

The ACME Laboratories Limited

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

Auditor's Report & Financial Statements
For the year ended June 30, 2019

SHIRAZ KHAN BASAK & CO.
CHARTERED ACCOUNTANTS

R.K Tower (Level-10)

86, Bir Uttam C.R.Datta Road (312, Sonargaon Road) Hatirpool, Dhaka-1205



SHIRAZ KHAN BASAK & CO.

CHARTERED ACCOUNTANTS

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**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.





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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.	



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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	





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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	





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Risk	Our response to the risk
Long Term Loan & 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	

R. K.





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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	





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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.



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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.





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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.

Dated, Dhaka
15 October, 2019



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

The ACME Laboratories Limited
Statement of Financial Position
As at June 30, 2019

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	11,462,209,426
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	505,929,689
Term Deposit	16	520,503,605	1,103,779,169
Cash & Cash Equivalent	17	1,377,761,719	1,135,089,957
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	5,583,734,287	4,810,518,458
Non Current Liabilities		4,578,020,122	4,616,386,626
Long Term Loan- Not off Current Maturity	21	3,556,975,950	3,780,826,877
Provision for Gratuity	22	396,558,221	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	2,109,815,101
Trade Payable	26	321,408,105	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 62 form an integral part of the financial statements.

Head of Finance & Accounts

Company Secretary

Managing Director

Chairman

Dhaka, October 15, 2019



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

The ACME Laboratories Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 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	2,389,560,093	2,232,988,549
		4,132,569,863	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	179,389,786	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	5.74

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

 Head of Finance & Accounts
  Company Secretary
  Managing Director
  Chairman

Dhaka, October 15, 2019




 Shiraz Khan Basak & Co.
Chartered Accountants

The ACME Laboratories Limited
Statement of Changes in Equity
For the year ended June 30, 2019

(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	5,402,713,891	7,846,728	178,484,241	4,310,519,458	17,644,182,746
Net Profit after Tax for the year ended June 30, 2018	-	-	-	-	-	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)	-	-	-	(1,038,300)	-	-	(1,038,300)
Adjustment for Depreciation on Revaluation Surplus	-	-	(82,487,406)	-	-	82,487,406	-
Adjustment for disposal of Motor Vehicle	-	-	(580,799)	-	-	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	179,484,241	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	179,464,141	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)	-	-	-	2,483,277	-	-	2,483,277
Adjustment for Depreciation on Revaluation Surplus	-	-	(84,740,994)	-	-	84,740,994	-
Adjustment for disposal of Motor Vehicle	-	-	(219,622)	-	-	525,660	305,178
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	4,310,519,458	17,644,182,746

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


Head of Finance & Accounts


Company Secretary


Managing Director


Chairman

Dhaka, October 15, 2019




Shiraz Khan Basak & Co.
Chartered Accountants

The ACME Laboratories Limited
Statement of Cash Flows
For the year ended June 30, 2019

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	(3,520,175,088)	(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.

 Head of Finance & Accounts
  Company Secretary
  Managing Director
  Chairman

Dhaka, October 15, 2019




 Shiraz Khan Basak & Co.
 Chartered Accountants

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

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-4745/183 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 ACMELAB 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



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

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.

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 Muhi 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 1997 and other relevant laws and regulations applicable in Bangladesh.



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

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.

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 Judgments

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



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

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.
Notes to the Financial Statements
As at and for the year ended June 30, 2019

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.



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

(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.

(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%



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

iv) Impairment of Assets

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

v) Retirement and Disposal

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



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

Trade Receivable

Trade receivable are created at original invoice amount less any provisions for doubtful debts. Provision is made where there is evidence of a risk of non-payments, taking into consideration aging, previous experience and general economic conditions. When a trade receivable is determined to be uncollectable, it is written off firstly against any provision available and then to the Statement of Profit or Loss and 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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The ACME Laboratories Ltd.
Notes to the Financial Statements
As at and for the year ended June 30, 2019

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 computed to determine Net Profit after Tax and Earnings Per Share (EPS).



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

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.

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.



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

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 6,922 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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The ACME Laboratories Ltd.
Notes to the Financial Statements
As at and for the year ended June 30, 2019

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

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.



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

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:

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

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 product prices, subject to the approval of the concerned authorities.

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

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

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 assess the credit quality of the entity's financial assets and level and sources of impairment loss. Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. As at 30 June 2018 substantial part of the receivables are subject to insignificant credit risk. Risk exposures from other financial assets i.e. cash at bank and other external receivables are very nominal.

