Revenue (%)	10.09%	9.12%	7.37%	9.99%	12.51%
Change in Cost of goods sold (%)	10.52%	11.23%	3.46%	8.00%	15.35%
Change in Profit After Tax (%)	0.97%	2.05%	26.93%	19.45%	3.14%
Financial Performance					
Number of shares	211.60	211.60	211.60	211.60	161.60
Earning per share (EPS) in BDT	6.81	6.74	6.61	6.55	5.70
Current Ratio - (Times)	0.93	1.11	1.25	1.35	1.03
Net operating cash flow per share (NOCFPS) (BDT)	7.81	7.46	6.70	6.25	6.50
Net Asset Value Per Share (NAVPS) (BDT)	86.69	83.38	80.13	77.34	70.37



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

The Company always maintains Consistent Dividend Policy and has been paying Dividend constantly. During the year the Company proposed 35% Cash Dividend to its Shareholders.

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

No Bonus share or stock dividend has been declared by the Board as interim dividend during the financial year 2018-2019.

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

The number of Board Meetings held and the attendance thereof by the Directors during the financial year 2018-2019 are mentioned below:

Name of Directors	Position	No. of Meetings held	No. of Meetings attended
Mrs. Nagina Afzal Sinha	Chairman	15	12
Mr. Mizanur Rahman Sinha	Managing Director	15	14
Dr. Jabilur Rahman Sinha	Deputy Managing Director	15	4
Mrs. Jahanara Mizan Sinha	Deputy Managing Director	15	15
Syed Shahed Reza	Independent Director	15	14
Ms. Fouzia Haque, FCA	Independent Director	15	14
Mr. Kazi Sanaul Hoq*	Nominee Director	15	14

*Investment Corporation of Bangladesh (ICB) withdrawn the nomination of Mr. Kazi Sanaul Hoq on 9 September 2019 and nominated Mr. Md. Abul Hossain as a Nominee Director in the Board of The ACME Laboratories Ltd. in place of Mr. Kazi Sanaul Hoq at the same date. Accordingly, the Board of Directors in its 107th meeting held on 9 September 2019 inducted Mr. Md. Abul Hossain as a Director of the Company.



A REPORT ON THE PATTERN OF SHAREHOLDING AS ON 30 JUNE 2019

A report on the pattern of shareholding as on 30 June 2019 disclosing the aggregate numbers of shares (along with name-wise details) are stated below:

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

The ACME Laboratories Ltd. does not have any Parent or Subsidiary or Associated Companies as on 30 June 2019. However, other related parties do not hold any shares of the Company.

b. Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their Spouses and Minor Children:

Sl No.	Name and Particulars	Designation	Number of Holdings
01.	Mrs. Nagina Afzal Sinha	Chairman	11,888,433
02.	Mr. Fahim Sinha, S/O Late Mr. Afzalur Rahman Sinha	Shareholder	9,102,279
03.	Mrs. Sabrina Juned, D/O Late Mr. Afzalur Rahman Sinha	Shareholder	9,102,613
04.	Mr. Mizanur Rahman Sinha	Managing Director	20,426,565
05.	Mrs. Jahanara Mizan Sinha	Dy. Managing Director	10,519,744
06.	Mr. Tanveer Sinha, S/O Mr. Mizanur Rahman Sinha	Shareholder	528,149
07.	Ms. Tasneem Sinha, D/O Mr. Mizanur Rahman Sinha	Shareholder	528,528
08.	Dr. Jabilur Rahman Sinha	Dy. Managing Director	4,860,696
09.	Mrs. Hasina Jabil Sinha, W/O, Dr. Jabilur Rahman Sinha	Shareholder	4,859,245
10.	Ms. Sylvana Sinha, D/O Dr. Jabilur Rahman Sinha	Shareholder	6,886,366
11.	Ms. Tanya Quader Sinha, D/O Dr. Jabilur Rahman Sinha	Shareholder	7,288,866
12.	Mr. Kazi Sanaul Hoq	Nominee Director of ICB	8,419,940
13.	Syed Shahed Reza	Independent Director	-
14.	Ms. Fouzia Haque, FCA	Independent Director	-
15.	Mr. Md. Rafiqul Islam, FCS and his Spouse including Minor Children	Company Secretary	-
16.	Mr. Md. Arshadul Kabir, FCA and his Spouse including Minor Child	Head of Finance & Accounts	-
17.	Mr. A.K.M. Moshir Rahman Khan, FCMA and his Spouse including Minor Child	Head of Internal Audit	-
18.	Mrs. Punam Shahed, Spouse of Syed Shahed Reza, Independent Director	Shareholder	75

c. Executive:

Sl. No.	Name and Particulars	Designation	Number of holding
01.	Mr. Md. Hasibur Rahman	Additional Deputy Managing Director	60,180
02.	Dr. Syed A.M. Mustafij Billah	Executive Director- Plant	-
03.	Mr. Md. Ferdous Khan	Director- Sales & Distribution	-
04.	Mr. Md. Humayun Kabir	Director - International Business	-
05.	Sheikh Maksudur Rahman	Director –API	-

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

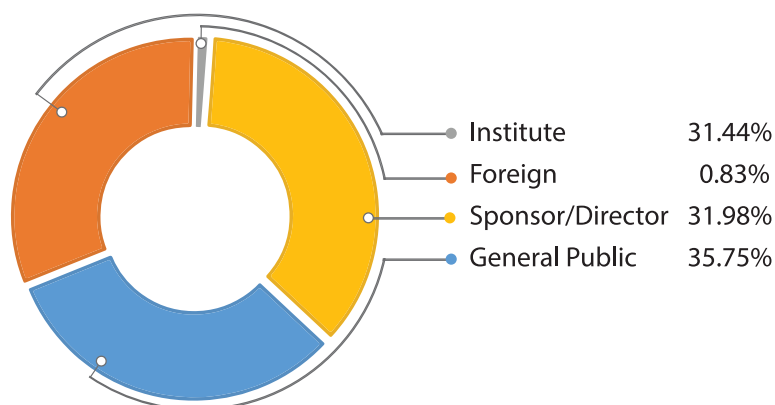
There is no shareholder who holds 10% or more shares of The ACME Laboratories Ltd.



COMPOSITION OF SHAREHOLDING POSITION

Shareholding Position as on 30 June 2019 of the Company is given below:

Name of the Shareholders	Designation	No. of Shares	% of holding
Mrs. Nagina Afzal Sinha	Chairman	11,888,433	5.618
Mr. Mizanur Rahman Sinha	Managing Director	20,426,565	9.653
Dr. Jabilur Rahman Sinha	Dy. Managing Director	4,860,696	2.297
Mrs. Jahanara Mizan Sinha	Dy. Managing Director	10,519,744	4.971
Mrs. Parveen Akhter Nasir	Sponsor Shareholder	11,561,922	5.464
Mrs. Khurshid Jahan Dabir (Mrs. Laizu Dabir)	Sponsor Shareholder	725	0.000
Investment Corporation of Bangladesh	Shareholder	8,419,940	3.979
Institute	Shareholder	66,531,331	31.442
Foreign	Shareholder	1,744,450	0.830
General Public	Shareholder	75,647,894	35.750
Total		211,601,700	100.00



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

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

Dr. Jabilur Rahman Sinha, Director and Mr. Md. Abul Hossain, Director of the Company will be retired by Rotation at the 43rd Annual General Meeting (AGM) and being eligible they offer themselves for reappointment.

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.

Mr. Md. Abul Hossain, Director

Md. Abul Hossain has joined as Managing Director of Investment Corporation of Bangladesh (ICB) on 21 August, 2019. He started his career as a System Analyst/Senior Principal Officer in ICB on 19-02-1998 and served different position in the same organization. Before his joining he acted as Managing Director at Karmasangsthan Bank (KB), During his service life, he served different Banks and Financial Institutions. He served as Managing Director (Additional Charge) and Deputy Managing Director at Bangladesh Krishi Bank (BKB). In addition to that Md. Abul Hossain served as System Manager/ Deputy General Manager and General manager at Investment Corporation of Bangladesh (ICB). He completed his B.Sc (Hon's) and M.Sc degree in Statistics from Jahangirnagar University.

He has over 29 years of diversified experience in investment banking, specialized and commercial banking, Islamic banking, Asset management and ICT works. He was always instilled by the changed and research oriented, dynamic management that focused innovations, creativity and organizational increased efficiency and effectiveness, resulted in higher value addition to the organizational, stakeholders and the society as well.

During the long journey, he served 16 (sixteen) organizations with different capacities. He served as a Chairman of 03 (three) organizations before of which two are the subsidiaries of ICB (ICB Asset Management Company Ltd. & ICB Securities Trading Company Ltd.) and the others is Aziz Pipes Ltd. In addition to this, he served as a Director to a number of organizations like Islami Bank Bangladesh Ltd., The Farmers Bank Ltd. (Now Padma Bank), Nitol Insurance Company Ltd., AllTex Industries Ltd., ICB Securities Trading Company Ltd., Aramit Ltd., Kay & Que (Bangladesh) Ltd., Business Automation Ltd., DNS Satcomm Ltd. and Upload Yourself Systems 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 Information and Services Ltd. (CRISL), Standard Bank Ltd., National Tea Company Ltd. (NTC), Apex Tannery Ltd., Central Depository Bangladesh Ltd. (CDBL), United Power Generation & Distribution Company Ltd. (UPGDCL), Aramit Ltd., Industrial Infrastructure Development & Finance Company Ltd. (IIDFC), Bangladesh Institute of Capital Market (BICM), Apex Footwear Ltd., Aramit Thai Aluminum Ltd., The Peninsula Chittagong Ltd., Lafarge Surma Cement Ltd., Standard Bank Securities Ltd., SBL Capital Management Ltd., Ratanpur Steel Re-rolling Mills Ltd. (RSRM), Heidelberg Cement Bangladesh Ltd., Padma Bank Ltd. and some other Directorships.

STATEMENT SIGNED BY CEO OR MD FOCUSING ON COMPANY'S POSITION AND OPERATIONS

A management's discussion and analysis signed by the CEO or MD presenting detailed analysis of the Company's position and operations along with a brief discussion of changes in the Financial Statements has been presented in the Page No. 54-57.

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

Declaration or certification by the CEO and the CFO to the Board is appended in this Annual Report under Annexure A, Page No. 82-83.



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

The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 has been presented under Annexure -B and Annexure -C in the page No. 84 and 98 respectively.

APPOINTMENT OF AUDITORS

The existing auditor of the Company, M/s. Shiraz Khan Bashak & Co., Chartered Accountants (An associate firm of D.N. Gupta & Associates, Chartered Accountants, India) has carried out the Audit for the year ended 30 June 2019. M/s. Shiraz Khan Bashak & Co. 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 2019-2020 at a remuneration of BDT 5,50,000.00 (Five Lac Fifty Thousand) only which is equivalent to previous year's remuneration and is placed before the shareholders at the 43rd Annual General Meeting (AGM) for approval.

APPOINTMENT OF COMPLIANCE AUDITOR AS PER CORPORATE GOVERNANCE CODE

As per notification no. BSEC/CMRRCD/2006-158/207/Admin/80; dated: 3 June 2018, issued by Bangladesh Securities and Exchange Commission (BSEC), M. Z. Islam & Co., Chartered Accountants, audited the compliance status of the Company for the year 2018-2019. M. Z. Islam & Co., Chartered Accountants, retire at this AGM. Being eligible, offered themselves for re-appointment as Compliance Auditors for the Financial Year 2019-2020.

The profile of the existing Audit Firm and the service performed by them was reviewed by the Board of Directors and the Audit Committee and suggested to re-appoint M. Z. Islam & Co., Chartered Accountants, as Compliance Auditors of the Company for the next financial year 2019-2020 with a remuneration of BDT 40,000 (Forty Thousand) subject to the approval of the shareholders in its 43rd AGM of the Company.



CONTRIBUTION TO NATIONAL EXCHEQUER

During the year 2018-19, your Company paid BDT 2,320.16 million to the National Exchequer in the form of Corporate Income Tax and Value Added Tax (VAT) and Import Duties.

CORPORATE GOVERNANCE

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



In order to enhance Corporate Governance Practice for the interest of investors and the Capital Market, Bangladesh Securities and Exchange Commission (BSEC) has imposed some further conditions and issued a revised notification vide No. BSEC/CMRRCD/2006-158/207/Admin/80; Dated: 3 June 2018. Compliance status of the above-mentioned Code by The ACME Laboratories Ltd. has been depicted in the Page No. 85-98 of the Annual Report as Annexure: C.

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

Sl. No.	Name	Position in Audit Committee	Position in Board
01.	Ms. Fouzia Haque, FCA	Chairman	Independent Director
02.	Syed Shahed Reza	Member	Independent Director
03.	Mr. Md. Abul Hossain **	Member	Nominee Director of ICB

** Mr. Kazi Sanaul Hoq was a member of Audit Committee up to 9 September 2019. After then Mr. Md. Abul Hossain joined as a member of the Committee in place of Mr. Kazi Sanaul Hoq on 9 September 2019.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

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

Sl. No.	Name	Position in Nomination and Remuneration Committee	Position in Board
01.	Syed Shahed Reza	Chairman	Independent Director
02.	Mr. Md. Abul Hossain ***	Member	Nominee Director of ICB
03.	Mrs. Jahanara Mizan Sinha	Member	Director

***Mr. Kazi Sanaul Hoq was a member of Nomination and Remuneration Committee up to 9 September 2019. After then Mr. Md. Abul Hossain joined as a member of the Committee in place of Mr. Kazi Sanaul Hoq on 9 September 2019.

APPRECIATION

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

On behalf of the Board,



Mrs. Nagina Afzal Sinha
Chairman

CEPHALOSPORIN UNIT



STATEMENT SIGNED BY CEO OR MD FOCUSING ON COMPANY'S POSITION AND OPERATIONS

(a) Accounting policies and estimation for preparation of financial statements

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

(b) Changes in accounting policies and estimation, if any

The company selects accounting policies based on principles enunciated in the IAS or IFRS and followed them consistently year after year. Changes in the accounting policy are incorporated with the amendments, if any, in the IAS or IFRS by the IASB to keep the accounting policies in line with the principles stated in the IAS or IFRS or to comply the requirement of the statute.

During the financial year 2018-2019, there is no significant change in accounting Policies and Estimates.

(c) Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for immediate preceding five years

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

	2018-2019		2017-2018		2016-2017		2015-2016		2014-2015	
	Amount in BDT	Growth (%)	Amount in BDT	Growth (%)	Amount in BDT	Growth (%)	Amount in BDT	Growth (%)	Amount in BDT	Growth (%)
Revenue (in million)	16,308.63	10.09%	14,813.91	9.12%	13,576.32	7.37%	12,644.91	9.99%	11,496.41	12.51%
Net Profit After Tax (in million)	1,440.38	0.97%	1,426.57	2.05%	1,397.85	26.93%	1,101.27	19.45%	921.92	3.14%
Net Asset Value Per Share	86.69	3.97%	83.39	4.06%	80.13	3.62%	77.34	9.89%	70.37	6.36%
EPS	6.81	1.04%	6.74	2.03%	6.61	0.80%	6.55	14.88%	5.70	0.97%
Operating Cash Flows Per Share	7.81	4.74%	7.46	13.03%	6.70	5.56%	6.25	-3.79%	6.50	128.00%

Overall business performance of the company has been found to be sustainable over the years. The reported revenue of the company stood at BDT 16,308.63 million in Financial Year 2018-2019 against BDT 11,496.41 million in Financial Year 2014-2015 indicating a Compound Annual Growth Rate (CAGR) is 9.13% in last five years.

The net profit growth, Net assets value per share (NAVPS), Earnings per Share (EPS) and other financial indicators of the company is found satisfactory over the last five years. Moreover, it has been revealed that the company has generated sufficient operating cash flows from its own source, which helped to meet its financial demand.

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

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

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

(e) Financial and Economic Scenario of the Country and the Globe

The Global Economic Prospects, a flagship report of the World Bank Group, said activity in Bangladesh would grow at an average of 6.7 percent a year over fiscals 2018-2020, benefiting from strong domestic demand and strengthening exports.

The International Monetary Fund (IMF) in its latest World Economic Outlook report (July 2019) has given a more optimistic forecast for global economic growth. The IMF predicts 3.2 percent global economic growth for the year 2019 followed by 3.6 percent in the year 2020. It is now 10 years since the Global Financial Crisis (GFC), the greatest economic collapse which had been never seen.

Bangladesh is now on the cross road of development. Huge development works have been going on in different sectors. The economy of Bangladesh has been able to maintain economic growth despite of global financial crisis. The GDP growth rate for 2018-2019, officially estimated at 8.1 per cent, was higher than the previous fiscal year's rate of 7.9 per cent.

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

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

As a part of development, the prospect of Bangladesh health sector is being reflected in various indicators. Life expectancy has reached to 71.8 years. Child mortality has reduced to 29 in per thousand live births and poverty alleviation has been evolved.

According to Bangladesh Export Promotion Bureau, Bangladesh exported Pharmaceuticals product to 147 countries in the fiscal year 2018-19. Among 147 exporting countries, top 7 countries (Myanmar, Sri Lanka, Philippines, Vietnam, Afghanistan, Kenya and Slovenia) constitute 60.32% of total pharma export. Rest 39.68% comes from other countries. Bangladesh has exported pharmaceutical products worth USD \$130.00 million in 2018-19 as against USD 103.5 million in 2017-18 (source: Bangladesh Export Promotion Bureau).

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

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

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

Risk Management

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



Operational Risk

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

Management Perception

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

Interest Rate Risk

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

Management Perception

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

Exchange Rate Risk

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

Management Perception

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

(g) Future plan or projection or forecast for Company's Operation, Performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM

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

Considering industry outlook and bright prospects, the company has already started commercial operation of Steroid & Hormone and Penicillin projects. These Projects are going to add an attractive growth in top line from Financial Year 2019-2020 through which it is expected that future revenue will be boosted up.

The Company is expecting that current year top line growth will be sustained in future as well and as a part of strategic capacity plan, the company is expanding its existing capacity by 40% with a substantial amount of capex to make room for future growth.

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

Apart from the amount shown in the Financial Statements under the head of Property, Plant & Equipment, the company opened Letter of Credit for amounting to BDT 76,892,915 for the purpose of acquisition of capital machinery in favor of suppliers as at 30 June 2019. (As at 30 June 2018 the amount was BDT 1,067,922,941).



Mizanur Rahman Sinha
Managing Director



SOLID DOSAGES UNIT



TRIPLE BOTTOM LINE (TBL) REPORTING

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

The TBL dimensions synergistically include three Ps;

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

PEOPLE

- Ensured zero discrimination in performance appraisal, career development process and hiring process to establish Equal Opportunity Employment (EOE) culture in workplace.
- Initiated Periodic Health Monitoring and Diagnosis Programs to ensure healthy workplace.
- Ensured appropriate PPE in Risky & Hazardous operational areas where almost zero non-compliance has been found by HSE monitoring team.
- In order to develop human resources and uphold the knowledge and skills of the medicinal plant Local Service Providers, the Company produced a comprehensive training manual titled, "প্রশিক্ষণ 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.).
- In order to meet the consistent practice of maintaining the quality standard of herbal raw materials the Company contributed for establishing Primary Collection & Multipurpose Centers and Sub Centers in the new areas of medicinal plant cultivation.
- Due to well understanding, good coordination and unique relationship between ACME and the medicinal plant growers despite of several constraints and natural disasters thousands of small and marginal farmers predominantly women have been producing huge quantity of selective herbs. They are regularly supplying medicinal plant materials to ACME and other medicine manufacturing companies of the country which provides additional income and also helping them to become self-reliant.
- Approximately BDT 56,000 has been spent for Graduate Students Internship Program (GSIP) in cash and kind.
- Introduced following employees' well-being programs:
 - BDT 97,667,073 was disbursed under the scheme of WPPF and WWF.
 - In addition to company's contribution, BDT 14,150,309 was spent, contributed by both Officers' and Directors' of the Company, to support deceased employee's family.
 - BDT 7,794,070 has been spent for the purpose of employee's 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 40 thousand liters' water in a day through Effluent Treatment Plant.
- Reused approximately 16,000 liters RO (Reverse Osmosis) reject water, cooling water and steam condensed water for gardening in a day.
- Recycled all residues of herbs extraction and kitchen garbage and reduced the same by composting for re-using in the garden.
- As a consequence of conversion of inhaler facility from CFC based to HFA based, during the year 2017-18 the company used 13,500 kg HFA gas through reducing the equivalent amount of CFC uses which is vital evils for global warming and ozone layer depletion.
- Saved energy consumption significantly through using energy saving electronic equipment (i.e. light, fan, computers, etc.)
- Minimized the risk of air pollution by using/installing HVAC systems in each and every manufacturing facility.
- The company is upgrading its Effluent Treatment Plant (ETP) facility to make it more environments friendly. For this



- purpose, in the coming year we are going to implement zero discharge ETP water from our plants.
- The Company signed agreement with two international NGOs namely, United Purpose and HEVETAS Swiss Inter-cooperation, in order to ignite cultivation of different medicinal plants including those are facing extinction crisis throughout the country for improving health of Human, animal, environment and biodiversity.

