

PRIVATE & CONFIDENTIAL

**AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

OF

**ASIATIC LABORATORIES LIMITED
FOR THE YEAR ENDED 30 JUNE 2019**

SUBMITTED BY



ATA KHAN & CO.

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ASIATIC LABORATORIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of **Asiatic Laboratories Limited** (the Company), which comprise the Statement of Financial Position as at June 30, 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, comprising a summary of significant accounting policies and other explanatory information thereto.

In our opinion, the accompanying Financial Statements give true and fair view, in all material respect of the Financial Position of the company as at June 30, 2019, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS), The Companies Act 1994 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), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and The Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. 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 informing our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risks
Revenue Recognition	
At the year end the company reported total revenue of Tk. 1,398,166,020.00/-	We have tested the design and operating effectiveness of key controls focusing on the following:
The company generates revenue from the sale of goods to local and foreign customers.	➤ 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.
We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company, which give rise to an inherent risk of the existence and the accuracy of the revenue.	➤ Segregation of duties in invoice creation and modification and timing of revenue recognition.





Risk	Our response to the risks
	<ul style="list-style-type: none"> ➤ Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards. ➤ Obtain supporting documentation for sale transaction recorded either side of year-end to determine whether revenue was recognized in the current period. ➤ 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.
<i>Please see note no.23 to the Statement of profit or loss & other Comprehensive Income.</i>	
Valuation of Inventory	
<p>As at June 30, 2019 The reported amount of inventory is Tk. 241,550,001.00/- held in plants, depot and warehouses.</p> <p>On the reporting date, inventories are carried at the lower of cost and net realizable value. As such, the companies apply judgment in determining the appropriate values of Inventory in accordance with International Accounting Standards.</p> <p>Considering the risk as stated above 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, 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.
<i>Please see note no. 07 to the Financial Statements</i>	
Valuation of Property, Plant and Equipment	
<p>The carrying value of the PPE is Tk. 2,908,816,823/- as at June 30, 2019 which comprise Tk. 2,809,901,021/- is freehold PPE, Tk.53,541,027/- is Leasehold PPE and Tk. 45,374,775/- Capital Work-in-Progress. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the Financial Statements.</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.





Risk	Our response to the risks
<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 life 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 the useful life of the assets is a matter of judgments based on the experience of the entity with similar assets and also take into consideration the physical condition of the assets.</p>	<ul style="list-style-type: none"> ➤ 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, the 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.
<i>Please see note no. 4,5 & 6 to the Financial Statements</i>	
Lease Liability	
<p>The reported amount of total lease liability is Tk. 43,249,198/- (Current & Non-current portion).</p> <p>The company borrowed fund from Nonbanking financial institutions for the purpose of acquisition of non-current assets. The company may face difficulties due to unfavorable movement in interest rate, monetary policy 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 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.
<i>Please see note no. 15 to the Financial Statements</i>	

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 Annual Report is expected to be made available to us after the date of this auditor's report. 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 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the management to ensure effective internal audit, internal control and risk management functions of the company.

In preparing the Financial Statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the 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 remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 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 were for the purpose of the Company's business.