Management Perception

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



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

Liquidity Risk

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

Management Perception

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

5.27 General Comments & Observations:

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



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The ACME Laboratories Limited
Fixed Asset Schedule
For the year ended June 30, 2018

(Annexure-1)
(Amount in Taka)

Particulars of Assets	Cost/Revaluation							Depreciation							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/CWP	Total as at 30.06.19	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	Disposal		Total as at 30.06.19	
				Cost	Revaluation Surplus							Cost	Revaluation Surplus		
Land & Land Development	672,760,080	4,065,335,080	175,372,766	-	-	-	4,814,467,931	-	-	-	-	-	-	-	4,814,467,931
Building	3,953,329,316	1,871,772,126	783,234,749	-	-	-	6,618,336,191	641,038,065	671,743,000	162,829,407	67,312,756	-	-	1,033,811,224	4,585,524,967
Machinery & Equipment	5,110,817,072	28,634,041	1,803,035,880	-	-	-	6,946,477,002	1,528,324,806	21,714,364	393,921,481	3,688,821	-	-	1,944,625,512	5,002,851,490
Furniture & Fixture	340,443,220	-	25,467,571	-	-	-	365,910,791	108,947,522	-	13,503,802	-	-	-	122,451,324	150,453,071
Motor Vehicle	651,888,608	30,415,573	128,975,401	19,042,581	2,221,703	-	799,568,539	324,235,007	25,321,577	42,923,883	3,855,104	10,088,428	1,630,904	388,315,082	406,881,440
Utilities, Electrical Installation & Eng.	1,992,747,116	57,225,328	124,440,364	-	-	-	2,172,392,808	852,573,475	40,061,575	162,988,977	9,117,847	-	-	1,035,628,277	1,137,064,325
Office Equipment	190,774,004	1,503,619	28,734,488	-	-	-	222,012,111	65,000,808	1,304,438	15,321,484	43,833	-	-	101,720,962	120,281,736
Books and Periodicals	8,343,045	-	-	-	-	-	8,343,045	6,788,523	-	162,186	-	-	-	6,950,709	1,382,336
Sub Total	12,828,180,682	6,062,858,989	3,065,264,337	19,042,581	2,221,703	-	22,034,888,014	3,008,908,853	660,142,376	773,288,023	82,487,408	10,088,428	1,630,904	6,310,104,020	15,724,854,034
Machinery in Transit	2,421,230,040	-	2,353,475,488	-	-	1,873,445,747	2,354,212,991	-	-	-	-	-	-	-	2,354,212,991
Construction Work in Progress	4,156,536,081	-	934,659,548	-	-	886,607,515	4,125,803,144	-	-	-	-	-	-	-	4,125,803,144
Sub Total	6,577,766,121	-	3,278,135,036	-	-	2,832,856,362	7,026,803,481	-	-	-	-	-	-	-	7,026,803,481
Total (As at 30.06.2018)	19,405,946,803	6,062,858,989	6,343,400,373	19,042,581	2,221,703	2,832,856,362	25,961,762,015	3,008,908,853	660,142,376	773,288,023	82,487,408	10,088,428	1,630,904	6,310,104,020	22,781,857,485
Total (As at 30.06.2019)	15,894,245,149	5,951,115,442	4,748,054,083	3,192,084	455,473	1,125,239,759	25,571,727,368	3,157,883,688	575,641,235	647,404,429	84,740,888	3,192,084	235,891	4,065,048,421	21,105,678,855

Allocation of Depreciation:

Factory Overhead
Selling, Marketing & Distribution Overhead
Administrative Overhead

	On Cost	On Revaluation	Total
Factory Overhead	640,591,398	65,299,423	705,890,821
Selling, Marketing & Distribution Overhead	53,798,252	8,805,211	62,603,463
Administrative Overhead	52,529,623	6,392,774	58,922,397
Total	746,919,273	80,507,408	827,426,681



The ACME Laboratories Limited
Notes to the Financial Statements
For the year ended June 30, 2019

Shiraz Khan Basak & Co.
Chartered Accountants

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)	(1,128,239,769)
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	4,569,105,850	3,805,906,053
Opening Balance	3,805,906,053	3,161,693,668
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	18,432,022,089	15,702,965,365
Revaluation Surplus (Notes-6.1)	5,319,635,386	5,402,713,591
	23,751,657,485	21,105,678,957

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	60,401,957
Administrative Expenses	66,322,598	58,741,270
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. 430,677,063 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	Particulars
No.	