PROFIT

- Achieved 10.09% Sales growth during the year 2018-2019;
- During the year 2018-19, Percentage of Net Profit to Net Sales ratio is 8.83;
- During the year 2018-19, Earnings Per Share is BDT 6.81 on one Equity Share of BDT 10.00 each;
- Net Assets Value per share is BDT 86.69 as at 30 June 2019;
- Followed consistent dividend policy over the last three years. i.e. 35% cash dividend (proposed) during the year 2018-19; 35% cash dividend for the year 2017-18 and 35% cash dividend for the year 2016-17;

The Company successfully Started the Commercial Operation of its Steroid & Hormone project and Penicillin project which will contribute to increase its profitability

Our performance

Business Journey

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

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

In the year 1999, the Company awarded ISO: 9001 certifications. In 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 Dose 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 Zinc which was a R&D of ACME and ICDDR. The Company added IV Infusion products in its products line in the year 2007.

In the way of success, in 2008, ACME family built another milestone in its core business activities by establishing The ACME Specialized Pharmaceuticals Limited (ASPL), a subsidiary of The ACME Laboratories Ltd., in order to cater upcoming national and global demand of various types of products and also to meet the challenges of 21st century. However, The honorable Supreme Court of Bangladesh, High Court Division, vide its judgment dated 20.11.2013 approved the scheme of amalgamation of the "The ACME Specialized Pharmaceuticals Ltd. (ASPL)" (the transferor Company) with "The ACME Laboratories Ltd." (the Transferee Company)" whereby the entire undertaking of the Transferor Company as a going concern together with all the assets and liabilities relating there to be transferred to and vest in the Transferee Company. In this regard, the Board of Directors of the Transferee Company and the Transferor Company in its respective meetings held on 27.12.2013 resolved that the books of accounts of the Transferor Company to be closed through transferring all balances to the books of the Transferee Company by/as of 31.01.2014. The amalgamation pave the way for availing International Accreditation benefit for the products being produced in the ASPL unit with International GMP compliance as earlier enjoyed by the Company.

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

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

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

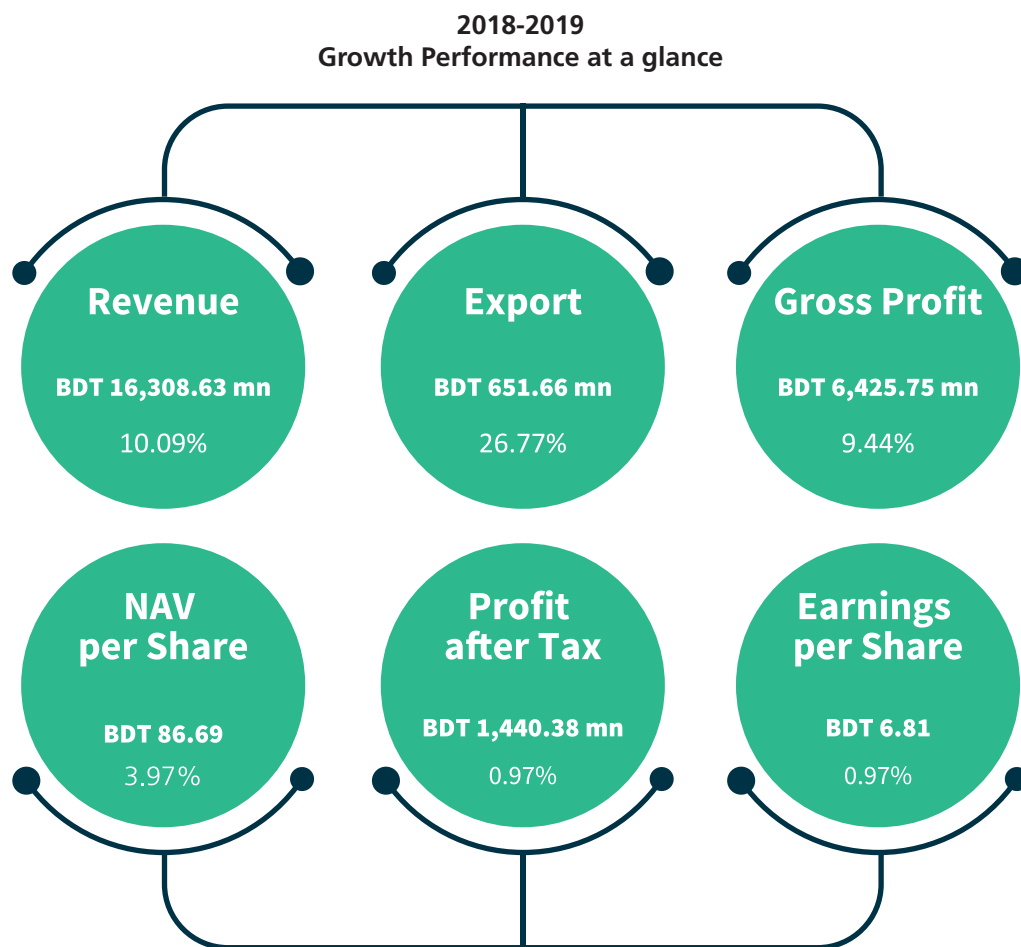
In the year of 2017, The ACME Laboratories Ltd. endorsed with immense pleasure the certificate of up gradation of ISO standard from 9001:2008 to 9001:2015 version after a thorough audit of all relevant departments of Plant, Head Office and Depots by Orion Registrar, Inc., USA, "The Quality Management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

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

In the year of 2019, The Company successfully commence the commercial Operation of Steroid & Hormone and Penicillin Project. The Company also achieved UK MHRA Certification in the same year.

Performance 2018-19

During the financial year 2018-2019, revenue has been increased by 10.09% and reached to BDT 16,308.63 million, compared to BDT 14,813.91 million in 2017-2018. Gross profit margin is 39.40% and the net income ratio is 8.83%. The fixed assets are increased by 12.54% implying higher capacity to generate future long-term economic benefits. Net Assets Value per share has reached at BDT 86.69 and the Earnings per share (EPS) reached at BDT 6.81 as well. In summary, during 2018-2019, the Company has met the target revenue and earning goals which was driven by an increasingly diversified portfolio of generic pharmaceuticals formulation products which include human, veterinary, herbal & ayurvedic and hormonal drugs.



Selected Growth Indicators

BDT in million

Shareholders Equity



Revenue



Profit after Tax





Property, Plant and Equipment



Earnings Per Share (EPS)



Net Asset Value Per Share (NAVPS)



INDUSTRY OUTLOOK AND GLOBAL PHARMACEUTICAL TREND

Bangladesh is one of the least developed countries around the globe that meets up to 98% of its demand for Pharmaceutical products, with a market size of nearly BDT 200 billion, through local companies. According to the Bangladesh Association of Pharmaceutical Industries (BAPI), there has been an upward trend in the domestic market for pharmaceutical products over the past few years. In addition, Bangladeshi pharmaceutical products are being exported to 147 countries, and generated over \$100 million in the last fiscal year. The Pharmaceutical sector is the second largest industry in terms of contribution to the government's exchequer. This industry contributes about 1.85% of total GDP. The Industry has seen remarkable changes in the past few years that leave another heap on payers, suppliers and producers. This Sector is the Core of Healthcare Sector of Bangladesh. With an evolutionary history, the industry has now become one of the most successful manufacturing industries amongst the growing nations.

There are about 257 companies in this sector and the approximate total size of the market is BDT. 22,318 Crore with double digit growth rate as on 2nd Quarter of 2019 (Source: IMS 2Q, 2019), of which about 98% of the total medicines are produced by local Companies.

The industry is expected to register growth led by growing of per capita income, aging population, changing lifestyles and economic status, hectic daily activities, unhealthy eating habits, increasing incidence of chronic diseases across the entire global population, healthcare awareness of people, blooming modern health care facilities, low cost labor and availability of technical persons etc. providing growth opportunities for the industry players. It is forecasted that with current growth rate, Bangladesh's pharmaceuticals market size will reach more than BDT 400 Billion by 2023, propelled by high investments by local companies as they seek to grab a bigger share of the global market.

Globally, the pharmaceutical industry experienced various changes and is growing exponentially. The industry is expected to grasp a market value beyond \$ 1.5 trillion by the end of 2023. Current total global Generic market is forecasted to reach USD 380 billion market by 2021. Bangladesh's Pharmaceutical industries aim to capture 10 percent of the global generic market as 5 to 7 companies have received approval from top regulatory bodies like US FDA, UKMHRA and TGA etc. Bangladesh will soon become a major global hub for high quality and low-cost generic medicine and vaccine.

Bangladesh has the facilities for producing advanced medicine like biosimilars, vaccines, oncology products alongside medical devices, small scale active pharmaceuticals ingredients and more sophisticated facilities are adding day by day.

Apart from that, with the growth of Pharmaceutical finished products the growth of Active Pharmaceutical Ingredients is also increasing. The Government of Bangladesh took initiatives through allotting 42 plots among the top 28 Pharmaceutical Companies. Once the API Park is completed local manufacturer will be able to produce an immense portion of the API of local demand which will help to give pharma industry another thrives to grow in local market as well to improve competitiveness in export market. The API Park will reduce the dependence on import of raw materials and other import related hassles along with saving the valuable foreign currency. There will be about 25, 000 employment opportunity for unskilled and semi-skilled workers in this park as well.

Our role in Bangladesh

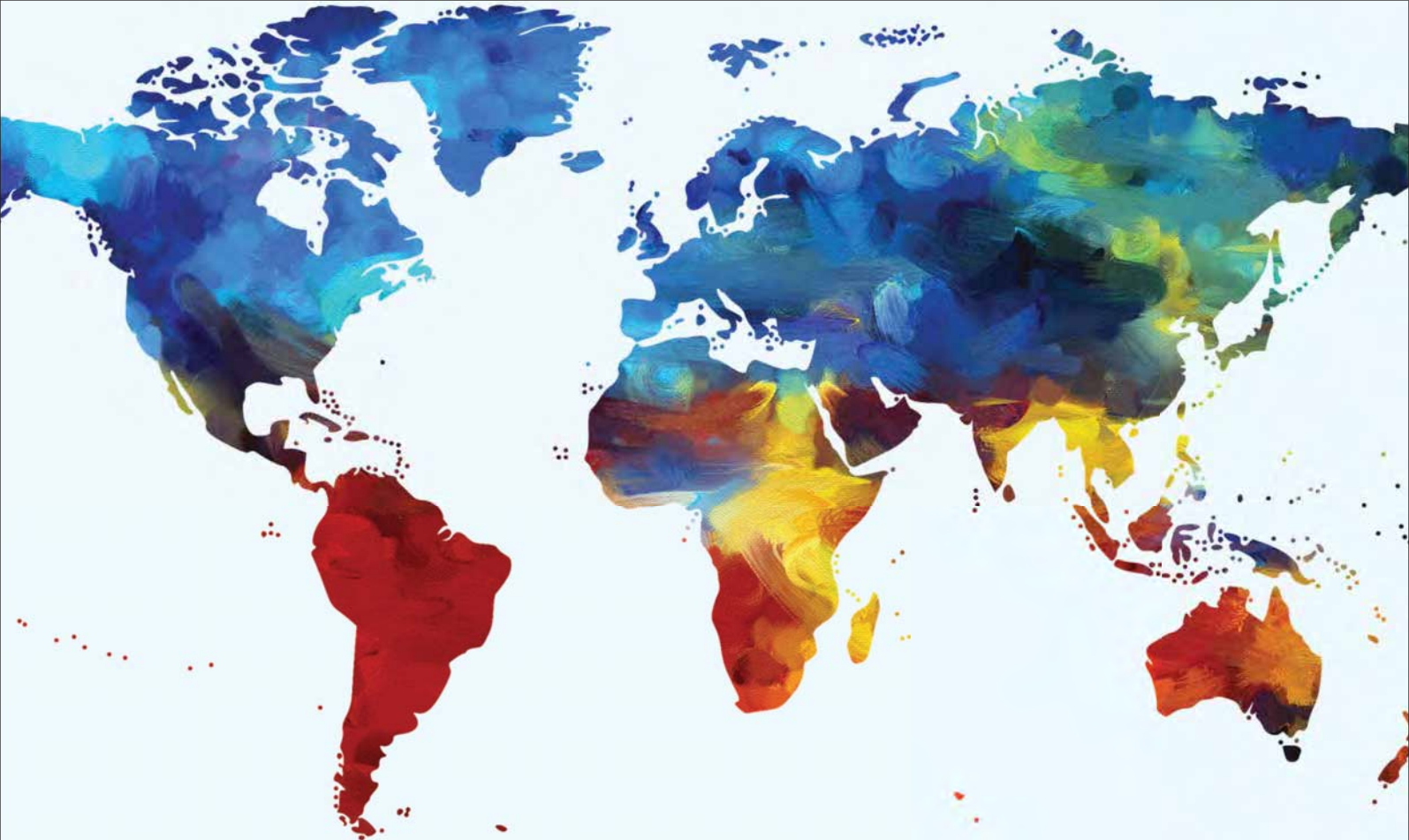
From 2010 phase-wise, The ACME Laboratories Ltd. has been introducing “Integrated Pharmaceutical Marketing - Ideas for New Vision” as its main business philosophy. Integrated Marketing serves the whole business. The operating policies, values, decision-making and practices of promotion, medical education, 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 60 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

ACME's relentless efforts alleviated the Company to establish strong footing in the domestic market which also facilitated to expand its presence in the global market. The first export of the Company went to Bhutan in the year 1995. By this time, it has strong footprint in 22 countries across the continents. As a top ranking Pharmaceutical Company, ACME is continuously trying to strengthen its competencies and enhancing its capacity horizontally as well as vertically. And in recognition of its sophisticated cutting edge technologies and quality management system, ACME achieved UK-MHRA certificate in 2018. Understanding the immense opportunity and having state of the art facilities, highly skilled professionals, it continues its voyage towards the inherent dream to become a key contributor in the global Pharma arena for which purpose:

- ▶ ACME has purchased 2 (two) product licenses for US market, which will be commercialized by 2Q 2020.
- ▶ One ANDA has been submitted to US FDA from ACME. Development of around 10 products are ongoing for US and EU markets.
- ▶ Export of some OTC products in US & EU will also take place in next year.
- ▶ Negotiations underway for Marketing Authorizations acquisition and technology transfer for EU market.

As per schedule, the Company has completed two of its new projects and started commercial production of its State-of-the-art facilities namely Steroid and Hormone and Penicillin at its factory, Dhamrai. The Company has also completed the Extension works of its Solid Dosages Unit.

For enhancing the capacity of the Company more, 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:

- 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.

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

Guidance for 2019-20

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

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



REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE 2018-2019

Audit Committee of the Board:

In compliance with the condition 5 of Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission (BSEC), the report on the activities of the Audit Committee (AC) presented which provides independent oversight of the Company's Financial Reporting, Internal Control Systems and Compliance to governing rules and regulation during the period 2018 -2019.

The Committee was comprised of Ms. Fouzia Haque, FCA (Independent Director & Chairman of Audit Committee), Syed Shahed Reza (Independent Director & Member of the Audit Committee) and Mr. Kazi Sanaul Hoq (Nominee Director of ICB & Member of Audit Committee). The Board reconstituted the Audit Committee by inducting Mr. Md. Abul Hossain in place of Mr. Kazi Sanaul Hoq on 9 September 2019. Accordingly, the Audit Committee in its 26th Meeting held on 9 October 2019 co-opted Mr. Md. Abul Hossain as a member of the Committee in place of Mr. Kazi Sanaul Hoq. All members of the present Committee are non-executive Directors and the Chairman of Audit Committee is an Independent Director. As required, all members of the Audit Committee are technically sound, literate & financially solvent and are able 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 and review the integrity of the financial statements of the Company and make recommendations to the Board on business risks, internal control and compliances. The Committee satisfies itself by means of taking suitable steps and collecting appropriate information in proper way and considered satisfactory internal control systems are in place to identify and contain business risks. Finally Committee members are satisfied that the Company's business is conducted in a systematic and 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 defined in its Terms of Reference (ToR).

Responsibilities and Duties:

The responsibilities and duties of the Audit Committee are:

Financial Reporting:

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

Related Party Transactions:

- To review 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 managements' integrity.

Audit Reports:

- To prepare the annual Audit Committee report and submit to the Board which includes the composition of the Audit Committee, its terms of reference, number of meetings held, a summary of its activities and the existence of internal audit services and summary of the activities for inclusion in the Annual Report; and
- To review the Board's statement 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;
- To obtain assurance that proper plans for controlling have been developed prior to the commencement of major areas of change within the Company; and
- To recommend to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the Audit Committee itself.

Internal Audit:

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

External Audit:

- To review the external auditors' nature and scope of the audit plan and audit report as well. The Audit Committee will consider a consolidated opinion on the quality of external auditing at one of its meetings;
- To review the Statements of 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:
 - o Report on conflicts of interests;
 - o Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;
 - o Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;
 - o Any other matter which the audit committee deems necessary shall be disclosed to the Board immediately.

Reporting to the Authorities:

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

Reporting to the Shareholders and General Investors:

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

Authority:

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

Meeting Attendance:

The Audit Committee met with the internal auditors on an annual basis without any Member of the Management being present. The Company Secretary is the Member Secretary of the Audit Committee, who facilitates the Chairman and other members for effective functioning of the Committee as per its terms of reference as well as Corporate Governance notification of BSEC. The details of attendance of each member at the Audit Committee meetings during the year 2018-2019 are given below:

Name of Directors	Position	No. of Meetings held	No. of Meetings attended	% of attendance
Ms. Fouzia Haque, FCA	Chairman	05	04	80
Mr. Kazi Sanaul Hoq	Member	05	05	100
Syed Shahed Reza	Member	05	05	100

Summary of Activities during the Year:

In 2018-2019 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 2018-2019:

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 are 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 work plan for Risk Management Programme.
- Reviewed and recommended to the Board regarding steps to improve the Company's changes on 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 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 2018-2019.

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 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 2019 for inclusion in the Annual Report for the year 2018-2019 and recommended their adoption by the Board.

Focusing on 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:
 - o Field Force Management;
 - o Health & Safety;
 - o Requisition to Pay;
 - o Record to Report.

This Audit Committee Report is made in accordance with the guideline of the Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC).



Ms. Fouzia Haque, FCA
Chairman of Audit Committee

REPORT ON THE ACTIVITIES OF THE NOMINATION AND REMUNERATION COMMITTEE 2018-2019

Nomination and Remuneration Committee of the Board:

In compliance with the condition # 6 of Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) the Board of Directors of The ACME Laboratories Ltd. in its 93rd Meeting held on 2 October 2018 constituted the Nomination and Remuneration Committee (NRC) to assist the Board broadly in formulation of policy with regard to determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of Directors and Top Level Executives.