Date: 13th October 2019
Place: Dhaka

ATA KHAN & CO.
Chartered Accountants



Asiatic Laboratories Limited
Statement of Financial Position
As at 30 June 2019

Particulars	Notes	Amount in Taka	
		30 June 2019	30 June 2018
Assets			
Non-Current Assets		2,908,816,823	2,741,449,533
Property, Plant and Equipment	4.00	2,809,901,021	2,526,802,187
Leasehold Property	5.00	53,541,027	57,882,192
Capital Work-in-Progress	6.00	45,374,775	156,765,154
Current Assets		500,344,867	478,289,488
Inventories	7.00	241,550,001	231,979,179
Trade and other Receivables	8.00	154,668,324	149,275,519
Advances, Deposits and Prepayments	9.00	95,342,332	89,487,353
Cash and Cash Equivalents	10.00	8,784,210	7,547,437
Total Assets		3,409,161,690	3,219,739,021
Shareholders Equity and Liabilities			
Shareholders Equity		1,749,713,856	1,504,060,637
Share Capital	11.00	9,383,500	9,383,500
Retained Earnings	12.00	1,740,330,356	1,494,677,137
Non-Current Liabilities		1,364,148,795	1,426,063,269
Share Money Deposit	13.00	804,102,900	804,102,900
Long Term Borrowings	14.00	228,389,965	323,751,671
Lease Liability	15.00	30,859,856	40,975,789
Deferred Tax Liability	16.00	300,796,074	257,232,910
Current Liabilities		295,299,039	289,615,115
Short Term Borrowings	17.00	73,245,462	82,436,374
Liabilities for Expenses	18.00	19,199,498	18,495,460
Current Tax Payable	19.00	51,473,959	39,655,471
Long Term Borrowings (Current Portion)	20.00	108,346,091	107,704,838
Lease Liability (Current Portion)	21.00	12,389,342	10,968,690
Trade and other Payables	22.00	30,644,687	30,354,282
Total Shareholders Equity and Liabilities		3,409,161,690	3,219,739,021
Net Asset Value (NAV) per share	30.00	18,646.71	16,028.78

The annexed notes form an integral part of these Financial Statements.


Managing Director


Chairman

Signed in terms of our separate report of even date annexed.

Place: Dhaka
Dated: 13 October 2019


ATA KHAN & CO.
Chartered Accountants



Asiatic Laboratories Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2019

Particulars	Notes	Amount in Taka	
		FY (2018-2019)	FY (2017-2018)
Net Sales Revenue	23.00	1,398,166,020	1,281,230,798
Less: Cost of Goods Sold	24.00	(795,687,148)	(734,936,470)
Gross Profit		602,478,872	546,294,328
Less: Operating Expenses	25.00	(198,024,659)	(182,762,558)
Profit from Operation		404,454,213	363,531,771
Other Income	26.00	229,606	226,542
Financial Expenses	27.00	(58,245,464)	(51,695,353)
Interest on Lease Liability	28.00	(5,691,202)	(5,222,995)
Profit Before Tax		340,747,152	306,839,965
Income Tax Expenses		(95,093,933)	(84,760,413)
Current Tax	19.00	(51,530,769)	(39,441,519)
Deferred Tax Income/(Expense)	16.00	(43,563,164)	(45,318,894)
Net Profit After Tax		245,653,219	222,079,551
Add: Other Comprehensive Income:		-	-
Total Comprehensive Income for the year		245,653,219	222,079,551
Earnings Per Share (EPS)	29.00	30.20	27.92

The annexed notes form an integral part of these Financial Statements.


Managing Director


Chairman

Signed in terms of our separate report of even date annexed.

Place: Dhaka
Dated: 13 October 2019


ATA KHAN & CO.
Chartered Accountants



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

(Amount in Taka)

Particulars	Ordinary Share Capital	Retained Earnings	Total
Balance as at July 1, 2018	9,383,500	1,494,677,137	1,504,060,637
Net profit for the year transferred from Statement of Profit or Loss & Other Comprehensive Income.	-	245,653,219	245,653,219
Balance as at June 30, 2019	9,383,500	1,740,330,356	1,749,713,856

For the year ended June 30, 2018

(Amount in Taka)

Particulars	Ordinary Share Capital	Retained Earnings	Total
Balance as at July 1, 2017	9,383,500	1,272,597,586	1,281,981,086
Net profit for the year transferred from Statement of Profit or Loss & Other Comprehensive Income.	-	222,079,551	222,079,551
Balance as at June 30, 2018	9,383,500	1,494,677,137	1,504,060,637