Amount in Take

30-Jun-18	30-Jun-18
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7 Intangible Assets: Tk. 78,750

This balance is made up of as follows:

Application Software

Less Amortization

(Note 7.1)

Accumulated balance till last financial year

Amortized during the year

940,285	940,285
861,536	819,910
819,910	778,285
41,625	41,625
78,760	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.	28,478	10	18.35	522,446	284,780	(237,666)
Eastern Bank Ltd.	26,565	10	21.96	583,480	1,004,157	420,677
Pioneer Insurance Co. Ltd.	28,875	10	36.38	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.	94,896	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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The ACME Laboratories Limited
Notes to the Financial Statements
For the year ended June 30, 2019

Shiraz Khan Basak & Co.
Chartered Accountants

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: 1,295,678,435 877,645,698 Packing Materials: 505,678,687 578,765,497 Work-in-Process: 484,567,358 537,645,987 Finished Goods: 927,656,798 649,934,276 Printing & Stationeries: 132,215,482 108,861,025 Spare & Accessories: 236,587,458 192,252,345 Total: 3,572,384,216 3,143,134,830		
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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 Add: Foreign Exchange Unrealized Gain: 2,887,704 2,734,614 Total: 1,600,062,384 1,506,585,427		
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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
Add: Foreign Exchange Gain/(Loss)					2,887,704	2,734,614
					1,600,062,384	1,506,585,427

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): 795,703 827,834 Dividend Receivable on Marketable Securities: 114,125 251,613 Total: 20,296,828 14,003,447		
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The ACME Laboratories Limited
Notes to the Financial Statements
For the year ended June 30, 2019

Shiraz Khan Basak & Co.
Chartered Accountants

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	232,225,822	241,946,326
	Advance for API Industrial Park	151,967,304	109,146,652
	Advance to ACMUNIO International Ltd.	96,479,473	99,479,473
	Advance to Suppliers	288,021,122	242,522,887
	Advance to Suppliers for Construction	271,514,350	240,293,380
	Advance against Land	23,450,000	24,450,000
	Others	20,018,883	21,368,984
	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	13,345,750
	VAT Deposit	264,856,798	208,126,436
	Security Deposit to CDBL	500,000	500,000
	Others	3,700,750	5,442,909
	Prepayments:		
	Office Rent	4,416,455	2,518,125
	Insurance	13,917,760	13,471,919
		1,917,113,434	1,728,861,666
14	Advance Income Tax: Tk.2,385,624,805		
	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	3,252,769
	AIT Deducted against supply of Medicines	26,504,777	17,715,146
	AIT Collected by BRTA Authority	4,567,500	4,025,000
	AIT Deducted on Bank Interest on FDRs & STD Account	6,806,563	11,431,256
	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	-	49,893,066
	For the Assessment year 2010-2011	3,100,000	3,500,000
	For the Assessment year 2009-2010	-	19,298,210
	For the Assessment year 2005-2006	-	1,985,445
		2,385,624,805	2,234,845,243



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The ACME Laboratories Limited
Notes to the Financial Statements
For the year ended June 30, 2019

Shiraz Khan Basak & Co.
Chartered Accountants

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	468,849,242	364,851,528
	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	583,638,102
	Cash at BO Account	758,440	1,720,250
	Cash at Bank:		
	Trust Bank Ltd.	167,146,183	26,945,877
	Standard Chartered Bank Ltd.	144,999,051	138,616,879
	Uttara Bank Ltd.	108,584,300	69,842,839
	Pena Bank Ltd.	69,745,531	9,820,544
	Mercantile 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	19,475,325
	National Bank Ltd.	26,871,445	50,757,067
	Agrani Bank Ltd.	26,107,100	15,280,953
	The City Bank Ltd.	10,242,537	4,671,214
	NCC Bank Ltd.	17,323,601	18,638,902
	Eastern Bank Ltd.	12,370,798	6,685,866
	Southeast Bank Ltd.	10,156,964	9,993,651
	HSBC	3,375,205	7,696,847
	Dhaka Bank Ltd.	881,595	675,375
	Sonali Bank Ltd.	143,898	959,101
	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	1,135,089,957



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The ACME Laboratories Limited
Notes to the Financial Statements
For the year ended June 30, 2019

Shiraz Khan Basak & Co.
Chartered Accountants

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	5,000,000,000	5,000,000,000
18.2	Issued, Subscribed and Paid-up Capital: Tk. 2,116,017,000		
	211,601,700 Ordinary Shares @ Tk. 10 each	2,116,017,000	2,116,017,000
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	211,601,700	211,601,700
18.4	Calculation of Net Asset Value (NAV) per Ordinary Share of Tk. 10 each:		
	A. Total Equity of the Company*	18,343,391,845	17,644,162,748
	B. Total Number of Outstanding Ordinary Shares at the end of the year	211,601,700	211,601,700
	Net Asset Value (NAV) per Ordinary Share (A/B) rounded off upto two decimal places	86.69	83.38

*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.