A brief of the NRC and its roles, responsibilities and functions are appended below:

Composition and Meetings:

The NRC of The ACME Laboratories Ltd. comprises of three (3) members who are Non-Executive Directors, including two (2) Independent Directors. The Committee includes:

01. Syed Shahed Reza, Chairman
02. Mrs. Jahanara Mizan Sinha, Member
03. Mr. Kazi Sanaul Hoq, Member

The Independent Director, Syed Shahed Reza acts as Chairman of the Committee. As per regulatory guidelines, the Company Secretary, Mr. Md. Rafiqul Islam acts as Secretary to the Committee. The NRC, accordingly, performs in coherence and ensures compliance with the Corporate Governance Code promulgated by the Bangladesh Securities and Exchange Commission (BSEC).

Permanent invitees to the meetings are the Company Secretary, Head of Finance & Accounts and the Head of Human Resources. Relevant heads of divisions and other members of the Management team will also attend the meetings at occasions, as required.

Major Responsibilities of NRC:

The purpose, authority, composition, duties and responsibilities of the Nomination and Remuneration Committee are delineated in its Charter. Some of the major responsibilities of the NRC are as follows:

- Recommend a policy on Board's diversity taking into consideration age, gender, experience, education and nationality;
- Formulate the criteria for determining qualification and independence of Directors;
- Identify persons who are qualified to become Directors and in top level executives and recommend their appointment and removal;
- Formulate the criteria for evaluation of performance of Independent Directors and the Board;
- Recommend a policy to the Board relating to the remuneration of the Directors, and top level executives;
- Assess that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to run the company successfully;
- Evaluate that remuneration to Directors and top level executives involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- Identify the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;
- Recommend and review annually the Company's human resources and training policies;
- Recommend the remuneration policy of the Company, particularly in relation to the yearly increment principle;
- Recommend the Code of Conduct for the Chair of the Board, other Board Members and Chief Executive Officer of the Company.



Nomination, Election and Selection of Directors:

The NRC is responsible to ensure that the procedures for appointing new Directors are transparent and judicious. The Board places great emphasis on ensuring its membership reflecting diversity in broader sense. A combination of age, gender, experience, ethnicity, educational background, nationality and other relevant personal attributes in the Board is important in providing a range of perspectives, insights and challenges needed to support right decision making. Recruitment and selection processes for Board members identify candidates with the most suitable skills, knowledge, experiences and personal values. Qualifications stated explicitly in ACME's corporate governance promote the equitable and unbiased selection.

Evaluation of the Board:

The NRC is responsible for ensuring the effectiveness of the Board. The Board shall carry out an evaluation once a year of its work, functions, performance as well as monitoring of internal control over financial reporting for the preparation of external financial statements and the safeguarding of assets. The evaluation includes a review of the administration of the Board and its committees covering their operations, agenda, reports and information produced for consideration and relationship with Management.

Top Level Executive Selection and Remuneration Policy:

The performance of the Company depends upon the quality of its Directors and Top Level Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives. The recruitment process for Top Level Executives shall be transparent, non-discriminatory, diversified and in alignment with the Codes of Conduct. Recruitment standards shall support ACME's reputation as an attractive employer. The objective of ACME's remuneration policy is to secure that reward for Top Level Executives shall contribute to attracting, engaging and retaining the right employees to deliver sustainable value for shareholders in accordance with the ACME's culture and practice.

Remuneration for Board of Directors:

Each Director shall receive reasonable remuneration and /or sitting allowance from the Company for every meeting attended.

Meeting Attendance:

The details of attendance of each member at the NRC meetings during 2018-2019 are given below:

Name of Directors	Position	No. of Meetings held	No. of Meetings attended	% of Attendance
Syed Shahed Reza	Chairman	02	02	100
Mrs. Jahanara Mizan Sinha	Member	02	02	100
Mr. Kazi Sanaul Hoq	Member	02	02	100

Activities of the NRC during the reporting period:

In the year 2018-2019, the Committee met twice. The newly formed NRC noted the nomination and remuneration initiatives ensuring the standards and compliance accordingly. The major activities of the NRC during the year were as follows:

- Consider the Terms of Reference (ToR) of NRC, as approved by the Board of Directors;
- Formulate a policy relating to the remuneration of the Directors and top-level executives of the Company;
- Formulate the criteria for determining qualifications, positive attributes and independence of the Directors;
- Adopt a Code of Conduct for the Chairman, Directors and Top-level Executives of the Company.

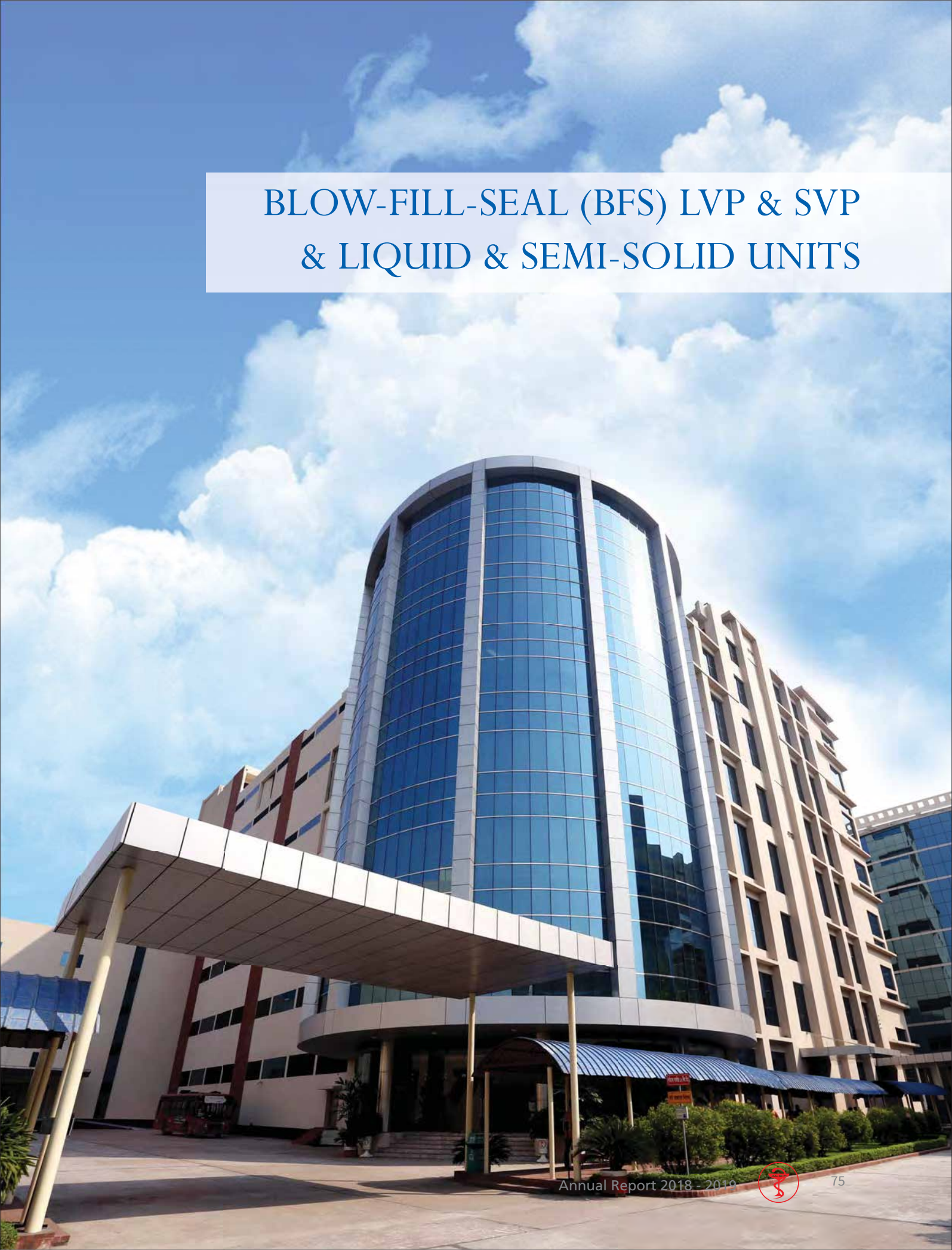
This Nomination and Remuneration Committee Report is made in accordance with the guideline of the Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC).



Syed Shahed Reza

Chairman, Nomination and Remuneration Committee

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



HUMAN & HERBAL PRODUCTS



VETERINARY PRODUCTS





World class facilities to
manufacture life saving drugs



৪২তম বার্ষিক সাধারণ সভা 42nd Annual General Meeting

For Health, Vigour and Happiness



The **ACME** Laboratories Ltd.
ISO 9001:2015 CERTIFIED COMPANY



Date:
6 December 2018
at 10.30 AM

Venue:
PSC Convention Hall (1st Floor)
Police Staff College
Mirpur-14, Dhaka-1206



42nd AGM



STEROID & HORMONE UNIT



VALUE ADDED STATEMENT

Value Added Statement (VAS) for the year ended 30 June 2019

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

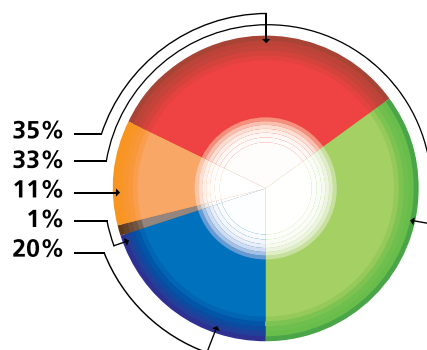
(BDT in Thousand)

	2018-2019		2017-2018	
	Amount	%	Amount	%
Gross turnover & Other income	18,816,025	60.8%	17,161,376	61.3%
Less: Brought in material & Services	12,133,688	39.2%	10,832,776	38.7%
Total value added	6,682,337	100%	6,328,600	100%

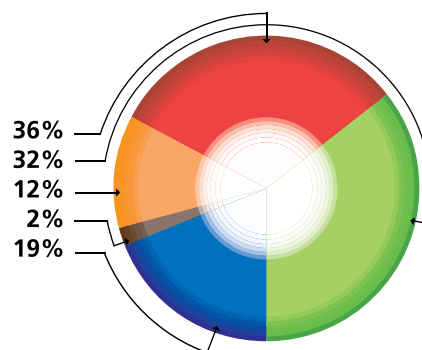
Application:

Duties and Taxes to Govt. Exchequer
Salaries and Benefits
Dividend
Workers Profit Participation Fund (WPPF)
and Workers Welfare Fund (WWF)
Retained earnings

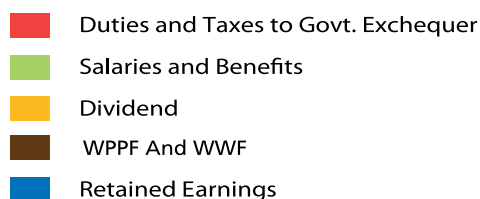
2,320,160	35%	2,267,861	36%
2,220,313	33%	2,035,164	32%
740,606	11%	740,606	12%
97,667	1%	97,742	2%
1,303,591	20%	1,187,227	19%
6,682,337	100%	6,328,600	100%



2018-2019



2017-2018





The ACME Laboratories Ltd.

MANUFACTURERS OF ETHICAL DRUGS & MEDICINES

ISO 9001: 2015 CERTIFIED COMPANY

Annexure-A

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

Date: 07.10.2019

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

Subject: Declaration on Financial Statements for the year ended on 30 June 2019

Dear Sirs,

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

- 1) The Financial Statements of The ACME Laboratories Limited for the year ended on 30 June 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- 2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- 3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- 5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- 6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Corporate Office:
Court de la ACME
1/4 Kallyanpur, Mirpur Road
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Page 1 of 2

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+88-02-7730816-7, 7730142
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E-mail : plant@acmeglobal.com



The ACME Laboratories Ltd.
MANUFACTURERS OF ETHICAL DRUGS & MEDICINES

ISO 9001: 2015 CERTIFIED COMPANY

In this regard, we also certify that: -

- (i) We have reviewed the financial statements for the year ended on 30 June 2019 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,


Md. Ashraful Kabir FCA
Head of Finance and Accounts


Mizanur Rahman Sinha
Managing Director

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

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

Annexure-B

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

We have examined the compliance status to the Corporate Governance Code by The ACME Laboratories Limited for the year ended on 30 June 2019. This Code relates to the Notification No. BSEC/CMMRRCD/2006-158/207/Admin/80, dated: 3 June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

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


M. Z. Islam & Co.
Chartered Accountant

Date: 30th October, 2019
Place: Dhaka



www.mzislam.com

AUDIT • TAX & VAT • MANAGEMENT CONSULTANCY • COMPANY AFFAIRS • ADVISORY SERVICES

Annexure -C

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

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

(Report under Condition No.9)

Condition No.	Title	Compliance Status (Put “√” in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.	BOARD OF DIRECTORS:			
1.1.	The total number of members of a company’s Board of Directors (hereinafter referred to as “Board”) shall not be less than 5 (five) and more than 20 (twenty).	√		
1.2.	Independent Directors: All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following:			
1(2)(a)	At least 1/5th of the total number of Directors in the Company’s Board shall be Independent Directors;	√		
1(2)(b) (i)	Independent Director does not hold any share or holds less than one percent (1%) shares of the total paid-up Shares of the Company;	√		
1(2)(b) (ii)	Independent Director is not a Sponsor of the Company or is not connected with the Company’s any Sponsor or Director or Nominated Director or Shareholder of the Company or any of its associates, sister concern, subsidiaries and parents or holding entities who holds 1% or more shares to the total paid-up share of the Company on the basis of family relationship and his/her family members all shall not hold above mentioned shares in the company	√		
1(2)(b)(iii)	Independent Director should not be an executive of the Company in immediately preceding 2 (two) financial years;	√		
1(2)(b)(iv)	Independent Directors does not have any other relationship, whether pecuniary or otherwise, with the Company or its Subsidiary or Associated Companies;	√		
1(2)(b)(v)	Independent Director is not a member or TREC (Trading Right Entitlement Certificate) holder, Director or Officer of any Stock Exchange;	√		
1(2)(b)(vi)	Independent Director is not a shareholder, Director excepting independent director or officer of any member or TREC holder of Stock Exchange or an intermediary of the Capital Market;	√		
1(2)(b)(vii)	Independent Director is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned Company’s Statutory Audit Firm or Audit Firm engaged in Internal Audit Services or Audit Firm conducting Special Audit or Professional certifying compliance of this Code;	√		



Condition No.	Title	Compliance Status (Put "√" in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(2)(b)(viii)	Independent Director is not Independent Director in more than 5 (five) Listed Companies;	√		
1(2)(b)(ix)	Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a Bank or a Non-Bank Financial Institution (NBFI);	√		
1(2)(b)(x)	Independent Director has not been convicted for a criminal offence involving moral turpitude;	√		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	√		
1(2)(d)	The post of Independent Director(s) cannot remain vacant for more than 90 (ninety) days;	√		
1(2)(e)	The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only;	√		
1(3)	Qualification of Independent Director: -			
1(3)(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	√		
1(3)(b)	Independent Director shall have following qualifications:			
1(3)(b)(i)	Business Leader who is or was a Promoter or Director of an unlisted Company having minimum paid-up capital of Tk. 100.00 million or any listed Company or a member of any National or International Chamber of Commerce or Business Association;	√		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted Company having minimum paid up capital of Tk. 100.00 million or of a Listed Company;	√		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law;	√		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;			N/A
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	√		

Condition No.	Title	Compliance Status (Put "√" in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(3)(c)	The Independent Director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			N/A
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:-			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and / or Chief Executive Officer (CEO) are filled by different individuals.	√		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed Company shall not hold the same position in another listed Company;	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the Company;	√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and or Chief Executive Officer;	√		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive Directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
1(5)	The Directors' Report to Shareholders			
1(5)(i)	An Industry outlook and possible future developments in the industry;	√		
1(5)(ii)	Segment-wise or product-wise performance;	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	A discussion on Cost of Goods sold, Gross profit Margin and Net Profit Margin, where applicable;	√		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	√		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	√		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.	√		

Condition No.	Title	Compliance Status (Put "√" in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	√		
1(5)(x)	A statement of remuneration paid to the directors including Independent Directors;	√		
1(5)(xi)	A statement that the financial statements prepared by the management of the Issuer Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	A statement that proper books of account of the Issuer Company have been maintained;	√		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgement;	√		
1(5)(xiv)	A Statement that International Accounting Statement (IAS) / International Financial Reporting standard (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed;	√		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	A statement that there is no significant doubts upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons thereof shall be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the Issuer Company shall be highlighted and the reasons there of shall be explained;	√		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (Five) years shall be summarized;	√		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5)(xxii)	The total number of Board Meetings held during the year and attendance by each Director shall be disclosed;	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name wise details where stated below) held by: -	√		

Condition No.	Title	Compliance Status (Put "√" in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties (name-wise details);	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1(5)(xxiii)(c)	Executives;	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the Company (name-wise details);	√		
1(5)(xxiv)	In case of the appointment or re-appointment of a Director, a disclosure on the following information to the Shareholders: -	√		
1(5)(xxiv)(a)	A brief resume of the Director;	√		
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas;	√		
1(5)(xxiv)(c)	Names of Companies in which the person also holds the Directorship and the Memberships of Committees of the Board;	√		
1(5)(xxv)	A Management's discussion and analysis signed by CEO or MD presenting detailed analysis of the Company's position and operations along with a brief discussion of changes in the Financial Statements, among others, focusing on:	√		
1(5)(xxv)(a)	Accounting policies and estimation for preparation of Financial Statements;	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1(5)(xxv)(c)	Comparative analysis (including effect of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediately preceding five years explaining reasons thereof;	√		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	√		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risks and concerns mitigation plan of the Company;	√		
1(5)(xxv)(g)	Future plan or projection or forecast for Company's operation, Performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	√		

Condition No.	Title	Compliance Status (Put "√" in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		
1(6)	Meetings of the Board of Directors			
	The Company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the Company;	√		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the Company including, among others, prudent conduct and behavior; confidentiality, conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	√		
2.	GOVERNANCE OF BOARD OF DIRECTORS OF SUBSIDIARY COMPANY:-			
2(a)	Provisions relating to the composition of the Board of the holding Company shall be made applicable to the composition of the Board of the subsidiary Company;			N/A
2(b)	At least 1 (one) Independent Director on the Board of the holding Company shall be a Director on the Board of the Subsidiary Company;			N/A
2(c)	The minutes of the Board Meeting of the Subsidiary Company shall be placed for review at the following Board meeting of the Holding Company;			N/A
2(d)	The minutes of the respective Board meeting of the holding Company shall state that they have reviewed the affairs of the Subsidiary Company also;			N/A
2(e)	The Audit Committee of the Holding Company shall also review the Financial Statements in particular the investments made by the Subsidiary Company.			N/A
3.	MANAGING DIRECTOR (MD) OR CHIEF EXECUTIVE OFFICER (CEO), CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPLIANCE (HIAC) AND COMPANY SECRETARY (CS):-			
3(1)	Appointment			

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

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

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

Condition No.	Title	Compliance Status (Put "√" in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors:			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any: -	√		
5(6)(a)(ii)(a)	Report on conflicts of interests;	√		
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the Financial Statements;	√		
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliance including securities related laws, rules and regulation;	√		
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	√		
5(6)(b)	Reporting to the Authorities:			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	√		
5(7)	Reporting to the Shareholders and General Investors:	√		
5(7)	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the Annual Report of the issuer Company.	√		
6.	NOMINATION AND REMUNERATION COMMITTEE (NRC).			
6(1)	Responsibility to the Board of Directors:			
6(1)(a)	The Company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	√		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√		