Managing Director


Chairman

Place: Dhaka

Dated: 13 October 2019



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

Particulars	Note	Amount in Taka	
		FY (2018-2019)	FY (2017-2018)
A. Cash Flows from Operating Activities			
Received from Customers	33.05	1,392,781,332	1,264,895,646
Paid to Suppliers	33.06	(669,680,078)	(636,152,104)
Paid to Employee	33.07	(138,133,017)	(129,100,729)
Paid for Manufacturing & Operating Expenses	33.08	(116,583,402)	(110,518,806)
Received from Other Sources		14,976	14,275
Tax Paid		(51,330,374)	(39,243,479)
Net Cash Generated From Operating Activities		417,069,437	349,894,802
B. Cash Flows from Investing Activities			
Acquisition of Property, Plant and Equipment	33.09	(48,565,278)	(5,533,216)
Acquisition of Leasehold Property	33.10	-	(32,000,000)
Paid for Capital Work In Progress	33.11	(190,930,588)	(378,148,404)
Net Cash Used to Investing Activities		(239,495,866)	(415,681,620)
C. Cash Flows from Financing Activities			
Long Term Loan Received/(Payment)	33.12	(94,720,452)	75,334,591
Short Term Loan Received/(Payment)		(9,190,912)	(32,051,134)
Payment Lease Liability during the Year	33.13	(8,695,281)	25,716,352
Share Money Deposit Received		-	53,701,000
Interest on Lease Liability		(5,691,202)	(5,222,995)
Paid for Financial Cost		(58,245,464)	(51,695,353)
Net Cash Flows from Financing Activities		(176,543,312)	65,782,461
D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		1,030,260	(4,357)
E. Cash and Cash Equivalents at the Beginning of the Year		7,547,437	7,342,500
F. Foreign Exchange Gain/(loss)		206,513	209,294
G. Cash and Cash Equivalents at the end of the Year (D+E+F)		8,784,210	7,547,437
Net Operating Cash Flows Per Share (NOCFPS)	31.00	51.27	43.99


Managing Director

Place: Dhaka.
Dated: 13 October 2019




Chairman

Asiatic Laboratories Limited**Notes, comprising summary of significant accounting policies and others explanatory information
for the year ended 30 June 2019****1.0 Reporting Entity****1.01 Background of the Company**

Asiatic Laboratories Limited is a Pharmaceutical Company incorporated on 25th July 1970 vide Registration No. C-3472 under the Companies Act. 1994. The Registered office of the Company is situated in Dhaka, Bangladesh.

1.02 Address of the Registered & Corporate Office

The Registered Office of the Company is situated at 42-43 Siddheshawari Circular Road, Treasure Island (5th Floor), Shantinagar, Dhaka, Bangladesh and the industrial units are established at 253, Tongi Industries Area, Tongi, Gazipur, Bangladesh.

1.03 Nature of Business Activities

The principal activities of the Company are manufacturing and marketing of a wide range of Therapeutic medicines Pharmaceutical products in the categories of Biological, Non-Biological & Sterile Pharmaceutical dosage. The products are sold in the local & International Market mainly.

1.04 Capital Structure of the Company

Asiatic Laboratories Limited is a limited Company formed by a local owner. The details of the capital structure are given below:

Particulars	Taka
Authorized Capital	
3,00,000 ordinary shares of Taka 100/= each	30,000,000
Issued, Subscribed, Called-up and Paid-up Capital	
93,835 ordinary shares of Tk. 100/= each fully paid -up	9,383,500

1.05 Date of Authorization

The Financial Statements of Asiatic Laboratories Limited for the year ended on 30 June 2019 was authorized for issue in accordance with a resolution of the Board of Directors on 13 October 2019.

1.06 Reporting Period

The financial period of the Company covers 1(One) year from 1st July 2018 to 30th June 2019.

2.00 Basis of Preparation and Presentation of Financial Statements**2.01 Basis of Measurement of Elements of Financial Statements**

The Financial Statements of the Company was prepared on a going concern basis under historical cost convention in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act 1994, The Securities and Exchange Rules, 1987 and other applicable laws & regulation in Bangladesh.