18.05 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	9,689,900	10	96,899,000
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	211,601,700		2,116,017,000



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An associate firm of D. N. Gupta & Associates

The ACME Laboratories Limited
Notes to the Financial Statements
For the year ended June 30, 2019

Shiraz Khan Basak & Co.
Chartered Accountants

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	<u>5,127,599,728</u>	<u>5,127,599,728</u>
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	1,426,570,896
	Adjustment for Depreciation on Revaluation Surplus	82,487,406	84,740,994
	Adjustment for Disposal of Motor Vehicles	664,530	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	<u>5,593,734,287</u>	<u>4,810,519,458</u>
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.	471,830,128	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	200,857,217
	Dhaka Bank Limited	78,350,349	42,152,158
	IDFC	142,500,000	257,500,000
	IPDC	281,500,000	487,500,000
	HSBC-Foreign Loan (Net of foreign currency gain/loss)	-	1,335,964
	HSBC Term Loan	511,081,831	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.	170,218,929	212,453,528
	Bay Leasing & Investment Limited	100,000,000	140,000,000
	Prime Bank Limited	459,164,000	364,520,000
		<u>3,556,975,950</u>	<u>3,780,826,927</u>
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
		<u>425,930,441</u>	<u>375,603,025</u>
	Less: Paid during the year	89,372,220	45,240,325
	Closing Balance	<u>336,558,221</u>	<u>330,362,700</u>



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The ACME Laboratories Limited
Notes to the Financial Statements
For the year ended June 30, 2019

Shiraz Khan Basak & Co.
Chartered Accountants

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	180,938,868	139,158,661
	On account of (Deductable)/Taxable Temporary Difference for Unrealized Gain on Marketable Securities	(100,836)	672,061
	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	706,767,816
	Dhaka Bank Ltd.	636,250,717	581,022,137
	HSBC	1,478,280,359	1,135,327,825
	Eastern Bank Ltd.	624,242,573	1,108,193,825
	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	289,660,040
	IDLC Finance Ltd.	66,991,282	95,220,808
	IDFC	115,000,000	130,000,000
	IPDC	178,000,000	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)	1,362,209	175,938,093
	HSBC Term Loan	276,155,811	77,690,865
	Dhaka Bank Ltd.	70,102,865	29,276,172
	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

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



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An associate firm of D. N. Gupta & Associates

The ACME Laboratories Limited
Notes to the Financial Statements
For the year ended June 30, 2019

Shiraz Khan Basak & Co.
Chartered Accountants

Notes No.	Particulars	Amount in Taka	
		30 Jun-19	30-Jun-18
27	Provision for Income Tax: Tk. 2,011,594,657		
	This balance is made up of as follows:		
	Opening Balance	1,992,201,935	1,804,159,185
	Add: Provision during the year (Excluding AIT Adjustment for Assessment year 2012-13 & 2013-14) (Note-27.1)	330,039,823	405,613,609
	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		124,645,366
		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	405,613,609
	Less: AIT Adjustment for AIT refundable of ASPL for Assessment year 2012-13 & 2013-14	3,533,006	
		330,039,823	405,613,609
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	20,815,039	20,588,307
	Postage & Telephone	456,300	377,650
	Gas Bill	11,819,943	13,030,742
	Office Rent	947,425	645,875
	Audit Fee	550,000	500,000
	Valuation & Certification Fee	-	184,500
	WASA Bill	72,665	49,693
	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	5,837,839	3,104,114
	TDS, VDS and Other Expenses	39,014,268	29,329,514
		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
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	3,809,253	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



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An associate firm of D. N. Gupta & Associates

The ACME Laboratories Limited
Notes to the Financial Statements
For the year ended June 30, 2019

Notes No.	Particulars	Amount in Taka	
		30-Jun-19	30-Jun-18
30	Revenue: Tk. 18,308,627,037		
	This balance is made up of as follows:		
	A. Domestic		
	Own Products	18,067,982,445	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	486,274,267	483,787,046	19,083,546
Cream	Tube	756,329	6,710,914	6,453,915	1,013,328
Dry Syrup	Bottles	1,188,924	10,970,505	10,764,907	1,404,522
Eye/Ear/Nasal Drop	Phials	1,555,879	10,966,268	10,846,140	1,675,001
Injection	Pcs	1,986,221	41,975,551	43,826,663	2,113,109
Liquid	Bottles	5,322,587	80,088,230	79,850,786	5,538,031
Ointment	Tube	211,465	2,457,937	2,437,828	231,576
Tablet	Pcs	132,088,745	2,766,464,977	2,760,452,233	138,701,169
Powder	Pcs	61,546	421,493	415,271	66,768
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	1,626,279	1,519,030	106,710
Injection (vot)	Pcs	1,785,824	13,617,240	13,590,241	1,792,823
Liquid (Vol.)	Bottles	722,169	8,320,587	8,302,288	740,488
Bolus	Pcs	11,854,423	204,466,058	203,285,676	13,067,635
Prima	Pcs	5,512,478	20,908,824	20,596,225	6,825,076
Water Soluble Powder	Pcs	664,616	9,985,125	9,959,227	690,515
Syringe	Pcs	35,540	-	3,212	35,328
Fish Feed	kg	2,986	-	-	2,986
Infusion	Pcs	1,122,845	4,520,305	4,469,008	1,174,144
Sachet	Pcs	603,112	9,852,775	9,837,287	618,600
Vaporizer	Pcs	13,604	-	99	13,505