Condition No.	Title	Compliance Status (Put "√" in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an Independent Director;	√		
6(2)(b)	All members of the Committee shall be non-executive directors;	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6(2)(d)	The Board shall have authority to remove and appoint any member of the committee;	√		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any another cases of vacancies the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	√		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	√		
6(2)(g)	The Company Secretary shall act as the Secretary of the Committee.	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the Company.	√		
6(3)	Chairperson of the NRC:			
6(3)(a)	The Board shall select 1 (One) member of the NRC to be Chairperson of the Committee, who shall be an Independent Director;	√		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	√		
6(3)(c)	The Chairperson of the NRC shall attend the Annual General Meeting (AGM) to answer the queries of the shareholders.	√		
6(4)	Meeting of the NRC:			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√		
6(4)(b)	The Chairperson of the NRC, may convene any emergency meeting upon request by any member of the NRC;	√		

Condition No.	Title	Compliance Status (Put "√" in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an Independent Director is must as required under condition No. 6(2) (h);	√		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√		
6(5)	Role of NRC:			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	√		
6(5)(b)(i)	Formulating the criteria for determining qualification, positive attributes and independence of a Directors and recommend a policy to the Board, relating to the remuneration of the Directors, top level executives considering the following:	√		
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to run the Company successfully;	√		
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	√		
6(5)(b)(i)(c)	The remuneration to Directors, top level executive involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to working of the Company and its goals;	√		
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
6(5)(b)(iii)	Identifying persons who are qualified to become Directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√		
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of Independent Directors and the Board;	√		
6(5)(b)(v)	Identifying Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	√		
6(5)(b)(vi)	Developing, recommending and reviewing annually the Company's human resources and training policies;	√		
6(5)(c)	The Company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its Annual Report;	√		

Condition No.	Title	Compliance Status (Put “√” in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
7.	EXTERNAL OR STATUTORY AUDITORS:			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:	√		
7(1)(i)	Appraisal or valuation services or fairness opinions;	√		
7(1)(ii)	Financial information systems design and implementation;	√		
7(1)(iii)	Book-keeping or other services related to the accounting records or Financial Statements;	√		
7(1)(iv)	Broker-dealer services;	√		
7(1)(v)	Actuarial services;	√		
7(1)(vi)	Internal audit services or special audit services;	√		
7(1)(vii)	Any service that the Audit Committee determines;	√		
7(1)(viii)	Audit or certification services on compliance of Corporate Governance as required under condition No. 9(1);	√		
7(1)(ix)	Any other service that may create conflict of interest	√		
7(2)	No partner or employees of the External or Statutory Auditors audit firms shall possess any share of the Company they audit at least during the tenure of their audit assignment of that Company; his or her family members also shall not hold any share in the said Company;	√		
7(3)	Representative of External or Statutory Auditors shall remain present in the Shareholders Meeting (Annual General Meeting or Extra-ordinary General Meeting) to answer the queries of the shareholders.	√		
8	MAINTAINING A WEBSITE BY THE COMPANY:			
8(1)	The Company shall have an official website linked with the website of the Stock Exchange.	√		
8(2)	The Company shall keep the website functional from the date of listing;	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned Stock Exchanges(s);	√		



Condition No.	Title	Compliance Status (Put “√” in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
9.	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:			
9(1)	The Company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.;	√		
9(2)	The professional who will provide the certificate on compliance of Corporate Governance Code shall be appointed by the Shareholders in the Annual General Meeting;	√		
9(3)	The directors of the Company shall state, in accordance with the Annexure-C attached, in the Directors’ Report whether the Company has complied with these conditions or not.	√		

PALMYRA PALM - THE MAGNIFICENT TREE

INTRODUCTION

Palmyra palm is a tree of multipurpose benefits and uses found across Bangladesh since the ancient time. Being a native plant of our nature, the Palmyra palm is climate resilient and plays a very important role in protecting lives from natural disasters like, cyclone, thunderstorm etc. Palmyra palm leaf and wood are used in the village areas for making traditional fans, house and boat providing income opportunities for the rural people.



The mature stem of the Palmyra palm yields very strong and durable wood from which furniture and interior decoration materials can be made and marketed in domestic as well as in overseas markets. There are innumerable uses of different parts of the Palmyra palm in traditional medicine.

Despite the widespread benefits and uses of Palmyra palm, the population of the Palmyra tree has been declining significantly during about last 50 years. Due to lack of awareness about the importance of the Palmyra tree for our nature, economy and disaster management, many Palmyra trees are being cut at younger stage in every year. Thus, Palmyra palm is currently facing extinction crisis, which is very alarming.

A recent government study reveals that, the number of deaths caused by lightning and thunderstorm has increased as large trees, including palm, are close to extinction now a days. According to environmental experts, such deaths and natural disasters may be prevented to a significant extent if such trees are planted in bulk.

"The government of Bangladesh declared plantation of 1 million Palmyra palm trees across Bangladesh to avert deaths occurring from lightning strikes. The move came after several lightning strikes had claimed lives of as many as 450 people in 2016. And some 82 of them had died in a single day, prompting the ministry to consider thunderstorm a new form of natural disaster alongside cyclone, flood, earthquake, fire, etc. The government has listed the lightning strike as a natural disaster, bearing in mind the rising number of deaths from this specific threat. To reduce the number of deaths, the government has already planned to grow a million palm trees across the country".

- Dhaka Tribune, March 10, 2017

Borassus flabellifer Linn., commonly known as Palmyra palm or Brab tree is a large fan palm belong to the Arecaceae family. Palmyra palm is native to Indian subcontinent and Southeast Asia, including Nepal, India, Bangladesh, Sri Lanka, Cambodia, Laos, Myanmar, Thailand, Vietnam, Malaysia, Indonesia and the Phillipines.

Generally, a Palmyra palm tree can survive even more than 100 years. Palmyra grows in all types of soils of the tropics. It does not need much space. With no canopy, it does not interfere with buildings. Palmyra palm can be easily grown with other plants and field crops.

A dioecious, solitary Palmyra palm may grow to a height of 25-30 m and a trunk diameter of as much as 1m. Extolled in the early writings of India as the most useful palm, the Palmyra is deeply embedded in history, literature, and folklore. Of great antiquity is the use of Palmyra leaf segments as writing material in India and elsewhere in Asia. Ferguson (1888) made reference to an Indian source recounting that the inventor of the Sanskrit alphabet (6,000 years ago) used Palmyra leaves as writing material. Palm leaves were the earliest form of writing material.



MULTIDIMENSIONAL BENEFITS & USES OF PALMYRA PALM

The Palmyra palm tree offers multidimensional benefits and uses. The Palmyra trees are planted in the coastal and cyclone prone areas for resisting wind pressure and protecting lives from lightning strikes, conserving soil from erosion in the neighbouring countries. Palmyra palm is exploited for food from the fruit and sugar from the sap. Palmyra leaf, fiber and wood are used for various handicrafts, furniture and house construction materials development.

Climate resilience of Palmyra palm

Taller than coconut trees, palms are sturdy and strong and do not fall easily. The fibrous trunk has a sort of elasticity that enables it to bend and not break. This helps them withstand heavy winds and cyclones. The crown of fan-shaped leaves is light in weight, lending it resilience against wind. The leathery leaves are also sturdy against heavy rains and winds.

Palmyra tree has the climate resilience capacity which protects people and animal lives from extreme weather condition such as cyclone, flood, lightning strikes, etc. when planted in the crop field, road side or public places as seen in our neighboring countries.



When Cyclone Gaja hit Tamil Nadu, it caused widespread destruction, but most of the Palmyra trees were unaffected and stood firm.

Palmyra palm for preventing soil erosion

The fibrous roots of Palmyra palm that go deep and wide bind the soil well, prevents soil erosion. The root structure is such that it stabilises the soil, and conserves soil moisture.

Despite synthetic geotextile dominating the commercial market, geotextiles constructed from organic materials are highly effective in erosion control and vegetation establishment. Recent studies have shown natural fibers are more effective than synthetic in controlling erosion. Geotextiles constructed from the leaf of Palmyra palm have potential as a biotechnical soil conservation method. According to a study, geotextiles constructed from Palmyra palm leaf effectively reduced soil erosion. If harvested correctly, the palm leaf is highly sustainable and readily available in most semi-arid and sub-humid bioclimatic regions. They are biodegradable, providing organic content matter to stabilize the soil. There are no high energy production procedures in the manufacturing process of Palmyra palm leaf geotextiles and it is a very cost effective method of conserving soil in the developing countries.



Ecological value of Palmyra palm

Palmyra trees are usually seen between agricultural fields and by the road side in village areas, though the population of the Palmyra tree has declined drastically compared to the past. It is believed that, palm tree roots help in recharging water. The root has a central fiber surrounded by spongy layer that stores water.

Palmyra tree serves as habitat for many birds like, Baya weaver, vultures, eagles etc. On a single Palmyra tree, many Baya weaver nests can be observed in villages.



Food products from Palmyra palm

Food products of the Palmyra palm are the immature endosperm, mesocarp pulp, tuberous seedlings, and palm hearts. Palmyra fruits are collected when the endosperm is still a watery, soft, sweet, gelatinous mass. When the Palmyra fruit is fully mature, the fibrous, yellowish mesocarp pulp is sugary and dense. It can be eaten fresh or used for making different kinds of traditional cakes. The sweet sap obtained by tapping Palmyra inflorescences. The sap can be drunk fresh or processed for making palm sugar.



Traditional medicinal uses of Palmyra palm

Palmyra palm is a good source of sugars and vitamin B complex or biologically available riboflavin. Different products of Palmyra palm tree are traditionally used for many health remedies.

Palmyra palm root is cooling, restorative diuretic and anthelmintic, used as a cure for gonorrhea. Decoction of young root and juice from young terminal buds and leaf stalks is used in gastritis and hiccups. Juice when fresh is diuretic, cooling, stimulant and antiphlogistic. Pulp from unripe fruit is diuretic, demulcent and nutritive. Terminal buds are nutritive and diuretic. Plant is used in heat stroke, headache, earache, nausea and vomiting, epilepsy, convulsions, adenitis, scrofulosacoli, scabies, pain, sores, burns, syphilis, ulcer of palate, spiderlick, menorrhagia and haemorrhage, septicaemia. Powder of burnt bark or decoction is used in dentifrice. Useful as antacid in heart burn. Fruit juice as tonic for asthmatic, anaemic and leprosy patients.

Handicrafts, furniture and interior decoration materials from Palmyra palm

The mature stem of the Palmyra palm yields very strong and durable wood from which furniture and interior decoration materials can be made. Simple houses may be entirely framed with Palmyra wood. An entire Palmyra wood are also used in making traditional country boat.



The Palmyra leaf are used in making hand fan in the rural areas.



The adaxial portion of the petiole yields a strong, rough fiber of superior quality. After being stripped from the petiole, the fiber is cut to strands of a uniform width. Cot weaving is the most important end-use of Palmyra fiber. The flat, strong, resilient fiber makes a comfortable bed that allows air circulation, so desirable in the tropics. These traditional cots are woven on a frame constructed entirely of palmyra wood. Strong baskets are also made from this fiber. Plaiting fiber of excellent quality is furnished by Palmyra leaves and a wide variety of beautifully woven baskets, boxes, purses, hats, etc. can be made for domestic and overseas markets. The fiber may be used in its natural state or dyed, the products are either woven or, in the case of some hats, a long narrow strip of fiber is first woven and then sewn by machine. These fine, delicate products are made from the new leaf of the palm, harvested before it has fully opened.



One of the important fiber product comes from the bifurcated portion of the leaf base. Leaf bases are collected by villagers, preferably from palms between 5 and 10 yr of age, the fiber is extracted by beating the leaf base with a wooden mallet until the outer covering and the material surrounding the fibers can be removed. Fibers are up to 45 cm in length, strong, stiff but elastic, and either black or brown. They are sorted on the basis of color, black fibers are more mature and of better quality and command a higher price. As such, it is made into a variety of industrial and household brushes can be made for local and export markets. The raw fiber has the potentiality for export market also.

The green leaf is also made into a drinking cup or a water bucket. Petioles have utility in fence making. Palmyra leaves, with the petiole removed, are widely used for thatching roofs and often walls. A well-made thatch roof will last 2-3 yr. Dried leaves, petioles, and leaf bases provide household cooking fuel. The tough, wiry roots of the Palmyra are made into loosely woven but strong fish baskets.

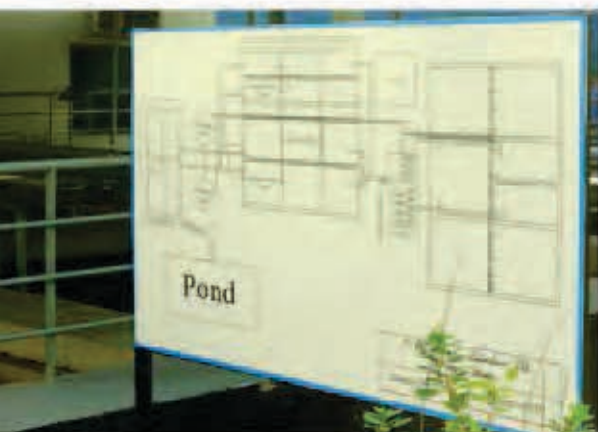


CONCLUSION

Conservation without economic benefits holds no appeal. Though it takes long time to get fruits and timber from the Palmyra palm, people can get other benefits when the tree is at its young stage as well. Palm leaves and fibers can be harvested from the young tree without causing no harm to the survival of the tree. The impact of palm based products involves the promotion of sustainable and environment friendly palm-agriculture. Thus, handicrafts and household utility products making, construction of palm mat geotextiles could develop into a rural, labour intensive industry, particularly encouraging the employment of socially disadvantaged groups, such as women, disabled and elderly people. In turn, this will contribute to rural population stabilization, thus decreasing migration to urban areas. Value added handicrafts and household materials, furniture made from the Palmyra palm tree products have huge export potential in the foreign markets.

Services of Palmyra palm to the rural economy, employment generation, environmental protection, biodiversity conservation and saving lives from common natural disasters such as, cyclone, lightning and thunderstorm in Bangladesh is incontrovertible. Despite the manifold services offered by the Palmyra palm, now a days, it is rarely seen in nature compared to past. Younger and immature trees are being cut for fuel wood and as house construction materials in the villages. The number of Palmyra palm tree is drastically declining due to lack of awareness among the local people on its importance. As such, Palmyra palm is currently facing extinction crisis.

Only Government initiative of planting Palmyra palm in the limited regions is not enough, instead, concerted efforts and initiatives of the NGOs, private sectors are very much needed for promoting this magnificent plant species of our nature.



AUDITED FINANCIAL STATEMENTS

2018-2019



Independent Auditor's Report

To the Shareholders of The ACME Laboratories Limited Report on the Audit of the Financial Statements.

Opinion

We have audited the financial statements of The ACME Laboratories Limited (the Company), which comprise the Statement of Financial Position as at 30 June 2019, and Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

Risk	Our response to the risk
Revenue Recognition	
<p>During the year ended 30 June 2019, total reported revenue is of Tk. 16,308,627,037. The company generates revenue from sale of goods to local market, Government & Non-Government Institutions and export as well.</p> <p>The timing of the revenue recognized and realized increases the risk of exposure of revenue to foreign exchange fluctuations.</p> <p>There is a risk that invoices may be issued to local customers or Government & Non-Government Institutional customers erroneously. There may be duplication of invoice placed to customers as there are huge number of customers.</p> <p>The revenue recognition has been considered as key audit matter, since it is one of the key performance indicators of the company and also the key financial element which would eventually increase the inherent risk of the company.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period. • Segregation of duties in invoice creation and modification (if any) and timing of revenue recognition. • Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards. • Obtaining supporting documents for sale transaction along with checking the recording period of revenue recognition. • Comparing a sample of revenue transactions recognized during the year with the sale invoices and other relevant underlying documentation. • Critically assessing manual journals posted to revenue to identify unusual or irregular items, and finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.
Please see note no. 30 to the statement of profit or loss & other comprehensive income.	

Risk	Our response to the risk
Valuation of Inventory	
<p>As at 30 June 2019, The reported amount of inventory is Tk. 3,572,384,216 held in plants, warehouses and twenty-one depots situated at different locations across the country.</p> <p>Most of the inventories are of specialized in nature and required to be maintained in controlled environment. Regular monitoring is required as the inventories are material by its value, quantity and its nature.</p> <p>On reporting date, inventories are carried at the lower of cost and net realizable value. As such, the company apply judgment in determining the appropriate values of Inventory in accordance with International Accounting Standards.</p> <p>Considering the risk as stated above and the sensitivity of the products as well, the valuation of Inventory is a key audit matter to the financial Statements</p>	<p>We verified the appropriateness of management's assumptions applied in calculating the value of the inventory as per International Accounting Standard (IAS) by:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of key inventory controls operating across the factory, Depot and warehouse. • Attending inventory counts and reconciling the count results to the inventory listing to test the accuracy of data. • Along with inventory count we checked whether the inventories were maintained in good condition and maintaining all compliances. • Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the year • Obtaining a detailed review with the subsequent sales to compare with the net realizable value.
Please see note no. 10 to the financial statements	

An associate firm of D.N Gupta & Associates



Risk	Our response to the risk
Valuation of Property, Plant and Equipment	
<p>The carrying value of the PPE is Tk. 23,751,657,485 as at 30 June, 2019. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements.</p> <p>The expenditures are classified as an asset, if it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.</p> <p>The useful lives of PPE items are based on management's estimates regarding the period over which an asset is expected to be available for use. The estimates of useful life of the assets is a matter of judgment based on the experience of the entity with similar assets and also take into consideration the physical condition of the assets.</p> <p>During the year, Commercial productions of two new projects were commenced for which additions of Property, plant and equipment were significantly high. New projects were implemented from the IPO proceeds.</p>	<p>Our audit included the following procedures:</p> <ul style="list-style-type: none"> • We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent. • We obtained a listing of capital expenditures incurred during the year and, on a sample basis, checked whether the items were procured during the year. • We checked and verified the relevant documents of IPO proceeds, which was used for the purpose of implementation of new projects. • We verified the invoices and L/C documents on sample basis to segregate the capital and operating expenditure and found that the transactions are appropriately classified. • We evaluated whether the useful lives determined and applied by the management were in line with the nature of assets, physical condition of the assets and its uses. • We checked whether the depreciation of PPE items was commenced from the date of ready to use and found the depreciation had been started accordingly.
Please see note no. 6 to the financial statements	

Risk	Our response to the risk
Long Term Loan and Loan & Overdrafts	
<p>As at 30 June 2019, the reported amount of total long-term loan and Short-term loan & overdraft is Tk. 5,679,701,237 (Current & Non-current portion) & Tk. 8,287,743,650 respectively. The company borrowed fund from various Bank & Non-banking financial institutions for the purpose of acquisition of non-current assets and working capital as well.</p> <p>The company may face difficulties due to unfavorable movement in interest rate, monetary policy and adverse variance between import & export that may result in short-term cash flow crisis.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that the proper use of loan. • We verified sanction letter, loan schedule and bank statements to confirm the loan outstanding and found that the balance had been reported in the financial statements accurately. We also submit the balance confirmation to the respective banks and financial institutions • We also checked the financial expenses and classification of loan and repayment schedule as well. • We had checked the recording date of transactions and found the recording date is in line with the loan disbursement date. We also confirmed that the company had paid its installments within due time.
Please see note no. 21, 24 & 25 to the financial statements	

Risk	Our response to the risk
Recoverability Assessment of Trade Receivable	
<p>The total amount of trade receivable is Tk. 1,600,062,384 at 30 June, 2019. There are significant large number of individual small customers. Customers in different business segments and jurisdictions are subject to their independent business risk.</p> <p>The increasing challenges over the economy and operating environment in the manufacturing industry during the year have increased the risks of default on receivables from the customers. In particular, in the event of insolvency of customers, the company is exposed to potential risk of financial loss when the customers fail to meet their contractual obligations in accordance with the requirements of the agreements.</p> <p>Accordingly, we identified the recoverability of trade receivables as a key audit matter because of the significance of trade receivables to Company's Financial Position and because of the significant degree of management judgment involved in evaluating the adequacy of the allowance for doubtful debts.</p>	<p>Our audit procedures of assess the recoverability of trade receivables including the following:</p> <ul style="list-style-type: none"> • Tested the accuracy of aging of Trade receivable at year end on a sample basis; • Evaluating the Company's policy for making allowance for doubtful debts with reference to the requirements of the prevailing accounting standards; • Assessing the classification of trade receivables in the trade receivable ageing report by comparison with sales invoice and other underlying documentation on a taste basis; • Assessed the recoverability of the receivables on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers, historical payment pattern of customers; and • Inspecting subsequent bank receipts from customers and other relevant underlying documentation relating to trade receivable balances at 30 June 2019;
Please see note no.11 to the financial statements	

Other Information

Management is responsible for the other information. The other information comprises all of the information in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, The Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the management to ensure effective internal audit, internal control and risk management functions of the company.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless



management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely

rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with The Companies Act 1994, and The Securities and Exchange Rules 1987 and relevant notifications issues by Bangladesh Securities and Exchange Commission, we also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts , records and other statutory books as required by law have been kept by the company so far as it appeared from our examinations of those books;
- c) The Statement of Financial Position, Statement of Profit or Loss & Other Comprehensive Income and Statement of Changes in Equity and Statement of Cash Flows of the Company dealt with by the report are in agreement with the books of accounts and returns; and
- d) The expenditure incurred was for the purpose of the Company's business.