2.02 Statement of Compliance with Laws

The Financial Statements of the Company are prepared on a going concern basis under the historical cost convention and in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act 1994,

2.03 The Company also complies with amongst others, the following laws and regulation.

The company is also required to comply with the following major laws and regulation in addition to the Companies Act, 1994:

- The Income Tax Ordinance 1984;
- The Income Tax Rules 1984;
- The Value Added Tax Act, 1991.
- The Value Added Tax Rules, 1991.
- The Customs Act, 1969
- Bangladesh Labor Law, 2006 (Amended 2013);

2.04 Statement on Compliance of Accounting Standards

The Financial Statements have been prepared and presented in accordance with the applicable International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

2.05 Applicable Accounting Standards

The following IASs and IFRSs are applicable for the Financial Statements of the Company for the year under review:

IASs:

IAS 1	Presentation of Financial Statements;
IAS 2	Inventories;
IAS 7	Statement of Cash Flows;
IAS-8	Accounting Policies, Changes in Accounting Estimates and Errors;
IAS 10	Events after the reporting Period;
IAS 12	Income Taxes;
IAS 16	Property, Plant and Equipment;
IAS 17	Leases
IAS 19	Employee Benefits;
IAS 21	The Effects of Changes in Foreign Exchanges Rates;
IAS 23	Borrowing Costs;
IAS 24	Related Party Disclosures;
IAS 33	Earnings per Share;
IAS 36	Impairment of Assets; and
IAS 37	Provisions, Contingent Liabilities and Contingent Assets;

IFRSs:

IFRS 1	First time Adoption of International Financial Reporting Standards;
IFRS 8	Operating Segments;
IFRS 9	Financial Instruments;
IFRS 13	Fair Value Measurement;
IFRS 15	Revenue from Contracts with Customers;

2.06 Going Concern

The company has adequate resources to continue in operation for the foreseeable future and hence, the Financial Statements have been prepared on a going concern basis. As per management assessment, there is no material uncertainties related to event or condition which may cast significant doubt upon the company's ability to continue as a going concern.

2.07 Accrual Basis

The Financial Statements have been prepared, except Cash Flows information, using the accrual basis of accounting.



2.08 Currency Presentation

2.08.1 Functional and Presentational Currency and Level of Precision

The Financial Statements are prepared and presented in Bangladesh Taka (Taka/Tk./BDT) which is the Company's functional currency. All financial information presented in Taka and has been rounded off to the nearest Taka.

2.09 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.10 Use of Estimates and Judgments

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the Financial Statements. The account judgments, estimates and assumptions are being used in the following heads of Accounts for the preparation of Financial Statements:

Note: 3.02.1 Recognition, Measurement and Disclosure of Property, Plant and Equipment

Note: 3.02.2 Depreciation on Property, Plant and Equipment

Note: 3.02.6 Revaluation of Property, Plant & Equipment

Note: 3.02.7 Impairment of Assets

Note: 3.04 Inventories

Note: 3.07.3 Trade and other receivables

Note: 3.07.5 Trade and other Payables

Note: 3.08 Provision, Contingent Liabilities and Contingent Assets

Note: 3.10 Revenue recognition

Note: 3.14 Employees Benefits

Note: 3.15 Finance Expenses

Note: 3.23 Income Taxes (Current and Deferred Tax)

2.11 Components of Financial Statements

The presentation of these Financial Statements is in accordance with the guidelines provided by IAS-1: "Presentation of Financial Statements". A complete set of Financial Statements comprises:

The Financial Statements comprises of:

(a) Statement of Financial Position as at 30 June, 2019;

(b) Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June, 2019;

(c) Statement of Changes in Equity for the year ended 30 June, 2019;

(d) Statement of Cash Flows for the year ended 30 June, 2019; and

(e) Notes, comprising summary of significant accounting policies and explanatory information to the accounts for the year ended 30 June, 2019.

3.00 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these Financial Statements.

3.01 Accounting Convention and Basis

The Financial Statements have been prepared in accordance with International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), the Companies Act,





1994, The Securities and Exchange Rules, 1987 and other laws and regulations applicable in Bangladesh.

Changes in significant accounting policies

Except the changes following, the Company has consistently applied the accounting policies to all periods presented in these Financial Statements. The Company has initially adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1 July 2018. There is no impact on financial statements on initial application of the standards.