31 Cost of Goods Sold: Tk. 9,862,879,199

This balance is made up of as follows:

Raw Materials Consumed	(Note-31.01)	4,693,933,480	4,031,832,107
Packing Materials Consumed	(Note-31.02)	2,750,022,716	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)	2,163,566,800	1,973,270,421
Cost of Production		9,960,601,719	8,985,596,327
Opening Stock of Finished Goods		849,934,278	805,736,527
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



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The ACME Laboratories Limited
Notes to the Financial Statements
For the year ended June 30, 2019

Notes
No. Particulars

Amount in Taka
30-Jun-18 30-Jun-18

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

This balance is made up of as follows:

Opening Stock of Raw Materials	877,645,686	817,689,678
Add: Purchase during the year	5,401,960,217	4,591,787,927
Raw Materials Available	6,279,611,915	5,409,477,605
Less: Closing Stock of Raw Materials	1,285,678,435	877,645,686
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 (Litor)		Quantity (Pcs)	
	Cap Shell	Active	Excipients	Active	Excipients	Active	Excipients
Opening Balance	292,843,865	2,258,097	957,427	330	13,890	-	655,200
Purchase	420,097,315	5,601,417	6,006,757	470	50,510	29,660	2,163,737
Available for use	712,941,204	7,859,514	5,964,184	800	64,400	29,660	2,818,937
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	2,576,935,908	2,500,274,049
Packing Materials Available	3,255,701,405	3,039,250,629
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

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	16,262,574	78,744,897	78,546,507	15,360,964
Carton	Pcs	24,058,804	134,667,380	132,594,492	26,201,692
Plastic Item	Pcs	20,546,678	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	14,046,174	31,872,898	31,715,269	14,197,803
Inner Leaflet	Pcs	19,933,147	121,526,088	115,124,862	26,334,373
Label	Pcs	4,883,833	71,073,859	71,446,528	4,511,164
Shipping Box Label	Pcs	3,947,211	8,710,763	9,010,113	3,647,861
PVC/PPVC	kg	221,368	741,357	728,568	234,157
Shipping Box	Pcs	762,856	10,043,819	10,141,477	664,198
Tube	Pcs	1,697,525	8,085,066	8,236,520	1,546,071
Al. Foil- Blister	kg	37,018	183,906	163,711	37,214
Al. Foil- Strip	kg	350,775	577,046	676,152	351,669
Inner Board	Pcs	618,209	716,144	732,300	602,053
Vial	Pcs	5,222,138	27,553,640	28,069,183	5,706,595
Sticker Label	Pcs	17,690,210	79,428,165	77,875,003	19,243,372



The ACME Laboratories Limited
Notes to the Financial Statements
For the year ended June 30, 2019

Notes No.	Particulars	Amount in Taka	
		30-Jun-19	30-Jun-18
31.03	Factory Overhead: Tk. 2,163,566,890		
	This balance is made up of as follows:		
	Salary & Allowances	518,391,863	464,637,062
	Daily Wages	113,854,246	123,028,392
	Gratuity	31,780,631	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	6,464,258	6,504,630
	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	7,765,643	4,537,687
	Carriage Inward	10,015,481	11,748,988
	Depreciation	718,851,360	615,002,155
	Fuel, Power & Electricity	329,718,390	299,946,282
	Repair & Maintenance	88,286,701	71,245,351
	Gas Bill	137,999,362	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
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	(3,218,885)	745,000
	Interest on STD & SNO Account	3,723,649	7,950,217
	Translation Gain/(Loss) for Foreign Currency Fluctuation	2,875,302	(8,500,802)
	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	8,932,744	-
		96,382,118	106,611,149



(Signature)

The ACME Laboratories Limited
Notes to the Financial Statements
For the year ended June 30, 2019