Dhaka
Dated: 15 October 2019



Ramendra Nath Basak, FCA
Partner
Shiraz Khan Basak & Co.
Chartered Accountants



The ACME Laboratories Ltd.
Statement of Financial Position
As at 30 June 2019

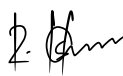
Shiraz Khan Basak & Co.
Chartered Accountants

ASSETS	Notes	Amount in Taka	
		30-Jun-19	30-Jun-18
Non-Current Assets		23,785,620,542	21,162,036,812
Property, Plant and Equipment	6	23,751,657,485	21,105,678,957
Intangible Assets	7	78,750	120,375
Investment in Securities	8	33,884,307	34,892,667
Investment Property	9	-	21,344,813
Current Assets		12,135,978,847	11,462,209,428
Inventories	10	3,572,384,216	3,143,134,830
Trade Receivable	11	1,600,062,384	1,506,585,427
Other Receivable	12	20,296,828	14,003,447
Advance, Deposits & Pre-payments	13	1,917,113,434	1,728,861,666
Advance Income Tax	14	2,365,624,805	2,234,845,243
Material in Transit	15	762,231,856	595,929,689
Term Deposit	16	520,503,605	1,103,779,169
Cash & Cash Equivalent	17	1,377,761,719	1,135,069,957
TOTAL ASSETS		35,921,599,389	32,624,246,240
EQUITY & LIABILITIES			
Share Holders Equity		18,343,391,846	17,644,162,746
Share Capital	18	2,116,017,000	2,116,017,000
Share Premium	19	5,127,599,728	5,127,599,728
Revaluation Surplus	6.1	5,319,635,386	5,402,713,591
Gain/(Loss) on Marketable Securities (Unrealized)	8.1	6,941,204	7,848,728
Tax Holiday Reserve	Ref- SOCE	179,464,241	179,464,241
Retained Earnings	20	5,593,734,287	4,810,519,458
Non Current Liabilities		4,578,020,122	4,616,386,626
Long Term Loan- Net off Current Maturity	21	3,556,975,950	3,780,826,927
Provision for Gratuity	22	336,558,221	330,362,700
Deferred Tax Liability	23	684,485,951	505,196,999
Current Liabilities		13,000,187,421	10,363,696,868
Loans & Overdraft	24	8,287,743,650	5,826,848,423
Current Maturity of Long Term Loan	25	2,122,725,287	2,109,615,101
Trade Payable	26	321,405,105	208,815,093
Provision for Income Tax	27	2,011,594,657	1,992,201,935
Liability for Expenses & Others	28	239,394,833	222,407,023
Dividend Payable	29	17,323,889	3,809,293
TOTAL EQUITY AND LIABILITIES		35,921,599,389	32,624,246,240
Net Asset Value Per Share (NAVPS)	18.4	86.69	83.38

The annexed notes 1 to 52 form an integral part of the financial statements.



Md. Arshadul Kabir FCA
Head of Finance & Accounts



Md. Rafiqul Islam FCS
Company Secretary



Mizanur Rahman Sinha
Managing Director



Nagina Afzal Sinha
Chairman



Shiraz Khan Basak & Co.
Chartered Accountants
An associate firm of D.N Gupta & Associates

Dated: Dhaka, 15 October 2019

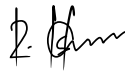
The ACME Laboratories Ltd.
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

Particulars	Notes	Amount in Taka	
		30-Jun-19	30-Jun-18
Revenue	30	16,308,627,037	14,813,914,266
Less: Cost of Goods Sold	31	9,882,879,199	8,942,398,576
Gross Profit/(Loss)		6,425,747,838	5,871,515,690
Add: Other Income	32	96,382,118	106,611,149
		6,522,129,956	5,978,126,839
Less: Selling, Marketing & Distribution Expenses	33	2,389,580,093	2,232,988,549
		4,132,549,863	3,745,138,290
Less: Administrative Expenses	34	591,955,304	589,467,718
		3,540,594,559	3,155,670,572
Less: Financial Expenses	35	1,489,586,026	1,103,084,302
Profit Before Contribution to WPPF and WWF		2,051,008,533	2,052,586,270
Less: Contribution to WPPF and WWF	36	97,667,073	97,742,203
Net Profit Before Tax		1,953,341,460	1,954,844,067
Less: Current Tax Expenses	37A	333,572,829	405,613,809
Less: Deferred Tax (Income)/Expenses	37B	179,389,788	122,659,262
Net Profit After Tax		1,440,378,843	1,426,570,996
Other Comprehensive Income			
Gain/(Loss) on Marketable Securities (Unrealized)		(1,008,360)	2,487,277
Total Comprehensive Income for the year		1,439,370,483	1,429,058,273
Earning Per Share (On the Equity Share of Tk. 10 each)	38	6.81	6.74

The annexed notes 1 to 52 form an integral part of the financial statements.



Md. Arshadul Kabir FCA
Head of Finance & Accounts



Md. Rafiqul Islam FCS
Company Secretary



Mizanur Rahman Sinha
Managing Director



Nagina Afzal Sinha
Chairman



Shiraz Khan Basak & Co.
Chartered Accountants
An associate firm of D.N Gupta & Associates

Dated: Dhaka, 15 October 2019



The ACME Laboratories Ltd.
Statement of Changes in Equity
For the year ended 30 June 2019

Shiraz Khan Basak & Co.
Chartered Accountants

(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, 2018	2,116,017,000	5,127,599,728	5,402,713,591	7,848,728	179,464,241	4,810,519,458	17,644,162,746
Net Profit after Tax for the year ended June 30, 2019	-	-	-	-	-	1,440,378,843	1,440,378,843
Final Dividend for the year 2017-18	-	-	-	-	-	(740,605,950)	(740,605,950)
Gain/(loss) on Marketable Securities (Unrealized)	-	-	-	(1,008,360)	-	-	(1,008,360)
Adjustment for Depreciation on Revaluation Surplus	-	-	(82,487,406)	-	-	82,487,406	-
Adjustment for disposal of Motor Vehicle	-	-	(590,799)	-	-	954,530	363,731
Deferred Tax (Income)/Expenses on Unrealized Gain/Losses on Investment in Securities	-	-	-	100,836	-	-	100,836
Balance as at June 30, 2019	2,116,017,000	5,127,599,728	5,319,635,386	6,941,204	179,464,241	5,593,734,287	18,343,391,846

Statement of Changes in Equity
For the year ended June 30, 2018

(Amount in Taka)

Particulars	Share Capital	Share Premium	Revaluation Surplus	Gain/(loss) on Marketable Securities (Unrealized)	Tax Holiday Reserve	Retained Earnings	Total
Balance as at July 01, 2017	2,116,017,000	5,127,599,728	5,487,674,207	6,233,532	179,464,241	4,039,288,418	16,956,277,126
Net Profit after Tax for the year ended June 30, 2018	-	-	-	-	-	1,426,570,996	1,426,570,996
Final Dividend for the year 2016-17	-	-	-	-	-	(740,605,950)	(740,605,950)
Gain/(loss) on Marketable Securities (Unrealized)	-	-	-	2,487,277	-	-	2,487,277
Adjustment for Depreciation on Revaluation Surplus	-	-	(84,740,994)	-	-	84,740,994	-
Adjustment for disposal of Motor Vehicle	-	-	(219,622)	-	-	525,000	305,378
Deferred Tax (Income)/Expenses on Unrealized Gain/Losses on Investment in Securities	-	-	-	(872,081)	-	-	(872,081)
Balance as at June 30, 2018	2,116,017,000	5,127,599,728	5,402,713,591	7,848,728	179,464,241	4,810,519,458	17,644,162,746

The annexed notes 1 to 52 form an integral part of the financial statements.



Md. Arshadul Kabir FCA
Head of Finance & Accounts


Md. Rafiqul Islam FCS
Company Secretary


Mizanur Rahman Sinha
Managing Director


Nagina Afzal Sinha
Chairman

Dated: Dhaka, 15 October 2019


Shiraz Khan Basak & Co.
Chartered Accountants
An associate firm of D.N Gupta & Associates

The ACME Laboratories Ltd.

Statement of Cash Flows

For the year ended 30 June 2019

Shiraz Khan Basak & Co.
Chartered Accountants

Particulars

Amount in Taka

30-Jun-19 30-Jun-18

Cash Flows From Operating Activities:

Collection from Sales and Others	16,311,726,800	14,772,685,829
Payment to Suppliers & Others	(12,638,634,365)	(11,586,461,496)
Payment to WPPF & WWF	(87,967,983)	(91,599,771)
Cash Generated From Operation	3,585,124,452	3,094,624,562
Financial Expenses	(1,487,057,301)	(1,101,287,317)
Income Tax Paid	(444,959,669)	(415,018,428)

A. Net Cash Generated From Operating Activities

1,653,107,482 1,578,318,817

Cash Flows From Investing Activities:

Acquisition of Property, Plant & Equipment	(3,520,175,068)	(3,622,541,357)
Encashment of Term Deposit	583,275,564	950,220,831
Sale Proceeds of Property, Plant & Equipments (Motor Vehicles)	1,090,000	1,270,000
Dividend Received from Investment in Marketable Securities	1,024,420	498,555

B. Net Cash Used In Investing Activities

(2,934,785,084) (2,670,551,971)

Cash Flows From Financing Activities:

Dividend Paid	(727,091,354)	(739,403,477)
Net Increase/(Decrease) in Loans and Overdrafts	2,462,201,509	522,809,088
Net Increase/(Decrease) in Long Term Borrowings	(210,740,791)	1,061,018,910

C. Net Cash Generated From Financing Activities

1,524,369,364 844,424,521

Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	242,691,762	(247,808,633)
Cash & Cash Equivalents at the Opening	1,135,069,957	1,382,878,590

Cash & Cash Equivalents at the Closing

1,377,761,719 1,135,069,957

Net Operating Cash Flow Per Equity Share (NOCFPS) (Ref: Note-39)

7.81 7.46

(Net Cash Generated from Operating Activities Divided by No. of Ordinary Shares Outstanding during the year)

The annexed notes 1 to 52 form an integral part of the financial statements.

Md. Arshadul Kabir FCA
Head of Finance & Accounts

Md. Rafiqul Islam FCS
Company Secretary

Mizanur Rahman Sinha
Managing Director

Nagina Afzal Sinha
Chairman

Shiraz Khan Basak & Co.
Chartered Accountants
An associate firm of D.N Gupta & Associates

Dated: Dhaka, 15 October 2019



The ACME Laboratories Ltd.
Notest of he Financial Statements
As at & for the year ended 30 June 2019

Shiraz Khan Basak & Co.
Chartered Accountants

1.00 Corporate Information

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

In the Year 2016, the Company achieved one of the major milestone of public offering and listing of its 50,000,000 Ordinary Shares of Tk. 10 each at Dhaka Stock Exchange Ltd (DSE) & Chittagong Stock Exchange (CSE) Ltd with effect from 31 May 2016. Trading of the shares of the ACME Laboratories Limited commenced 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 Factory

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

2.00 Nature of business of the Company

The Company is engaged in manufacturing, marketing and distribution of generic pharmaceuticals formulation products which includes human drugs comprising 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 comprising dosages form like bolus, liquid, injection, water soluble powder, premix and herbal drugs comprising dosages form like liquid, capsule, tablet, cream & ointment. The products of the company are sold in domestic and in international markets respectively.

3.00 Share Capital

Details of Authorized, Issued, Subscribed and Fully Paid up Capital as at the balance sheet 30th June, 2019 and 30th June, 2018 are as under:

Particulars	30 th June 2019 (Tk.)	30 th June 2018 (Tk.)
Authorized Capital		
500,000,000 Ordinary Shares @ Tk. 10 each	5,000,000,000	5,000,000,000
Total	5,000,000,000	5,000,000,000
Issued, Subscribed and Fully Paid up Capital:		
211,601,700 Ordinary Shares @ Tk.10 each.	2,116,017,000	2,116,017,000
Total	2,116,017,000	2,116,017,000

4.00 Basis of Preparation of Financial Statements

4.01 Directors' Responsibility Statement

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

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The ACME Laboratories Ltd.
Notest o the Financial Statements
As at & for the year ended 30 June 2019

Shiraz Khan Basak & Co.
Chartered Accountants

4.02 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 Masih Muhit Haque & Co. Chartered Accountants, Dhaka, Bangladesh in 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. The valuation report of the valuer had been prepared in accordance with International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), notification dated 18th August, 2013 issued by the Bangladesh Securities and Exchange Commission in this regard and other applicable laws, rules, regulations and guidelines. The Financial Statements however, do not take into consideration the effects of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

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

4.03 Accrual Basis of Accounting

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

4.04 Materiality, Aggregation and Offsetting

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

4.05 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), Companies Act 1994, Bangladesh Securities and Exchange Rules 1987 and other relevant laws and regulations applicable in Bangladesh.

4.06 Presentation of Financial Statements

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

The Financial Statements comprises of:

- (i) Statement of Financial Position as at 30 June 2019;
- (ii) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019;
- (iii) Statement of Changes in Equity for the year ended 30 June 2019;
- (iv) Statement of Cash Flows for the year ended 30 June 2019; and
- (v) Notes, comprising a summary of significant accounting policies and explanatory information.

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The ACME Laboratories Ltd.
Notest o the Financial Statements
As at & for the year ended 30 June 2019

Shiraz Khan Basak & Co.
Chartered Accountants

4.07 Reporting Period

The Financial Statements cover the financial year commencing from 01 July 2018 to 30 June 2019.

4.08 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 2019.

4.09 Functional and Presentation Currency

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

4.10 Comparative information

Comparative information disclosed is of the financial year 2017-2018 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.

4.11 Use of Estimates and Judgements

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the reported value of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates arise because of uncertainties inherent within them but this does not undermine reliability. However, the estimates and underlying assumptions are reviewed as an on-going basis and the revision is recognized in the year in which the estimates are revised. Such revision however were made in the year 2015-2016 for Property, Plant and Equipment as required by the International Accounting Standard 16 "Property, Plant and Equipment" in respect periodicity of revaluation except in the useful life of two classes of non-current assets. There is no material impact of change of estimates on the financial results of the Company for the financial year 2018-2019.

4.12 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 2019, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

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The ACME Laboratories Ltd.
Notes to the Financial Statements
As at & for the year ended 30 June 2019

Shiraz Khan Basak & Co.
Chartered Accountants

4.13 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 Method" 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.

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

Name of the Accounting Standards	Ref. No.	Status of Application
Financial Instruments : Disclosure	IFRS-7	Applied
Financial Instruments	IFRS-9	Applied
Fair Value Measurement	IFRS-13	Applied
Revenue from Contract with Customers	IFRS 15	Applied
Presentation of Financial Statements	IAS-1	Applied
Inventories	IAS-2	Applied
Statement of Cash Flows	IAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Leases	IAS-17	Applied
Revenue Recognition	IAS-18	Applied
Employee Benefits	IAS-19	Applied
The effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Applied
Related Party Disclosures	IAS-24	Applied
Financial Instruments: Presentation	IAS-32	Applied
Earnings Per Share	IAS-33	Applied
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Investment Property	IAS-40	Applied

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The ACME Laboratories Ltd.
Notest o the Financial Statements
As at & for the year ended 30 June 2019

Shiraz Khan Basak & Co.
Chartered Accountants

5.00 Significant Accounting Policies

Background:

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

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

5.01 Revenue Recognition

The Company derives revenue principally from manufacturing and sales of pharmaceutical drugs and Medicines. Effective from 1st July 2018 the company adopted IFRS 15, "Revenue from Contracts with Customers" using retrospective cumulative transaction method applied to contracts that we were not completed on 1st July 2018. In accordance with cumulative transaction method comparatives have not been adjusted retrospectively as the effect of adoption of IFRS 15 was not significant.

A Contract with a customer exists when the parties to the contract have approved it and are committed to perform their respective obligations, the company can identify each parties rights regarding the distinct goods or services to be transferred (Performance Obligations), the company can determine the transaction price for the goods or services to be transferred, the contract has commercial substance and it is probable that the company will collect the consideration to which it will be entitled in exchange for goods or services that will be transferred to the customers. Revenues are recorded in the amount of consideration to which the company expects to be entitled in exchange for performance obligation upon transfer of control to the customers and is measured at the fair value of consideration received or receivable, net of returns, VAT and applicable trade discounts, allowances etc.

(a) Sales of Products:

The majority of customers' contracts that company enters into consists of a single performance obligation for the delivery of pharmaceutical drugs and Medicines. The company recognises revenue from sales when control of the products transfers, generally upon shipment or delivery to the customers or to custom port. The company records sales net of estimated incentives/Discount, Returns and other related charges. These are generally accounted for as variable consideration in the same periods the related sales occur. The Methodology and Assumption used to estimate rebated and return are monitored and adjusted accordingly with the contractual and legal obligations, historical trends, past experience and projected market condition. The revenue for such variable consideration is included in the company's estimate of transaction price only if it is highly probable that a significant reversal of revenue will not occur once any uncertainty is resolved. In making this assessment the company considers its historical records of performance on similar contracts. The payment terms are ranges from 0 to 60 days.

(b) Rental Income

Rental income arising from operating leases accounted for straight line basis.

(c) Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to principal outstanding and at the effective interest rate applicable.

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(d) Dividend

Dividend income from investment in Marketable Securities is recognized when the rights to receive payment has been established, provided that it is probable that the economic benefit will flow to the company and the amount of income can be measured reliably.

5.02 Property, Plant and Equipment (PPE)

i) Recognition and Measurement

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

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

ii) Maintenance Costs

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

iii) Depreciation

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

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

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

iv) Impairment of Assets

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

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surplus to the extent for the asset. The Company do impairment testing at the end of each reporting period if indication of any impairment exists.

v) Retirement and Disposal

On disposal of Non-current assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is recognized in the Statement of Profit or Loss and Other Comprehensive Income, which is determined with reference to the net book value of the assets and net sales proceeds. The revaluation surplus included in Equity in respect of disposed/demolished/discarded Property, Plant and Equipment is treated as per the principle enunciated in the IAS 16.

5.03 Intangible Assets

Intangible assets are stated at cost less 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.

5.04 Leased Assets

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

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

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

5.05 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

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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 Other 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 or which it created any provision in the earlier years.

Cash and Cash Equivalents

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

ii) Financial Liability

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

5.06 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.