IFRS 15 Revenue from contracts with customers

"IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Company has adopted IFRS 15 Revenue from Contracts with Customers. The adoption of this standard has no impact on the Company's financial statements. IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI (Fair Value through Other Comprehensive Income) and FVTPL (Fair Value through Profit or Loss). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9. The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 July 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 July 2018 relates solely to the new impairment requirements.

Particulars	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets Trade Receivables and Cash & Cash Equivalents	Loans and Receivables	Amortized Cost	156,822,956	156,822,956
Financial liabilities Trade and other Payables	Other Financial Liabilities	Other Financial Liabilities	30,354,282	30,354,282



Trade Receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. No material impact to the primary financial statements has arisen on the adoption of IFRS 9 and the Company has not restated prior periods on adoption of IFRS 9. The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 July 2018.

Particulars	IAS 39 carrying amount at 30-Jun-18	Re-measurement	IFRS 9 carrying amount at 01-Jul-18
Financial Assets			
Trade Receivables			
Brought forward: Loans and Receivables Re-measurement	149,275,519	-	149,275,519
Carried forward: Amortised Cost			
Cash and cash equivalents			
Brought forward: Loans and Receivables Re-measurement	7,547,437	-	7,547,437
Carried forward: Amortised Cost			
Total amortized cost	156,822,956		156,822,956

Impairment of financial assets

IFRS 9 replaces the 'Incurred Loss' model in IAS 39 with an 'Expected Credit Loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Credit risk is minimized due to the quality and short-term nature of the Company's trade receivables as well as the fact that the exposure is spread over a large number of customers. No material impact to the primary financial statements has arisen on the adoption of IFRS 9 and the Company has not restated prior periods on adoption of IFRS 9.

Standards issued but not yet effective

In January 2018, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this adoption does not have any impact on the financial statements of the Company for annual periods beginning on or after 01 January 2018. A number of new standards are effective for annual periods beginning or after 01 January 2018 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements. Of those standards that are not yet effective, IFRS 16 is expected to have a material impact to the Company's financial statements in the period of initial application.

3.02 Property, Plant and Equipment

3.02.1 Recognition, Measurement and Disclosure

Property, plant and equipment except Land and Land development are measured at cost less accumulated depreciation and impairment losses if any. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost inward freight, duties and non-refundable taxes. Where parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items of property, plant and equipment. The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognized in the Statement of Profit or Loss and Other Comprehensive Income as an expense as incurred. In accordance with the allowed alternative treatment of IAS 23 "Borrowing Cost", finance costs have been capitalized for qualifying assets (if any).

3.02.2 Depreciation on Freehold Property, Plant and Equipment

Depreciation on a fixed asset is computed using the reducing balance method. No depreciation charged of land and land development and capital work in progress. After considering the useful life of assets as per IAS-16 Property, Plant and Equipment the annual depreciation rates applied under this is considered reasonable by the management. The rates of depreciation is vary according to the estimated useful lives of the items of property, plant and equipment. Depreciation of an asset begins when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. The cost and accumulated depreciation of depreciable assets retired or otherwise disposed of are eliminated from the assets and accumulated depreciation and any gain or loss on such disposal is reflected in operations for the year. The estimated useful life for depreciation are as follows:

Category	Rate (%)	Useful life
Land & land Development	0%	Infinite Useful Life
Building & Other Construction	2.5%	40 Years
Plant & Machinery	7.5%	13 Years
Furniture and Fixture	10%	10 Years
Generator	10%	10 Years
Electrical Installation	10%	10 Years
Vehicle	10%	10 Years
Fire Equipment	10%	10 Years
Office Equipment	10%	10 Years

3.02.3 Depreciation on Leasehold Property, Plant and Equipment

Depreciation on Leasehold Property, Plant and Equipment is computed using reducing balance method so as to write off the assets over their expected useful life. After considering the useful life of assets as per IAS-16 Property, Plant & Equipment the annual depreciation rates applied under which is considered reasonable by the management. Depreciation of an asset begins when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. The estimated useful life for depreciation are as follows:

Category	Rate (%)	Useful life
Plant & Machinery	7.5%	13 Years

3.02.4 Disposal of Property, Plant and Equipment

An asset is derecognized upon disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset is recognized as gain or loss from disposal of asset under other income in the statement of comprehensive income. However, no such disposal of Property, Plant and Equipment was made during the year ended on June 30, 2019.