Notes No.	Particulars	Amount in Taka	
		30-Jun-19	30-Jun-18
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	15,881,080	11,923,761
	Gratuity	43,092,504	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
	Entertainment	33,908,311	30,333,359
	Welfare & Recreation	2,670,172	2,758,668
	Depreciation	70,601,473	60,401,987
	Electricity, Gas & WASA	11,518,225	9,450,259
	Fuel for Generator	1,601,628	1,655,780
	Office Rent	10,770,000	9,922,250
	Postage & Telephone	43,217,510	41,384,794
	Printing & Stationery	45,704,540	45,824,972
	Advertisement	2,444,968	1,809,187
	Seminar & Conference	12,925,340	16,527,153
	Vehicle Expenses	42,609,220	40,110,489
	Repair & Maintenance	53,281,858	57,313,418
	Insurance	9,765,030	8,240,188
	T/VGA	113,891,154	111,953,188
	Carriage Outward	55,414,273	53,565,238
	Travelling K/s	7,383,788	8,551,219
	Sales Promotion Expenses	177,143,322	163,913,880
	New Products Induction Expenses	834,048	618,153
	Export Expenses	24,968,127	19,381,051
	Free Sample	89,901,468	77,355,052
	Fees & Renewals	35,839,430	29,741,255
	Repacking Materials	-	236,875
		2,389,580,093	2,232,988,549
34	Administrative Expenses: Tk. 591,955,304		
	This balance is made up of as follows:		
	Directors Remuneration	20,025,805	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	19,614,505	20,682,408
	Uniform & Liveries	2,011,237	1,918,308
	Refreshment Expenses	4,011,944	3,921,457
	Depreciation	66,322,569	56,741,270
	Electricity, Gas & WASA	18,465,987	16,536,253
	Fuel for Generator & Vehicle	6,719,772	6,310,010
	Postage & Telephone	5,249,051	6,375,391
	Printing & Stationery	7,042,739	7,169,738
	Professional fee	13,380,570	11,317,245
	Fees & Renewals	8,328,046	7,054,212
	Audit Fees	550,000	500,000
	Conveyance	4,221,727	4,310,383
	Office General Expenses	8,094,624	9,892,891
	Vehicle Expenses	15,905,291	17,799,917
	Advertisement for Recruitment & Others	4,831,042	4,453,308
	Intangible Assets Amortization	41,825	41,625
	Newspaper & Periodicals	625,896	212,501
	AGM Expenses	2,126,925	2,462,205
	Expenses for Legal Procedure	2,985,839	2,244,752
	Medicine Expenses	2,255,414	831,331
	Travelling Expenses	8,801,351	9,897,135
	Repair & Maintenance	13,650,583	20,036,825
	Municipal Tax	3,726,162	3,726,162
	Welfare & Recreation	4,865,263	2,200,453
	Contribution to CSR Activities	853,280	1,170,923
	Product Registration (USFDA)	30,585,938	44,890,000
	Loss due to Revaluation of Investment Property	-	1,759,589
		591,955,304	589,467,718



[Signature]

The ACME Laboratories Limited
Notes to the Financial Statements
For the year ended June 30, 2019

Notes No.	Particulars	Amount in Taka	
		30-Jun-19	30-Jun-18
35	Financial Expenses: Tk. 1,489,586,026		
	This balance is made up of as follows:		
	Interest on Cash Credit	162,967,337	88,814,322
	Interest on Overdraft	90,238,323	57,370,501
	Interest on MTL & LTR	51,599,386	44,238,175
	Interest on Revolving & STL	501,336,065	347,059,016
	Interest on Lease Finance	303,313,263	214,864,076
	Interest on Term Loan	265,633,722	292,872,351
	Interest on Accepted Import Loan	93,822,240	82,026,592
	Interest on WPPF	8,316,205	8,107,193
	Bank Charge	11,637,465	9,632,173
		<u>1,489,586,026</u>	<u>1,103,084,302</u>
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 2008 as amended in 2013		
	Contribution to WPPF and WWF	97,667,073	97,742,203
		<u>97,667,073</u>	<u>97,742,203</u>
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
		<u>333,572,829</u>	<u>405,613,809</u>
	B. Deferred Tax Expenses/(Income)		
	Deferred Tax Expenses/(Income)	179,389,788	122,659,262
		<u>179,389,788</u>	<u>122,659,262</u>
		<u>512,962,617</u>	<u>528,273,071</u>
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 (Note: 38.2)	211,601,700	211,601,700
	Basic Earning Per Share	<u>6.81</u>	<u>6.74</u>
	Diluted Earning Per Share	<u>6.81</u>	<u>6.74</u>
	(Refer Policy Note 5.16)		
38.1	Number of Ordinary Shares Outstanding		
	211,601,700 Ordinary Shares @ Tk. 10/- each	<u>211,601,700</u>	<u>211,601,700</u>
38.2	Weighted Average Number of Ordinary Shares		
	211,601,700 Ordinary Shares @ Tk. 10/- each	<u>211,601,700</u>	<u>211,601,700</u>
39	Net Operating Cash Flows Per Share: Tk 7.81		
	Net Cash Generated from Operating Activities	1,653,107,482	1,576,318,817
	Weighted Average number of Shares Outstanding during the year	211,601,700	211,601,700
	Net Operating Cash Flows Per Share	<u>7.81</u>	<u>7.46</u>
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	984,181,629
	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	<u>1,653,107,482</u>	<u>1,576,318,817</u>
	Net Cash Generated from Operating Activities-Direct Method	<u>1,653,107,482</u>	<u>1,576,318,817</u>