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.

5.07 Investment in Securities

According to the relevant laws applicable, the company had invested in shares of listed companies through stock exchange, by using the income generated in Tax Holiday Unit. The investments in shares are recognized at cost including transaction cost. Further, the entity recognises subsequent changes in Other Comprehensive Income. During the year the company has created deferred tax on unrealized gain/ (loss) on Investment in Securities at the rate of 10%.

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5.08 Inventories

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

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

5.09 Provisions:

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

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

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

5.10 Income Tax Expense

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

Current Tax

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

Deferred Tax

The company has recognized deferred tax using balance sheet method in compliance with the provision of IAS 12: "Income Taxes". The policy for 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).

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

i) Borrowing Cost

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

ii) Charges on the Assets of the Company:

There are Fixed and Floating charges over:

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

5.12 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 IAS 19: 'Employee Benefits'.

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

The Company's employee benefits include the following:

i) Defined Contribution Plan (Provident Fund)

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

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

ii) Defined Benefit Plan (Gratuity)

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

iii) Short-Term Employee Benefits

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

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

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

v) Insurance Schemes

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

A. Group Hospitalization Insurance Plan

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

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 financial year there were 7,496 employees employed in the Company with remuneration above Tk. 3,000 per month, among them 5,922 employees employed for the full year and remaining 1,572 employees employed less than full year. During the year tax had been deducted at source from the salary income of 1,745 employees as per the provision of section 50 of Income Tax Ordinance 1984 against their payment.

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5.13 Investment Property

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

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

During the financial year 2018-2019 the Management of the less or has decided to derecognize the Investment Property and classify the same as Property, Plant and Equipment (PPE) as at the close of the business hours of the financial year 2018-19.

5.14 Share Premium

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

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.

5.15 Research Development and Experimental Cost

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

5.16 Earnings Per Share (EPS)

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

Basic Earnings Per Share (Numerator/Denominator)

Earnings (Numerator)

This represents earning for the year attributable to Ordinary Shareholders.

No. of Ordinary shares (Denominator)

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

Diluted Earnings per Share

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

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5.17 Foreign Currency Transactions

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date. The monetary assets and liabilities, if any, denominated in foreign currencies at the financial position date are translated at the applicable rates of exchanges ruling at that date. Exchange differences are accounted as revenue expenditure/income in compliance with the provision of IAS-21: "The Effects of Changes in Foreign Exchange Rates".

5.18 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.

5.19 Segmental Reporting

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

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

5.20 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.

5.21 Statement of Cash Flows

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

5.22 Events after the Reporting Period

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

5.23 Insurance Claim

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

5.24 Highest and Lowest Equity Share Price at Stock Exchanges

The monthly highest and lowest price of each equity shares of Taka 10 each fully paid up of the company listed at Dhaka and Chittagong stock exchange during the financial year 2018-19 is as under:

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Trade Name	Date	Dhaka Stock Exchange		Chittagong Stock Exchange	
		Highest Quoted price	Lowest Quoted Price	Highest Quoted price	Lowest Quoted Price
ACMELAB	July 2018	96.80	92.40	99.80	92.90
	August 2018	93.20	88.60	93.50	88.80
	September 2018	93.30	88.70	93.30	88.10
	October 2018	90.60	86.80	90.40	86.40
	November 2018	87.50	79.90	86.80	80.10
	December 2018	85.90	78.60	85.00	78.50
	January 2019	94.70	84.10	94.20	84.40
	February 2019	95.70	91.30	94.90	89.70
	March 2019	92.00	80.30	93.00	81.10
	April 2019	80.40	77.20	81.00	78.00
	May 2019	78.70	69.90	78.90	69.40
	June 2019	77.00	71.50	75.80	71.50

5.25 Commencement of Commercial Production of the Projects: Implemented out of IPO Proceeds

i) Penicillin Facility at Dhulivita, Dhamrai (Dhaka)

The Company has commenced the commercial production of its state-of-the-art penicillin facilities at Dhulivita, Dhamrai (Dhaka) after successful completion of the trial production, with effect from 12th June 2019 at 3.30 PM.

The aforesaid penicillin facilities is one of the three projects against which the fund was raised through Initial Public Offering (IPO).

ii) Steroid and Hormone Facility at Dhulivita, Dhamrai (Dhaka)

The Company has commenced the commercial production of its state-of- the –art Steroid and Hormone facilities at Dhulivita, Dhamrai (Dhaka) after successful completion of the trial production, with effect from 30th June 2019 at 3.30 PM.

The aforesaid Steroid and Hormone facilities is one of the three projects against which the fund was raised through Initial Public Offering (IPO).

iii) Fund utilized out of IPO Proceeds for completion of the above two facility

Name of Projects	Amount in Taka
Penicillin	400,000,000
Steroid and Hormone	1,660,591,186
Total	2,060,591,186

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5.26 Risk Management

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

Operational Risk

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

Management Perception

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

Interest Rate Risk

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

Management Perception

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

Exchange Rate Risk

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

Management Perception

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

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Industry Risk

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

Management Perception

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

Market Risk

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

Management Perception

The products of pharmaceuticals industry are of basic nature and have a wide market as they are giving a good market share to The ACME Laboratories Ltd. at present. Hence, it will hardly be the case that there will be a lack of demand for the products. Moreover, as explained earlier, the pharmaceuticals industry is only increasing year-on-year basis and ACME is following full-proof scientific integrated marketing policy hence, has marginal probability for shrinkage of the market share.

Technology Related Risk

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

Management Perception

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

Potential or Existing Government Regulations

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

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Management Perception

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

Potential Changes in Global and National Policies

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

Management Perception

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

History of Non-operation

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

Credit Risk

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

Management Perception

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

Liquidity Risk

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

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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.

5.27 General Comments & Observations:

- a) Previous year's figures have been regrouped/reclassified wherever considered necessary to conform 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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Particulars of Assets	Cost/ Revaluations						Total as at 30.06.19	Depreciation				Disposal		Written Down Value as at 30.06.19
	Historical Cost as at 01.07.18	Revaluation Surplus as at 01.07.18	Addition during the year (Cost)	Disposal		Adjustment of Machinery in Transit/CWIP		Accumulated Dep. As at 01.07.18 on Cost	Accumulated Dep. As at 01.07.18 on Revaluation Surplus	Depreciation on Historical Cost during the year	Depreciation on Revaluation Surplus during the year	Cost	Revaluation Surplus	
				Cost	Revaluation Surplus									
Land & Land Development	673,780,085	4,065,335,080	175,372,766	-	-	-	4,914,487,931	-	-	-	-	-	-	4,914,487,931
Building	3,963,329,316	1,871,772,126	783,234,749	-	-	-	6,618,336,191	841,029,065	571,740,000	152,829,401	67,212,758	-	-	4,985,524,967
Machinery & Equipment	5,110,817,072	36,624,041	1,803,035,889	-	-	-	6,950,477,002	1,528,324,856	21,714,384	393,921,481	3,559,821	-	-	5,002,956,460
Furniture & Fixture	340,443,222	-	20,467,573	-	-	-	360,910,795	188,947,922	-	15,509,802	-	-	-	156,453,071
Motor Vehicle	651,868,838	30,415,575	128,978,401	19,042,581	2,221,703	-	789,998,530	324,236,002	25,321,577	42,923,682	2,553,151	10,088,426	1,630,904	406,683,448
Utilities, Electrical Installation & Eng.	1,990,747,110	57,205,328	124,440,364	-	-	-	2,172,392,802	833,578,479	40,061,978	152,569,977	9,117,843	-	-	1,137,064,525
Office Equipment	190,774,004	1,503,819	29,734,495	-	-	-	222,012,318	85,000,806	1,304,439	15,371,484	43,833	-	-	120,291,756
Books and Periodicals	6,343,045	-	-	-	-	-	6,343,045	4,788,923	-	162,196	-	-	-	1,391,926
Sub Total	12,928,102,692	6,062,855,969	3,065,264,237	19,042,581	2,221,703	-	22,034,958,614	3,805,906,053	660,142,378	773,288,023	82,487,406	10,088,426	1,630,904	16,724,854,084
Machinery in Transit	2,421,230,040	-	2,353,429,488	-	-	1,873,446,847	2,901,212,681	-	-	-	-	-	-	2,901,212,681
Construction Work in Progress	4,159,538,687	-	924,659,548	-	-	958,607,515	4,125,590,720	-	-	-	-	-	-	4,125,590,720
Sub Total	6,580,768,727	-	3,278,089,036	-	-	2,832,054,362	7,026,803,401	-	-	-	-	-	-	7,026,803,401
Total (As at 30.06.2019)	19,508,871,419	6,062,855,969	6,343,353,273	19,042,581	2,221,703	2,832,054,362	29,061,762,015	3,805,906,053	660,142,378	773,288,023	82,487,406	10,088,426	1,630,904	23,751,657,485
Total (As at 30.06.2018)	15,894,249,149	6,053,315,442	4,746,054,093	3,192,064	459,473	1,128,239,759	25,571,727,388	3,161,693,688	575,641,235	647,404,429	84,740,994	3,192,064	239,851	21,105,678,957
Allocation of Depreciation:														
							On Cost	On Revaluation	Total					
							649,561,939	69,289,421	718,851,360					
							63,796,262	6,805,211	70,601,473					
							59,929,822	6,392,774	66,322,596					
							773,288,023	82,487,406	855,775,429					

Allocation of Depreciation:

	On Cost	On Revaluation	Total
Factory Overhead	649,561,939	69,289,421	718,851,360
Selling, Marketing & Distribution Overhead	63,796,262	6,805,211	70,601,473
Administrative Overhead	59,929,822	6,392,774	66,322,596
	773,288,023	82,487,406	855,775,429

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Notes No.	Particulars	Amount in Taka	
		30-Jun-19	30-Jun-18
6	Property Plant and Equipment: Tk. 23,751,657,485		
	Details of property, Plant and Depreciation as at 30th June 2019 are shown in the annexed Schedule-A. This balance is made up of as follows:		
	Cost	23,001,127,749	19,508,871,419
	Opening Balance (Cost)	19,508,871,419	15,894,249,149
	Addition during the year(Cost)	6,343,353,273	4,746,054,093
	Disposal (Cost)	(19,042,581)	(3,192,064)
	Adjustment for CWIP/MIT	(2,832,054,362)	(1,128,239,759)
	Revaluation	6,060,634,266	6,062,855,969
	Opening Balance (Revaluation Surplus)	6,062,855,969	6,063,315,442
	Disposal (Revaluation Surplus)	(2,221,703)	(459,473)
	Accumulated Depreciation on Cost	4,569,105,650	3,805,906,053
	Opening Balance	3,805,906,053	3,161,693,688
	Addition during the year	773,288,023	647,404,429
	Disposal	(10,088,426)	(3,192,064)
	Accumulated Depreciation on Revaluation Surplus	740,998,880	660,142,378
	Opening Balance	660,142,378	575,641,235
	Addition during the year	82,487,406	84,740,994
	Disposal	(1,630,904)	(239,851)
	Carrying Value		
	Cost	18,432,022,099	15,702,965,366
	Revaluation Surplus	5,319,635,386	5,402,713,591
		23,751,657,485	21,105,678,957

(Notes-6.1)

Allocation for depreciation charge for the year has been made in the Financial Statements as follows:

Factory Overhead	718,851,360	615,002,155
Selling, Marketing & Distribution Expense	70,601,473	60,401,997
Administrative Expenses	66,322,596	56,741,270
Total	855,775,429	732,145,422

6.1 Revaluation Surplus: Tk. 5,319,635,386

This balance is made up of as follows:

Musih 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. Details of Revaluation Surplus has been given below:

Revaluation Surplus	6,060,634,266	6,062,855,969
Opening Balance	6,062,855,969	6,063,315,442
Less: Adjustment due to Disposal/ Discard	2,221,703	459,473
Accumulated Depreciation on Revaluation Surplus	740,998,880	660,142,378
Opening Balance	660,142,378	575,641,235
Add: Depreciation Charged for the year	82,487,406	84,740,994
Less: Adjustment due to Disposal/Discard	1,630,904	239,851
Carrying Value	5,319,635,386	5,402,713,591

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Notes No.	Particulars	Amount in Taka	
		30-Jun-19	30-Jun-18
7	Intangible Assets: Tk. 78,750		
	This balance is made up of as follows:		
	Application Software	940,285	940,285
	Less: Amortization (Note-7.1)	861,535	819,910
	Accumulated balance till last financial year	819,910	778,285
	Amortized during the year	41,625	41,625
		78,750	120,375

7.1 Application Software: Tk. 78,750

Details have been given Below:

Year of Acquisition	Amount in Taka	Rate	Amortization			Closing Balance
			Opening Balance	Charged during the year	Total	
2000-2001	385,285	7.50%	385,285	-	385,285	-
2007-2008	400,000	7.50%	330,000	30,000	360,000	40,000
2009-2010	155,000	7.50%	104,625	11,625	116,250	38,750
	940,285		819,910	41,625	861,535	78,750

8 Investment in Securities: Tk. 33,884,307

Public Limited Co.'s Securities	(Note- 8.1)	33,884,307	34,892,667
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8.1 Public Limited Co.'s Securities:

Details are given Below:

Particulars	No. of Equity Shares held	FV	Average Cost Per Unit	Total Cost as at 30.06.2019	Market Price as at 30.06.2019	Unrealized Gain /(Loss)
AB Bank Ltd.	28,476	10	18.35	522,446	284,760	(237,686)
Eastern Bank Ltd.	26,565	10	21.96	583,480	1,004,157	420,677
Pioneer Insurance Co. Ltd.	28,875	10	36.36	1,050,013	967,313	(82,700)
Southeast Bank Ltd.	28,825	10	17.50	504,509	389,138	(115,371)
EXIM Bank Ltd.	27,500	10	9.33	256,530	310,750	54,220
Square Pharma Ltd.	94,895	10	195.36	18,538,586	25,080,749	6,542,163
Square Textile Ltd.	262	10	-	-	11,973	11,973
Grameen Phone Ltd.	16,000	10	294.71	4,715,424	5,835,200	1,119,776
C & A Textiles Ltd.	92	10	9.46	870	267	(603)
				26,171,858	33,884,307	7,712,449
Less: Net Deferred Tax Liability @ 10% on Un-realized Gain on Marketable Securities						771,245
Balance as at June 30, 2019				26,171,858	33,884,307	6,941,204
Comparative year as at 30.06.2018				26,171,858	34,892,667	8,720,809
Less: Net Deferred Tax Liability @ 10% on Un-realized Gain on Marketable Securities						872,081
				26,171,858	34,892,667	7,848,728

*Previous year's figure has been re-stated due to effect of Deferred Tax on Unrealized Gain on Marketable Securities

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Notes No.	Particulars	Amount in Taka	
		30-Jun-19	30-Jun-18
9	Investment Property: Tk. 0 (Refer Note: 5.13) Details are given below:		
	Opening Balance	21,344,813	23,104,412
	Add/(Less): Changes in fair value	-	(1,759,599)
	Less: Transfer to Property, Plant & Equipment during the year	21,344,813	-
	Closing Balance	-	21,344,813

10	Inventories: Tk. 3,572,384,216 This balance is made up of as follows:		
	Raw Materials	1,285,678,435	877,645,698
	Packing Materials	505,678,687	578,765,497
	Work-in-Process	484,567,356	537,645,987
	Finished Goods	927,656,798	849,934,278
	Printing & Stationeries	132,215,482	106,891,025
	Spare & Accessories	236,587,458	192,252,345
	Total	3,572,384,216	3,143,134,830

11	Trade Receivable: Tk. 1,600,062,384 Trade Receivable both domestic and export occurred in the ordinary course of business are unsecured but consider good . The above Trade Receivable is as follows:		
	Domestic	1,502,458,005	1,383,709,037
	Export	94,716,675	120,141,776
		1,597,174,680	1,503,850,813
	Add: Foreign Exchange Unrealized Gain	2,887,704	2,734,614
		1,600,062,384	1,506,585,427

Ageing of the above trade receivables are given below:

Particulars	Up to 6 Months		Above 6 Months		Total	
	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018
Domestic	1,502,458,005	1,383,709,037	-	-	1,502,458,005	1,383,709,037
Export	94,716,675	120,141,776	-	-	94,716,675	120,141,776
					1,597,174,680	1,503,850,813
					2,887,704	2,734,614
					1,600,062,384	1,506,585,427

Add: Foreign Exchange Gain/(Loss)

12	Other Receivable: Tk. 20,296,828 This balance is made up of as follows:		
	Rent on Investment Property	19,386,000	12,924,000
	Interest Receivable (Term Deposit)	796,703	827,834
	Dividend Receivable on Marketable Securities	114,125	251,613
		20,296,828	14,003,447

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Notes No.	Particulars	Amount in Taka	
		30-Jun-19	30-Jun-18
13	Advance, Deposits & Prepayments: Tk. 1,917,113,434		
	The following items are unsecured but considered good and consists of as follows:		
	Advances:		
	Advances against Salary	132,265,421	129,431,007
	Motor Cycle Advance to Employee	315,863,251	317,145,175
	Employee Advances	232,226,822	241,945,326
	Advance for API Industrial Park	151,967,304	109,148,652
	Advance to ACMUNIO International Ltd.	96,479,473	96,479,473
	Advance to Suppliers	288,021,122	242,522,687
	Advance to Suppliers for Construction	271,514,350	240,293,380
	Advance against Land	23,450,000	24,450,000
	Others	20,018,883	21,369,984
	Deposit:		
	Security Deposit & Earnest Money	35,940,077	34,278,038
	Security Deposit to Dhaka Polli Biddut Samity-3	15,140,000	15,140,000
	Lease Deposit	186,000	186,000
	Presumptive Tax on Share Premium	13,064,814	13,064,814
	Deposit for Gas	13,584,154	13,346,750
	VAT Deposit	284,856,798	208,126,436
	Security Deposit to CDBL	500,000	500,000
	Others	3,700,750	5,442,900
	Prepayments:		
	Office Rent	4,416,455	2,519,125
	Insurance	13,917,760	13,471,919
		1,917,113,434	1,728,861,666
14	Advance Income Tax: Tk.2,365,624,805		
	The breakup of the above amount is as under:		
	Opening Balance as per Last year A/C	2,234,845,243	2,037,434,874
	Adjustment of Current Tax Provision & Advance Income Tax for Completed Assessment		
	-For the Assessment year 2015-2016	(310,647,101)	-
	-For the Assessment year 2007-2008	-	(92,762,703)
	-For the Assessment year 2009-2010	-	(124,845,356)
	The ACME Specialized Pharmaceuticals Limited		
	-AIT adjusted for Assessment year 2012-2013	(10,477,459)	-
	-AIT adjusted for Assessment year 2013-2014	(18,235,880)	-
	-AIT Refundable for Assessment year 2012-2013 & 2013-2014	25,180,333	-
	Payment during the year:		
	AIT Collected by Customs Authority	163,398,358	158,615,765
	AIT Collected by Bank from Export Bill	3,478,106	3,252,789
	AIT Deducted against supply of Medicines	26,504,277	17,716,146
	AIT Collected by BRTA Authority	4,567,500	4,026,000
	AIT Deducted on Bank Interest on FDRs & STD Account	6,806,553	11,431,296
	AIT Deducted from Dividend Received	204,875	99,711
	Paid by Pay Order/ Cheque:		
	For the Assessment year 2019-2020	181,573,971	-
	For the Assessment year 2018-2019	55,326,029	145,000,000
	For the Assessment year 2017-2018	-	49,993,066
	For the Assessment year 2010-2011	3,100,000	3,600,000
	For the Assessment year 2009-2010	-	19,298,210
	For the Assessment year 2005-2006	-	1,985,445
		2,365,624,805	2,234,845,243