3.02.5 Maintenance Activities

The company incurs maintenance cost all its major items of property, plant and equipment. Repair and Maintenance costs are charged as expenses when incurred.

3.02.6 Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit and loss account as incurred.



3.02.7 Revaluation of Property, Plant & Equipment

As per IAS16 paragraph 34: Property, Plant and Equipment, "the frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Some items of property, plant and equipment experience significant and volatile changes in fair value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years. However, no such revaluation of Property, Plant & Equipment was made as on the Balance Sheet date, i.e. June 30, 2019.

3.02.8 Impairment of Assets

The management of the Company takes physical stocks periodically and recognition of the assets were made accordingly considering the usable condition, wear and tear of the assets as follows:

- i) The valuation of Property, Plant & Equipment has been made on the basis of the usable condition of the assets as per IAS-36 Impairment of Assets.
- ii) The management of the Company has conducted physical verification of Property, Plant & Equipment on 30.06.2019

Property, Plant & Equipment's are consisting of Building & other construction, Plant & Machinery, Furniture & Fixture, Office Equipment Fire Extinguisher and Vehicle are valued at lower of cost and net realisable value as per IAS 16: Property, Plant & Equipment Costs include expenditure incurred in acquiring the assets and other costs incurred in bringing them to their existing location and condition.

Impairment of assets are made as and when assets became obsolete or unusable for which the management of the company is giving decisions from time to time. The management of the Company reviews the carrying amounts of its assets (Balance Sheet Date) to determine whether there is any indication of impairment In accordance with IAS-36: 'Impairment of Assets'. During the year at Balance Sheet date, there was no indication of impairment of assets; as such, no adjustment was given in the Financial Statements for impairment during the year ended on June 30, 2019.

3.03 Capital Work in Process

Property, plant and equipment under construction/ acquisition are accounted for as capital work-in-progress until construction/ acquisition is complete and measured at cost.

3.04 Inventories

Inventories consisting of Raw Materials & Packing Material, spare parts & store items, Work in Progress, Finished Goods are valued at lower of cost and net realisable value as per IAS 2: Inventories. Cost of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using the weighted average cost formula. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying amount of inventories to the lower of cost and net realisable value. Net realisable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of Inventories

Impairment of inventory is made as and when inventory became obsolete or unusable or for slow moving items for which the management of the company is giving decisions from time to time. Based on sales cycle of slow moving items, the sales prices of the products may decrease over time. The management of the Company reviews the carrying amounts of its



inventory (Balance Sheet Date) to determine whether there is any indication of impairment in accordance with IAS-2: 'Inventories'. When the sales price moves below the inventory cost prices, the loss on sales is recognized immediately in the Financial Statements. However, there was no indication of impairment of inventory during the year; and as such, no adjustment was given in the Financial Statements for impairment.

3.05 Borrowing cost

Interest and other cost incurred in the Company in connection with the borrowing of fund are recognized as expenses in the year in which they are incurred unless such borrowings cost related to acquisition/construction of assets in progress that are required to be capitalized (if any) as per IAS-23: Borrowing Cost.

3.06 Financial Instruments

3.06.1 Derivative

According to IFRS 7 "Financial Instruments Disclosure", the company was not a party to any derivative contract (Financial instruments) at the Balance Sheet date, such as forward exchange contracts, currency swap agreement or contract to hedge currency exposure related to import of capital machinery to be leased to leases in future.

3.06.2 Non-Derivative Financial Instruments

Non-derivative financial instruments comprise trade receivables, trade payables, cash and cash equivalents and share capital

3.06.3 Trade and other receivables

Trade receivables are recognized initially at invoice value and subsequently measured at the remaining amount less allowance for doubtful receivable at the year end, (if any), which is made at the discretion of the management

3.06.4 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and with banks on current and deposit accounts and short term investments which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

3.06.5 Trade and other Payables

Trade and other Payables are recorded at the amount payable for settlement in respect of goods and services received by the company.