R. N. Gupta
An associate firm of D. N. Gupta & Associates

The ACME Laboratories Limited
Notes to the Financial Statements
For the year ended June 30, 2019

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 Directionship 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
Sirna Printers Ltd.	Local Supply Received	696,827,494	(276,752,974)	660,681,583	(180,810,688)
	Provide Services & Others	318,042	-	294,650	-
ACMUNO Int. Ltd.	Advance	-	95,478,473	-	96,478,473
	Rent on Investment Property	8,487,000	18,385,300	6,487,000	12,924,000
The ACME Agrovet & Beverages Ltd.	Local Supply	30,004,341	(7,015,438)	34,300,899	-
Kalyan Packaging Ltd.	Local Supply	118,449,890	(12,978,239)	55,835,564	(4,300,897)
Kalyan Repack Ltd.	Local Supply	10,444,733	(1,034,986)	10,207,502	(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-31-4/88	1,528,069	212,813	1,510,001	158,048	412,028	54,785	700,000	180,442	54,785	235,227
Vehicle GA-35-3255	1,118,200	-	1,030,452	-	1,475,738	-	900,000	(679,738)	-	(679,738)
Vehicle GA-57-4182	3,549,000	-	1,748,743	-	1,846,257	-	800,000	(946,257)	-	(946,257)
Vehicle GA-2A-8800	3,070,880	-	991,356	-	2,336,524	-	1,000,000	(1,336,524)	-	(1,336,524)
Vehicle MA-51-1493	384,500	364,500	384,500	182,350	-	182,150	200,000	-	17,850	-
Vehicle MA-51-1038	404,500	404,500	404,500	302,301	-	302,199	300,000	-	(2,199)	-
Vehicle GA-31-8549	1,834,057	-	1,442,206	-	652,851	-	700,000	387,549	-	-
Vehicle MA-51-3659	248,105	248,125	248,105	124,130	-	123,975	120,000	-	(3,975)	-
Vehicle GA-15-3647	487,009	251,269	487,350	225,515	-	27,750	325,000	-	251,250	-
PICK UP	572,750	572,750	572,750	572,750	-	-	155,000	155,000	-	-
CAR	2,194,693	-	889,613	-	2,385,077	-	1,500,000	(885,077)	-	-
Vehicle MA-51-3046	167,750	167,750	167,750	167,750	-	-	80,000	80,000	-	-
Total	10,642,681	2,229,793	10,668,438	1,530,994	8,934,185	398,779	6,690,000	(3,216,688)	283,731	(2,731,352)

43 Payments/Receipts in Foreign Currency:
Payments

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

2,921,994,502	458,595,955
2,357,696,704	3,180,896,288
314,659,043	548,585,381
8,194,050,409	4,188,176,255

Receipts

Exports

694,151,758	464,644,141
694,151,758	464,644,141

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)

36,925,006	28,800,000
1,993,333	2,070,000
32,919,139	30,870,000

45 Audit Fees

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



(Signature)

The ACME Laboratories Limited
Notes to the Financial Statements
For the year ended June 30, 2019

Notes
No. Particulars

Amount in Taka
30-Jun-19 30-Jun-18

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 retaining 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. 8850/2008, 785/2009, 3948/2004, 14250/2010, 4478/2003, 5136/2016 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 follow:

SL No.	Writ No.	Value in Taka	Reason	Expiry Date/Result
1	8850/2008	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	2,730,766	Rebate cancel	Disfavor of our company and further leave to appeal no.1569
4	14250/2010	Non-monitory	Re-iteration and reopening of audit proceedings	Valid up to disposal of hearing
5	4478/2003	666,628	Difference in rate of custom duty with the department	Verdict has already been given by the Honorable High Court Division but formal demand yet to receive from concern authority.
6	5136/2016	249,018,448	Premix supply as VAT exempted but VAT authority claim to impose VAT at 10% Stg.	Valid up to disposal of hearing
7	2477/2015	4,000,000	The work against penalty in connection with Audit claim after adjustment Tk.7,711,345.38	Valid up to disposal of hearing
Total		269,512,567		