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Notes No.	Particulars	Amount in Taka	
		30-Jun-19	30-Jun-18
15	Material in Transit: Tk. 762,231,856		
	This balance is made up of as follows:		
	Raw Materials	488,849,242	354,851,528
	Packing Materials	151,200,789	136,789,870
	Spare Parts	122,181,825	104,288,291
		762,231,856	595,929,689
16	Term Deposit: Tk. 520,503,605		
	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:		
	Investment Corporation of Bangladesh (ICB)	500,000,000	1,103,779,169
	United Commercial Bank Ltd.	20,503,605	-
		520,503,605	1,103,779,169
17	Cash and Cash Equivalents: Tk. 1,377,761,719		
	This balance is made up of as follows:		
	Cash in Hand	539,127,753	563,638,102
	Cash at BO Account	758,440	1,720,250
	Cash at Bank:		
	Trust Bank Ltd.	167,146,183	26,945,677
	Standard Chartered Bank Ltd.	144,999,051	138,616,879
	Uttara Bank Ltd.	108,584,300	69,842,839
	Prime Bank Ltd.	68,745,531	9,820,544
	Marcantile Bank Ltd.	64,004,465	20,023,732
	Dutch Bangla Bank Ltd.	61,136,297	124,603,712
	Islami Bank Ltd.	52,934,245	44,093,281
	Bank Asia Ltd.	50,405,285	19,476,325
	National Bank Ltd.	28,871,445	50,757,067
	Agrani Bank Ltd.	26,107,100	15,280,963
	The City Bank Ltd.	19,242,537	4,671,214
	NCC Bank Ltd.	17,323,601	18,638,902
	Eastern Bank Ltd.	12,370,798	6,686,866
	Southeast Bank Ltd.	10,156,964	9,993,651
	HSBC	3,375,205	7,896,847
	Dhaka Bank Ltd.	881,595	675,375
	Sonali Bank Ltd.	143,896	959,191
	United Commercial Bank Ltd.	493,521	494,821
	Exim Bank Ltd.	232,419	233,719
	Shimanto Bank Ltd.	100,000	-
	Mutual Trust Bank Ltd.	11,646	-
	Jamuna Bank Ltd.	99,712	-
	One Bank Ltd.	509,730	-
		1,377,761,719	1,135,069,957

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Notes No.	Particulars	Amount in Taka	
		30-Jun-19	30-Jun-18
18	Share Capital: Tk 2,116,017,000		
	This is arrived at as follows:		
18.1	Authorized Capital: Tk. 5,000,000,000		
	500,000,000 Ordinary Shares of Tk. 10 each	<u>5,000,000,000</u>	<u>5,000,000,000</u>
18.2	Issued, Subscribed and Paid-up Capital: Tk. 2,116,017,000		
	211,601,700 Ordinary Shares @ Tk. 10 each	<u>2,116,017,000</u>	<u>2,116,017,000</u>
18.3	The Movement of Ordinary Shares during the year is as under		
		No. of Shares	
	Opening Balance	211,601,700	211,601,700
	Add: Issued during the year	-	-
	Closing Balance	<u>211,601,700</u>	<u>211,601,700</u>
18.4	Calculation of Net Asset Value (NAV) per Ordinary Share of Tk. 10 each:		
	A. Total Equity of the Company*	18,343,391,846	17,644,162,746
	B. Total Number of Outstanding Ordinary Share at the end of the year	<u>211,601,700</u>	<u>211,601,700</u>
	Net Asset Value (NAV) per Ordinary Share (A/B) rounded of upto two decimal places	<u>86.69</u>	<u>83.38</u>

*Previous year's balance of equity has been re-stated by amounting Tk. 872,081 due to effect of Deferred Tax on Unrealized Gain on Marketable Securities. Resultant Net Asset Value (NAV) per share has been reached to Tk. 83.38 from Tk. 83.39

18.5 History of allotment of Shares by the Company:

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

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Notes No.	Particulars	Amount in Taka	
		30-Jun-19	30-Jun-18
19	Share Premium: Tk. 5,127,599,728		
	In the year 2015-2016, the company issued 50,000,000 Ordinary Shares of Tk. 10 each of which 30,000,000 Ordinary Shares issued at an issue price of Tk. 85.20 with a premium of Tk. 75.20 each and 20,000,000 Ordinary Shares issued at an issue price of Tk. 77.00 with a premium of Tk. 67.00 each		
	Opening Balance	5,127,599,728	5,127,599,728
	Add: Amount Received during the year	-	-
	Closing Balance	5,127,599,728	5,127,599,728
20	Retained Earnings: Tk.5,593,734,287		
	This balance is made up of as follows:		
	Opening balance	4,810,519,458	4,039,288,418
	Add: Addition during the year	1,523,820,779	1,511,836,990
	Net Profit after Tax for the year	1,440,378,843	1,426,570,996
	Adjustment for Depreciation on Revaluation Surplus	82,487,406	84,740,994
	Adjustment for Disposal of Motor Vehicles	954,530	525,000
	Less: Adjustment during the year	740,605,950	740,605,950
	Dividend for the year 2017-2018 (Comparative year dividend was for the year 2016-2017)	740,605,950	740,605,950
	Closing Balance	5,593,734,287	4,810,519,458
21	Long Term Loan - Net off Current Maturity: Tk. 3,556,975,950		
	This represent long term borrowing from financial institutions which are as follows:		
	Name of Financial Institutions		
	Trust Bank Ltd.	471,630,128	575,745,173
	Dutch Bangla Bank Ltd.	318,677,025	628,103,596
	Eastern Bank Ltd.	250,000,000	450,000,000
	IDLC Finance Ltd.	148,275,688	206,857,217
	Dhaka Bank Limited	78,350,349	42,152,158
	IIDFC	142,500,000	257,500,000
	IPDC	291,500,000	467,500,000
	HSBC-Foreign Loan (Net of foreign currency gain/loss)	-	1,339,964
	HSBC Term Loan	511,661,831	34,655,291
	United Finance Ltd. (UFL)	150,000,000	250,000,000
	Langka Bangla Finance Ltd.	465,000,000	150,000,000
	Langkan Alliance Finance Ltd.	170,216,929	212,453,528
	Bay Leasing & Investment Limited	100,000,000	140,000,000
	Prime Bank Limited	459,164,000	364,520,000
		3,556,975,950	3,780,826,927
22	Provision for Gratuity: Tk. 336,558,221		
	This balance is made up of as follows:		
	Opening Balance	330,362,700	268,364,985
	Add: Provision for the year	95,567,741	107,238,040
		425,930,441	375,603,025
	Less Paid during the year	89,372,220	45,240,325
	Closing Balance	336,558,221	330,362,700

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Notes No.	Particulars	Amount in Taka	
		30-Jun-19	30-Jun-18
23	Deferred Tax Liability: Tk. 684,485,951		
	This represent provision made/(assets created) related to deferred income tax for taxable/ deductible temporary differences which is arrived at as follows:		
	Opening Balance	505,196,999	381,665,656
	Add: Deferred Tax Liability/ (Assets) created during the year		
	Increase in Deferred Tax Liability	180,837,832	139,030,772
	On account of (Deductable)/Taxable Temporary Difference for PPE	180,938,668	138,158,691
	On account of (Deductable)/Taxable Temporary Difference for Unrealized Gain on Marketable Securities	(100,836)	872,081
	Creation of Deferred Tax Assets	(1,548,880)	(15,499,429)
	On account of Provision for Gratuity	(1,548,880)	(15,499,429)
	Closing Balance	684,485,951	505,196,999

*Previous year's figure has been re-stated due to effect of Deferred Tax on Unrealized Gain on Marketable Securities

24 Loans & Overdrafts: Tk. 8,287,743,650

This balance is made up of as follows:

Name of the Bank

Dutch Bangla Bank Ltd.	1,334,600,388	484,133,632
Standard Chartered Bank	696,539,081	705,757,816
Dhaka Bank Ltd.	636,250,717	681,022,137
HSBC	1,478,280,359	1,135,327,825
Eastern Bank Ltd.	624,242,573	1,168,193,825
Trust Bank Ltd.	520,958,351	447,329,833
The City Bank Ltd.	960,486,299	1,109,144,510
Prime Bank Ltd.	561,338,229	95,938,845
Mutual Trust Bank Ltd.	278,757,155	-
Agrani Bank Ltd.	1,071,290,498	-
IDLC Finance Ltd.	125,000,000	-
	8,287,743,650	5,826,848,423

25 Current Maturity of Long Term Loan: Tk. 2,122,725,287

This amount represents current portion of long term loans from Bank & Non-Banking Financial Institutions which are repayable within next 12 months from the date of Financial Position:

Name of Financial Institutions:

Trust Bank Ltd.	300,050,852	269,660,040
IDLC Finance Ltd.	66,991,282	95,220,806
IIDFC	115,000,000	130,000,000
IPDC	176,000,000	207,250,000
Eastern Bank Ltd.	200,000,000	200,000,000
Standard Chartered Bank-Foreign Loan (Net of foreign currency gain/loss)	-	133,960,000
HSBC-Foreign Loan (Net of foreign currency gain/loss)	1,352,209	175,938,093
HSBC Term Loan	276,155,611	77,690,965
Dhaka Bank Ltd.	70,102,895	29,275,172
Dutch Bangla Bank Ltd.	303,795,839	291,409,553
United Finance Ltd. (UFL)	100,000,000	120,000,000
Langka Bangla Finance Ltd.	270,000,000	200,000,000
Lankan Alliance Finance Ltd.	42,236,599	37,546,472
Prime Bank Limited	161,040,000	101,664,000
Bay Leasing & Investment Limited	40,000,000	40,000,000
	2,122,725,287	2,109,615,101

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		30-Jun-19	30-Jun-18
26	Trade Payable: Tk. 321,405,105		
	This balance is made up of as follows:		
	Trade Creditors	321,405,105	208,815,093
		321,405,105	208,815,093
27	Provision for Income Tax: Tk. 2,011,594,657		
	This balance is made up of as follows:		
	Opening Balance	1,992,201,935	1,804,196,185
	Add: Provision during the year (Excluding AIT Adjustment for Assessment year 2012-13 & 2013-14) (Note-27.1)	330,039,823	405,613,809
	Less: Adjustment of Current Tax Provision and Advance Income Tax for Completed Assessment		
	For the assessment year 2015-2016	310,647,101	-
	For the assessment year 2007-2008	-	92,762,703
	For the assessment year 2009-2010	-	124,845,356
		2,011,594,657	1,992,201,935
27.1	Income Tax Provision during the year: Tk. 330,039,823		
	Provision made during the year	333,572,829	405,613,809
	Less: AIT Adjustment for AIT refundable of ASPL for Assessment year 2012-13 & 2013-14	3,533,006	-
		330,039,823	405,613,809
28	Liability for Expenses and Others: Tk. 239,394,833		
	This balance is made up of as follows:		
	Salary & Allowances	12,602,064	19,197,722
	Power & Electricity	20,615,038	20,588,307
	Postage & Telephone	456,300	377,650
	Gas Bill	11,819,943	13,638,742
	Office Rent	947,425	645,875
	Audit Fee	550,000	500,000
	Valuation & Certification Fee	-	184,500
	WASA Bill	72,665	49,893
	Workers Profit Participation Fund(WPPF) & Workers Welfare Fund(WWF) (Note-28.1)	142,023,583	132,324,493
	Advance against Export Sales	5,655,708	2,465,213
	Interest on WPPF & WWF	5,637,839	3,109,114
	TDS, VDS and Other Expenses	39,014,268	29,325,514
		239,394,833	222,407,023
28.1	Workers Profit Participation Fund (WPPF) & Workers Welfare Fund (WWF): Tk. 142,023,583		
	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	132,324,493	126,182,061
	Add: Addition during the year	97,667,073	97,742,203
		229,991,566	223,924,264
	Less Payment during the year	87,967,983	91,599,771
	Closing Balance	142,023,583	132,324,493

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		30-Jun-19	30-Jun-18
29	Dividend Payable: Tk. 17,323,889		
	The Board of Directors proposed 35% Cash dividend of Tk.740,605,950 for the year 2017-2018 which was duly approved in the 42nd AGM by the Shareholders. The details are stated below:		
	Opening Balance	3,809,293	2,606,820
	Add: Dividend for the year 2017-2018 (Gross)	740,605,950	740,605,950
		744,415,243	743,212,770
	Less Dividend Paid to Shareholders	727,091,354	739,403,477
	Closing Balance	17,323,889	3,809,293
30	Revenue: Tk.16,308,627,037		
	This balance is made up of as follows:		
	A. Domestic		
	Own Products	18,067,962,445	16,539,845,362
	Manufactured by Others:		
	Syringe	-	2,733
	Imported	21,500	873,500
		18,067,983,945	16,540,721,595
	B. Export		
	Own Products	651,659,080	514,043,252
		651,659,080	514,043,252
	Total Gross Turnover (A+B)	18,719,643,025	17,054,764,847
	Less: VAT	2,411,015,988	2,240,850,581
	Net Turnover	16,308,627,037	14,813,914,266

The Summarized Sales and Production Quantities are as follows:

Name of Category	Unit	Opening Balance	Production/ Purchase	Sales/ Consumption	Closing Balance
Capsule	Pcs	17,566,325	485,274,267	483,757,046	19,083,546
Cream	Tube	756,329	6,710,914	6,453,915	1,013,328
Dry Syrup	Bottles	1,188,924	10,976,505	10,764,907	1,400,522
Eye/Ear/Nasal Drop	Phials	1,555,879	10,966,268	10,846,146	1,676,001
Injection	Pcs	1,966,221	43,975,551	43,828,663	2,113,109
Liquid	Bottles	5,322,587	80,066,230	79,850,786	5,538,031
Ointment	Tube	211,465	2,457,937	2,437,826	231,576
Tablet	Pcs	132,688,745	2,766,464,677	2,760,452,233	138,701,189
Powder	Pcs	81,546	421,493	416,271	86,768
Inhaler (DPI)	Cans	4,566,328	41,319,722	41,104,233	4,781,817
Suppository	Pcs	1,790,658	35,578,507	35,458,018	1,911,147
Inhaler(MDI)	Cans	102,511	1,526,229	1,519,030	109,710
Injection (vet)	Pcs	1,765,824	13,617,240	13,590,241	1,792,823
Liquid (Vet.)	Bottles	722,189	8,320,587	8,302,288	740,488
Bolus	Pcs	11,855,423	204,498,088	203,285,876	13,067,635
Primix	Pcs	5,512,478	26,908,824	26,596,226	5,825,076
Water Soluble Powder	Pcs	664,618	9,985,125	9,959,227	690,516
Syringe	Pcs	38,540	-	3,212	35,328
Fish Feed	kg	2,986	-	-	2,986
Infusion	Pcs	1,122,845	4,520,305	4,469,006	1,174,144
Sachet	Pcs	603,112	9,852,775	9,837,287	618,600
Vaporizer	Pcs	13,604	-	99	13,505

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Notes No.	Particulars	Amount in Taka	
		30-Jun-19	30-Jun-18
31	Cost of Goods Sold: Tk. 9,882,879,199		
	This balance is made up of as follows:		
	Raw Materials Consumed (Note-31.01)	4,993,933,480	4,531,832,107
	Packing Materials Consumed (Note-31.02)	2,750,022,718	2,520,485,132
	Work in Process (Opening)	537,645,987	497,654,654
	Work in Process (Closing)	(484,567,356)	(537,645,987)
	Material Consumption during the year	7,797,034,829	7,012,325,906
	Factory Overhead (Note-31.03)	2,163,566,890	1,973,270,421
	Cost of Production	9,960,601,719	8,985,596,327
	Opening Stock of Finished Goods	849,934,278	806,736,527
	Finished Goods Available	10,810,535,997	9,792,332,854
	Closing Stock of Finished Goods	(927,656,798)	(849,934,278)
	Cost of Goods Sold	9,882,879,199	8,942,398,576

31.01 Raw Materials Consumed: Tk. 4,993,933,480

This balance is made up of as follows:

Opening Stock of Raw Materials	877,645,698	817,689,878
Add: Purchase during the year	5,401,966,217	4,591,787,927
Raw Materials Available	6,279,611,915	5,409,477,805
Less: Closing Stock of Raw Materials	1,285,678,435	877,645,698
Raw Materials Consumed during the year	4,993,933,480	4,531,832,107

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

Particular	Pcs	Quantity (kg)		Quantity (Liter)		Quantity (Pcs)	
	Cap Shell	Active	Excipients	Active	Excipients	Active	Excipients
Opening Balance	292,843,885	2,256,097	957,427	330	13,890	-	685,200
Purchase	420,097,319	5,601,417	6,006,757	470	50,510	29,660	2,163,737
Available for use	712,941,204	7,857,514	6,964,184	800	64,400	29,660	2,848,937
Closing Balance	293,564,025	2,438,539	987,074	349	12,482	-	689,458
Consumption	419,377,179	5,418,975	5,977,110	451	51,918	29,660	2,159,479

31.02 Packing Materials Consumed: Tk. 2,750,022,718

This balance is made up of as follows:

Opening Stock of Packing Materials	578,765,497	538,976,580
Add: Purchase during the year	2,676,935,908	2,560,274,049
Packing Materials Available	3,255,701,405	3,099,250,629
Less: Closing Stock of Packing Materials	505,678,687	578,765,497
Packing Materials Consumed during the year	2,750,022,718	2,520,485,132

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		30-Jun-19	30-Jun-18

The total quantity of packing materials are as under :

Name of Category	Unit	Opening Balance	Purchase	Consumption	Closing Balance
Ampoule	Pcs	10,551,451	27,190,483	27,421,413	10,320,521
Bottle	Pcs	15,262,574	78,744,897	78,646,507	15,360,964
Carton	Pcs	24,098,804	134,687,380	132,584,492	26,201,692
Plastic Item	Pcs	20,546,679	113,671,640	113,423,766	20,794,553
Cap	Pcs	16,125,047	97,301,754	97,055,106	16,371,695
Catch Cover	Pcs	14,040,174	31,872,898	31,715,269	14,197,803
Inner Leaflet	Pcs	19,933,147	121,528,088	115,124,962	26,336,273
Label	Pcs	4,883,833	71,073,959	71,446,528	4,511,264
Shipping Box Label	Pcs	3,947,211	8,710,763	9,010,113	3,647,861
PVC/PVDC	kgs	221,368	741,357	728,568	234,157
Shipping Box	Pcs	782,656	10,043,819	10,141,477	684,998
Tube	Pcs	1,897,525	8,085,086	8,236,520	1,746,091
Al. Foil- Blister	kgs	37,019	163,906	163,711	37,214
Al. Foil- Strip	kgs	350,775	677,046	676,152	351,669
Inner Board	Pcs	619,209	718,144	732,300	605,053
Vial	Pcs	5,222,138	27,553,680	26,069,163	6,706,655
Sticker Label	Pcs	17,690,210	79,428,165	77,876,003	19,242,372

31.03 Factory Overhead : Tk. 2,163,566,890

This balance is made up of as follows:

Salary & Allowances	518,391,863	464,637,662
Daily Wages	113,954,246	123,028,392
Gratuity	31,760,631	19,331,917
Group Insurance Premium	1,282,913	1,296,437
Insurance	21,180,997	18,156,588
Company's Contribution to RPF	21,234,866	19,623,629
Canteen Expenses	24,122,069	17,731,445
Medical Expenses	541,374	529,565
Factory Staff Uniform	6,464,268	6,504,830
Welfare & Recreation	9,823,304	9,593,108
Entertainment	9,118,133	6,231,912
Postage & Telephone	2,984,276	3,193,922
Printing & Stationery	25,898,763	24,670,823
Conveyance	2,464,971	2,483,499
Travelling	2,765,643	4,537,687
Carriage Inward	10,015,481	11,748,388
Depreciation	718,851,360	615,002,155
Fuel, Power & Electricity	329,718,390	299,946,282
Repair & Maintenance	68,296,701	71,245,351
Gas Bill	137,998,362	147,881,624
Local Tax	2,000,000	2,000,000
Research, Analysis & Product Development	7,952,790	11,114,480
Spare Parts	96,745,489	92,780,725
	2,163,566,890	1,973,270,421

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		30-Jun-19	30-Jun-18
32	Other Income: Tk. 96,382,118		
	This balance is made up of as follows:		
	Rent on Investment Property	6,462,000	6,462,000
	Other Lease Rent	228,000	228,000
	Income/(Loss) from Sale of Motor Vehicle	(3,218,685)	745,000
	Interest on STD & SND Account	3,723,549	7,950,217
	Translation Gain/(Loss) for Foreign Currency Fluctuation	2,875,302	(8,900,802)
	Settlement Gain/(Loss) for Foreign Currency Fluctuation	11,131,424	(6,647,513)
	Interest on Term Deposit	64,310,852	106,024,079
	Dividend Income on Marketable Securities	886,932	750,168
	Gain due to Settlement of Fire Insurance Claim for Building	9,982,744	-
		96,382,118	106,611,149
33	Selling, Marketing and Distribution Expenses: Tk. 2,389,580,093		
	This balance is made up of as follows:		
	Salary & Allowances	1,410,726,880	1,298,434,193
	Daily Basis Salary	15,681,080	11,923,761
	Gratuity	43,992,604	67,223,714
	Company's Contribution to RPF	67,478,299	60,655,837
	Medical Expenses	506,500	819,222
	Group & Health Insurance Premium	4,592,684	4,807,201
	Entertainments	33,908,311	30,333,359
	Welfare & Recreation	2,670,172	2,736,869
	Depreciation	70,601,473	60,401,997
	Electricity, Gas & WASA	11,818,225	9,450,259
	Fuel for Generator	1,601,623	1,955,780
	Office Rent	10,770,000	9,922,250
	Postage & Telephone	43,217,619	41,384,794
	Printing & Stationery	45,704,640	45,824,972
	Advertisement	2,444,988	1,809,187
	Seminar & Conference	12,925,340	16,527,153
	Vehicle Expenses	42,609,220	40,110,484
	Repair & Maintenance	53,281,858	57,313,418
	Insurance	9,765,030	8,240,188
	TA/DA	113,991,154	111,953,188
	Carriage Outward	55,414,223	53,365,238
	Travelling Kits	7,393,768	6,551,219
	Sales Promotion Expenses	177,143,322	163,913,880
	New Products Induction Expenses	834,046	616,153
	Export Expenses	24,966,127	19,381,051
	Free Sample	89,901,468	77,355,052
	Fees & Renewals	35,639,439	29,741,255
	Repacking Materials	-	236,875
		2,389,580,093	2,232,988,549

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		30-Jun-19	30-Jun-18
34	Administrative Expenses: Tk. 591,955,304		
	This balance is made up of as follows:		
	Directors Remuneration	20,025,806	28,800,000
	Salary & Allowance	291,193,565	272,091,738
	Daily Basis Salary	11,310,337	10,685,801
	Directors Sitting Fees	1,993,333	2,070,000
	Group & Health Including Other Insurance Premium	1,918,473	2,517,081
	Company's Contribution to RPF	9,318,498	8,744,845
	Gratuity	19,814,506	20,682,409
	Uniform & Liveries	2,011,237	1,919,308
	Refreshment Expenses	4,011,944	3,921,457
	Depreciation	66,322,596	56,741,270
	Electricity, Gas & WASA	18,488,987	16,536,253
	Fuel for Generator & Vehicle	6,719,772	6,310,919
	Postage & Telephone	5,249,051	6,375,391
	Printing & Stationery	7,042,793	7,169,738
	Professional fee	13,380,570	11,317,245
	Fees & Renewals	8,329,046	7,054,212
	Audit Fees	550,000	500,000
	Conveyance	4,221,727	4,310,383
	Office General Expenses	8,894,624	9,892,891
	Vehicle Expenses	15,905,291	17,799,917
	Advertisement for Recruitment & Others	4,831,042	4,453,308
	Intangible Assets Amortization	41,625	41,625
	Newspaper & Periodicals	625,696	212,501
	AGM Expenses	2,126,925	2,462,205
	Expenses for Legal Procedure	2,989,889	2,244,752
	Medicine Expenses	2,255,414	831,331
	Travelling Expenses	8,601,351	9,897,135
	Repair & Maintenance	13,650,583	20,036,826
	Municipal Tax	3,726,162	3,726,162
	Welfare & Recreation	4,865,263	2,200,493
	Contribution to CSR Activities	853,260	1,170,923
	Product Registration (USFDA)	30,685,938	44,990,000
	Loss due to Revaluation of Investment Property	-	1,759,599
		591,955,304	589,467,718
35	Financial Expenses: Tk. 1,489,586,026		
	This balance is made up of as follows:		
	Interest on Cash Credit	162,967,357	68,814,322
	Interest on Overdraft	90,238,323	57,370,301
	Interest on MTL & LTR	51,599,386	44,238,176
	Interest on Revolving & STL	501,338,065	347,059,018
	Interest on Lease Finance	303,313,263	214,564,076
	Interest on Term Loan	265,633,722	292,972,351
	Interest on Accepted Import Loan	93,522,240	62,026,692
	Interest on WPPF	9,316,205	6,107,193
	Bank Charge	11,657,465	9,932,173
		1,489,586,026	1,103,084,302

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		30-Jun-19	30-Jun-18
36	Contribution to Workers Profit Participation Fund & Workers Welfare Fund: Tk. 97,667,073		
	This represent 5% of net profit before tax after charging contribution as per provision of section 15 of Bangladesh Labor Law 2006 as amended in 2013		
	Contribution to WPPF and WWF	97,667,073	97,742,203
		97,667,073	97,742,203
37	Income Tax Expenses: Tk. 512,962,617		
	This balance is made up of as follows:		
	A. Current Tax Expenses		
	Current Tax for the year under review	333,572,829	405,613,809
		333,572,829	405,613,809
	B. Deferred Tax Expenses/(Income)		
	Deferred Tax Expenses/(Income)	179,389,788	122,659,262
		179,389,788	122,659,262
		512,962,617	528,273,071
38	Basic/ Diluted Earning Per Share (EPS): Tk. 6.81		
	This balance is made up of as follows:		
	Net Profit After Tax for the year	1,440,378,843	1,426,570,996
	Weighted Average Number of Share Outstanding during the year	211,601,700	211,601,700
	Basic Earning Per Share	6.81	6.74
	Diluted Earning Per Share	6.81	6.74
	(Refer Policy Note 5.16)		
38.1	Number of Ordinary Shares Outstanding		
	211,601,700 Ordinary Shares @ Tk. 10/- each	211,601,700	211,601,700
38.2	Weighted Average Number of Ordinary Shares		
	211,601,700 Ordinary Shares @ Tk. 10/- each	211,601,700	211,601,700
39	Net Operating Cash Flows Per Share: Tk 7.81		
	Net Cash Generated from Operating Activities	1,653,107,482	1,578,318,817
	Weighted Average number of Shares Outstanding during the year	211,601,700	211,601,700
	Net Operating Cash Flows Per Share	7.81	7.46
40	Reconciliation of Net Income or Net Profit with Cash Flows from Operating Activities-Indirect Method:		
	Net Profit after Tax	1,440,378,843	1,426,570,996
	Add: Non Cash Items	862,405,873	744,338,507
	Less: Net Increase/Decrease in Current Assets	984,132,251	984,181,829
	Add: Net Increase/Decrease in Current Liabilities	155,166,065	268,931,881
	Add: Deferred Tax Liabilities (Created during the year)	179,288,952	122,659,262
	Net Cash Generated from Operating Activities-Indirect Method	1,653,107,482	1,578,318,817
	Net Cash Generated from Operating Activities-Direct Method	1,653,107,482	1,578,318,817

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Chartered Accountants

Notes No.	Particulars	Amount in Taka	
		30-Jun-19	30-Jun-18

41 Related Party Disclosures:

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

Name of the company	Nature of Transaction	2018-2019		2017-2018	
		Value of transaction during the year	Balance as at 30 June 2019	Value of transaction during the year	Balance as at 30 June 2018
Sinha Printers Ltd.	Local Supply Received	636,827,494	(276,752,974)	550,481,583	(190,819,988)
	Provide Services & Others	316,042	-	294,650	-
ACMUNIO Int. Ltd.	Advance	-	96,479,473	-	96,479,473
	Rent on Investment Property	6,462,000	19,386,000	6,462,000	12,924,000
The ACME Agrovet & Beverages Ltd.	Local Supply	30,004,341	(7,013,439)	34,300,890	-
Kalyar Packaging Ltd.	Local Supply	118,440,490	(12,078,235)	85,935,564	(4,300,597)
Kalyar Replica Ltd.	Local Supply	13,444,733	(1,034,968)	10,237,502	(1,440,525)

42 Details Regarding Disposal of Motor Vehicle:

Particulars	Cost/Revaluation (Tk.)		Acc. Depreciation		Carrying Value (Tk.)		Sales Price (Tk.)	Disposition of total Gain/(Loss)		
	Cost	Revaluation Surplus	Cost	Revaluation Surplus	Cost	Revaluation Surplus		Charged to P/L (Tk.)	Charged to Equity (Tk.)	Total (Tk.)
Vehicle GA-31-4768	1,920,069	212,813	1,510,041	158,048	410,028	54,765	700,000	180,442	54,765	235,207
Vehicle GA-35-5556	3,116,200	-	1,636,462	-	1,479,738	-	800,000	(679,738)	-	(679,738)
Vehicle GA-37-8192	3,595,000	-	1,746,743	-	1,848,257	-	900,000	(948,257)	-	(948,257)
Vehicle GA-20-6960	3,036,990	-	698,386	-	2,338,604	-	1,000,000	(1,338,604)	-	(1,338,604)
Vehicle MA-51-1453	364,500	364,500	364,500	182,350	-	182,150	200,000	-	17,850	-
Vehicle MA-51-1638	404,500	404,500	404,500	202,361	-	202,139	200,000	-	(2,139)	-
Vehicle GA-31-6549	1,934,657	-	1,442,206	-	492,451	-	700,000	207,549	-	-
Vehicle MA-51-0659	248,125	248,125	248,125	124,130	-	123,995	120,000	-	(3,995)	-
Vehicle GA-15-3647	487,350	251,265	487,350	223,515	-	27,750	325,000	-	297,250	-
PICK UP	572,750	572,750	572,750	572,750	-	-	165,000	165,000	-	-
CAR	3,194,690	-	809,613	-	2,385,077	-	1,500,000	(885,077)	-	-
Vehicle MA-51-2048	167,750	167,750	167,750	167,750	-	-	80,000	80,000	-	-
Total	19,042,581	2,221,703	10,088,426	1,630,904	8,954,155	590,799	6,690,000	(3,218,685)	363,731	(2,731,392)

43 Payments/Receipts in Foreign Currency:

Payment

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

2,521,694,662	468,695,595
3,357,696,704	3,180,895,289
314,659,043	548,585,381
6,194,050,409	4,198,176,265

Receipts

Exports

694,151,756	464,684,143
694,151,756	464,684,143

44 Directors Remuneration and Sitting Allowance:

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

20,025,806	28,800,000
1,993,333	2,070,000
22,019,139	30,870,000

45 Audit Fees

550,000	500,000
550,000	500,000

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Notes
No. Particulars

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

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 medicine	Valid up to disposal of hearing
3	3948/2004	2,730,765	Rebate cancel	Disfavor of our company and further leave to appeal no.1569
4	14250/2016	Non-monitory	Re-initiation and reopening of audit proceedings	Valid up to disposal of hearing
5	4478/2002	665,525	Difference in rate of custom duty with the department.	Verdict has already been given by the Honourable High Court Division but formal demand yet to receive from concern authority.
6	5196/2015	249,018,448	Premix supply as VAT exempted but VAT authority claim to impose VAT at mfg. Stg.	Valid up to disposal of hearing
7	2477/2015	4,000,000	The Writ against penalty in connection with Audit claim after adjustment Tk.7,711,245.36	Valid up to disposal of hearing
Total		269,512,567		

47 Un Expired Bank Guarantees:

Details of Unexpired Bank Guarantees of Tk. 222,978,195 (as at 30 June 2018 the amount was Tk. 43,460,395) given in the normal course of business on behalf of the company to various parties as at 30 June 2019 are as follows :

SL	Name of Bank	Date of Expiry	Amount in Taka
1	Trust Bank Ltd.	15.05.2021	12,401,250
2	Trust Bank Ltd.	15.05.2021	316,050
3	Trust Bank Ltd.	15.05.2021	2,320,400
4	Trust Bank Ltd.	15.05.2021	252,700
5	Trust Bank Ltd.	30.07.2019	848,800
6	Trust Bank Ltd.	22.10.2021	1,093,820
7	Trust Bank Ltd.	30.10.2022	292,800
8	Trust Bank Ltd.	30.10.2022	699,400
9	Trust Bank Ltd.	30.10.2022	2,492,100
10	Trust Bank Ltd.	30.10.2022	366,300
11	Trust Bank Ltd.	Until Clearance	189,786
12	Trust Bank Ltd.	30.06.2019	4,026,000
13	Trust Bank Ltd.	30.06.2019	1,491,600
14	Trust Bank Ltd.	31.12.2020	886,300
15	Trust Bank Ltd.	18.06.2020	1,618,600
16	Trust Bank Ltd.	18.06.2020	385,300
17	Trust Bank Ltd.	18.06.2020	4,232,510
18	Trust Bank Ltd.	18.06.2020	488,312
19	Dutch Bangla Bank Ltd.	17.10.2021	249,800
20	Dutch Bangla Bank Ltd.	17.10.2021	180,900
21	Dutch Bangla Bank Ltd.	24.05.2022	766,350
22	Dutch Bangla Bank Ltd.	24.05.2022	164,680
23	Agrani Bank Ltd.	11.09.2023	1,547,350
24	Trust Bank Ltd.	30.06.2019	3,500,000
25	Trust Bank Ltd.	30.06.2019	3,500,000
26	Trust Bank Ltd.	30.09.2019	1,950,000
27	Trust Bank Ltd.	31.12.2019	1,172,400
28	Trust Bank Ltd.	24.09.2019	175,544,688
Total			222,978,196

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Chartered Accountants

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No. Particulars

48 Claim not acknowledge as debts:

There is no claim against the company which have not been acknowledged as debt as at 30 June 2019.

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 2019 Tk. 76,892,915 (as at 30 June 2018 the amount was Tk. 1,067,922,941)

50 Production Capacity and Utilization:

(Quantity in Thousand)

Name of Category	Unit	Production Capacity		Actual Production			
		2018-19	2017-18	2018-19	%	2017-18	%
Human							
Tablet	Pcs	5,280,270	3,987,305	2,748,693	52.06	2,483,244	62.28
Capsule	Pcs	676,063	676,063	476,332	70.46	387,674	57.34
Liquid	Bottle	90,180	90,180	67,904	75.30	55,014	61.00
Dry Syrup	Bottle	20,005	20,005	10,977	54.87	9,764	48.81
Ointment	Tube	6,752	6,752	2,458	36.40	2,245	33.26
Cream	Tube	19,000	19,000	6,711	35.32	5,765	30.34
Suppository	Pcs	37,713	37,713	35,579	94.34	32,466	86.09
Inhaler (DPI)	Cans	108,636	96,854	41,320	38.03	37,807	39.04
Inhaler (MDI)	Canister	3,095	3,095	1,526	49.31	1,400	45.23
Eye/Ear/Nasal Drop	Phials	23,031	23,031	10,966	47.62	10,154	44.09
Injection (Amps)	Pcs	62,113	62,113	32,215	51.86	29,046	46.76
Injection (Vial)	Pcs	23,804	23,804	11,761	49.41	10,917	45.86
Infusion	Pcs	6,408	6,408	4,520	70.54	3,855	60.16
Sachet	Pcs	29,774	29,774	9,853	33.09	9,758	32.77
Veterinary							
Bolus	Pcs	272,172	272,172	204,498	75.14	183,297	67.35
Liquid	Pcs	10,961	8,922	8,321	75.91	6,645	74.48
Premix	Pcs	38,155	29,380	26,909	70.52	21,176	72.08
WSP	Pcs	31,218	9,773	9,985	31.98	7,416	75.88
Injection	Vial	14,354	13,378	13,617	94.87	12,491	93.37
Herbal & Ayurvedic							
Capsule	Pcs	31,423	32,574	8,942	28.46	8,658	26.58
Liquid	Pcs	13,545	13,626	12,162	89.79	11,794	86.55
Tablet	Pcs	71,821	41,902	17,772	24.74	10,340	24.68

51 Income Tax & Deferred Tax:

A. Income Tax Assessment

Among the several pending assessments, the final assessment for the assessment year 2015-2016 has been completed and the company has adjusted the tax liability as well as Advance Income tax amounting to Tk. 310,647,101 in its Books of Accounts.

B. Reduction in Current Tax and Increase in Deferred Tax

The Company has commissioned the projects for manufacturing of penicillin and steroid and Hormone during the current financial year 2018-2019 and capitalized the related CWIP as property, plant and equipment on the last day of the financial year after close of the business hours. The Company has not charged depreciation on the assets capitalized as per its accounting policy. However the company is eligible for and claimed depreciation on the above assets as per the provision of income tax ordinance 1984. As a result the current income tax provision has reduced to a considerable extent and deferred tax liability has increased accordingly.

52 VAT Return and Auditing Status as at 30.06.2019:

The Company deposits VAT & filing VAT returns on monthly basis with the concern authority. The authority has conducted and completed their audit up to the financial year 2014-15 and there was a demand of Tk. 3,202,628. Due to change of commissioner, new commissioner has issued a letter to the company in respect of conducting re-audit for the financial year 2014-15. However, the company has filed a Writ petition with High Court Division of the Honorable Supreme Court of Bangladesh. But decision is yet to come in this regard. Further, the audit for the financial year 2015-16 and 2016-17 are under process and documents/information have been submitted by the company as and when required.

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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

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 2018-2019, the Statement of Cash Flows of the Company shows very positive operating cash flows amounting BDT 1,653.11 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 2018-2019, Board of Directors has proposed 35% cash dividend to the shareholders. In the year 2017-18, 2016-17, 2015-16 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 particular in fulfilling the terms of loan agreement.

Performance growth

ACME has excellent growth in its operating performance. Total operating revenue is BDT 16,308.63 million and total profit after tax is BDT 1,440.38 million. All those indicators support Company's continuance in foreseeable periods.



OPERATING INDICATIONS

Expansion of business

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

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

Corporate environment and employee satisfaction

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

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

OTHER INDICATIONS

Strong equity base

As on 30 June 2019, total equity of the Company stands at BDT 18,343.39 million (30 June 2018: BDT 17,644.16 million) representing an increase of 3.96% 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.



The ACME Laboratories Ltd.

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

FORM OF PROXY

I/We-----
of----- being a
member of The ACME Laboratories Ltd. hereby appoint Mr. /Mrs./Ms. -----of
----- as my / our proxy to attend, vote for my/our behalf at
the 43rd Annual General Meeting of the Company to be held on Thursday, 12th day of December, 2019 at
10:30 A.M. at PSC Convention Hall, (1st Floor) Mirpur-14, Dhaka-1206. and at any adjournment thereof.

(Signature of Proxy)
Dated: -----

**Affix
Revenue Stamp
Tk.20.00**

Signature of Shareholder(s)

BO ID No.: -----

Dated:-----

(Signature of the Witness)

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

Signature Verified

Authorized Signatory



The ACME Laboratories Ltd.

(SHAREHOLDERS ATTENDANCE SLIP)

I/We hereby record my /our attendance at the 43rd Annual General Meeting being held on Thursday, 12th day of December, 2019 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.

Annual **Report** 2018-2019



The ACME Laboratories Ltd.

For Health, Vigour and Happiness

ISO 9001:2015 CERTIFIED COMPANY

 www.acmeglobal.com

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