47 Un-Expired Bank Guarantees:

Details of Unexpired Bank Guarantees of Tk. 222,978,196 (as at 30 June 2018 the amount was Tk. 43,458,355) 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.	15.05.2024	12,401,250
2	Trust Bank Ltd.	15.05.2021	316,085
3	Trust Bank Ltd.	15.05.2021	2,320,400
4	Trust Bank Ltd.	15.05.2023	252,796
5	Trust Bank Ltd.	30.07.2018	816,800
6	Trust Bank Ltd.	22.10.2021	1,053,520
7	Trust Bank Ltd.	30.10.2022	292,800
8	Trust Bank Ltd.	30.10.2022	569,400
9	Trust Bank Ltd.	30.10.2022	2,452,100
10	Trust Bank Ltd.	30.10.2022	366,300
11	Trust Bank Ltd.	Until Clearance	189,786
12	Trust Bank Ltd.	30.06.2018	4,326,000
13	Trust Bank Ltd.	30.06.2018	1,401,600
14	Trust Bank Ltd.	31.12.2020	586,300
15	Trust Bank Ltd.	18.08.2020	1,618,600
16	Trust Bank Ltd.	18.08.2020	385,200
17	Trust Bank Ltd.	18.08.2020	4,232,510
18	Trust Bank Ltd.	15.06.2020	488,312
19	Dutch Bangla Bank Ltd.	17.10.2021	248,800
20	Dutch Bangla Bank Ltd.	17.10.2021	180,900
21	Dutch Bangla Bank Ltd.	24.06.2022	766,360
22	Dutch Bangla Bank Ltd.	24.06.2022	184,680
23	Agrom Bank Ltd.	11.08.2023	1,547,350
24	Trust Bank Ltd.	30.06.2019	3,500,000
25	Trust Bank Ltd.	30.06.2018	3,500,000
26	Trust Bank Ltd.	30.06.2018	1,050,000
27	Trust Bank Ltd.	31.12.2019	1,172,400
28	Trust Bank Ltd.	24.09.2010	175,544,688
Total			222,978,196

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. 76,692,915 (as at 30 June 2018 the amount was Tk. 1,067,922,941).



(Signature)

An associate firm of O. N. Gupta & Associates

The ACME Laboratories Limited
Notes to the Financial Statements
For the year ended June 30, 2019

Notes
No.

60 Production Capacity and Utilization:

Amount in Taka
30-Jun-19 30-Jun-18

		(Quantity in Thousand)					
Name of Category	Unit	Production Capacity		Actual Production			
		2018-19	2017-18	2018-19	%	2017-18	%
Human							
Tablet	Pcs	5,380,370	3,887,306	2,748,885	52.09	2,483,244	62.28
Capsule	Pcs	676,083	878,083	470,332	70.45	387,674	57.34
Liquid	Dose	90,100	98,100	67,904	75.30	55,014	51.00
Dry Syrup	Dose	70,005	20,005	10,977	54.87	8,764	43.81
Ointment	Tube	6,752	6,752	2,458	36.40	2,245	33.26
Cream	Tube	19,000	19,000	8,711	39.32	8,705	30.34
Suppository	Pcs	37,713	37,713	35,370	94.34	32,660	86.09
Inhaler (DPI)	Cans	108,636	99,664	41,320	38.03	37,887	37.04
Inhaler (MDI)	Canister	3,095	3,095	1,528	49.31	1,400	45.23
Nasal/Ear/Nose Drop	Bxals	23,031	23,031	10,888	47.62	10,154	44.09
Injection (Amph)	Pcs	62,112	62,112	32,216	51.88	29,048	46.74
Injection (Vial)	Pcs	23,804	23,804	11,751	49.41	10,917	45.88
Infusion	Pcs	8,408	8,408	4,570	70.54	3,855	45.86
Sachet	Pcs	29,774	29,774	6,853	33.09	9,758	32.77
Veterinary							
Bolus	Pcs	272,172	272,172	204,498	75.14	182,297	67.36
Liquid	Pcs	10,961	9,522	8,321	75.81	8,645	74.48
Premix	Pcs	38,155	29,380	26,800	70.62	21,176	72.08
VSP	Pcs	31,218	8,773	8,860	31.86	7,416	76.88
Injection	Vial	14,354	13,378	13,817	94.87	12,401	92.37
Herbal & Ayurvedic							
Capsule	Pcs	31,453	32,574	9,842	28.48	8,958	26.58
Liquid	Pcs	13,645	13,626	12,162	89.79	11,794	86.55
Tablet	Pcs	71,921	41,992	17,772	24.74	10,340	24.68

61 Income Tax & Deferred Tax:

A. Income Tax Assessment

Among the several pending assessments, the first assessment for the assessment year 2016-2018 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 CWF 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.

62 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. 3,202,828. 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.



R.P.