3.06.6 Share Capital

Ordinary shares capital are classified as equity.

3.06.7 Share Money Deposit

Share money received in exchange for shares which have not yet been acquired. The Company may have received money "up front" for a new issue of shares. Share Money considered at equity share at the time of calculation of Earnings per Share (EPS). The excess amount has refunded on behalf of Share money depositor after made allotment.

3.07 Statement of Cash Flows

Statement of Cash Flows is prepared principally in accordance with IAS-7 "Statement of Cash Flows" and the cash flow from the operating activities have been presented under direct method as prescribed by the Securities and Exchange Rules, considering the provision of paragraph 19 of IAS-7 which provides that "Enterprises are Encouraged to Report Cash Flows from Operating Activities Using the Direct Method".

3.08 Provision, Contingent Liabilities and Contingent Assets

The Financial Statements are prepared in conformity with IAS 37 "Provision, contingent Liabilities and Contingent Assets", which requires management to ensure that appropriate recognition criteria and measurement bases are applied to provision for outstanding expenses, contingent liability, assets and that sufficient information is disclosed in the notes to the

accounts to enable its users for their understanding about its nature, timing and amount. In accordance with the guidelines as prescribed by IAS-37 provisions were recognized in the following situations:

- When the company has a present obligation as a result of the past event.
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and
- Reliable estimate can be made about the sum of the obligation.

We have shown the provision in the statement of Financial Position at an appropriate level with regard to an adequate provision for risks and uncertainties. The sum of provision estimated and booked represents the reliable estimate of the probable expenses incurred but not paid, which is required to fulfil the current obligation on the Balance Sheet Date.

3.09 Loans and Borrowings

Principal amounts of loans and borrowings are stated at their outstanding amounts. Borrowings repayable after twelve months from the reporting date are classified as non-current liabilities whereas the portion payable within twelve months, unpaid interest and other charges are classified as current liabilities.

3.10 Revenue Recognition

"As per IFRS-15: "Revenue from Contracts from Customers" an entity shall account for a contract with a customer only when all of the following criteria are met:

- a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to performing their respective obligations;
- b) The entity can identify each party's rights regarding the goods or services to be transferred;
- c) The entity can identify the payment terms for the goods or services to be transferred;
- d) The contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- e) It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer."

Considering the five steps model, the Company recognizes revenue at the time of delivery when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. Goods are considered as transferred when (or as) the customer obtains control of those goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).

Sale of goods

The revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer when the buyer's provides assurance by giving acceptance letter on the delivery of goods. The revenue represents the invoice value of goods supplied to the customers measured at the fair value of the consideration received or receivable.

In addition, prior year Financial Statements were prepared in accordance with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs). The management has made an assessment of the difference between IFRS and BFRS (mainly IFRS-15 'Revenue from contract with Customers' and IAS-18 'Revenue') and concluded that there are no differences that would impact any numerical amount and disclosures in the financial statement. For better presentation, the management reconciled Statement of Profit or Loss and Other Comprehensive Income as well as Statement of Financial Position of the company with the effect of IFRS-15 para c(8) which is shown below:



Impact on the statement of Financial Position
As at June 30, 2019

Particulars	As Reported	Adjustment (effect on IFRS-15)	Amount without adoption of IFRS-15
Assets			
Non-Current Assets	2,908,816,824	-	2,908,816,824
Current Assets	500,344,867	-	500,344,867
Total Assets	3,409,161,690	-	3,409,161,690
Shareholder's Equity and Liabilities			
Shareholder's Equity	1,749,713,856	-	1,749,713,856
Non-Current Liabilities	1,364,148,795	-	1,364,148,795
Current Liabilities	295,299,039	-	295,299,039
Total Shareholder's Equity and Liabilities	3,409,161,690	-	3,409,161,690

Impact on the statement of Profit or Loss and other comprehensive Income
For the year ended June 30, 2019

Particulars	As Reported	Adjustment (effect on IFRS-15)	Amount without adoption of IFRS-15
Revenue	1,398,166,020	-	1,398,166,020
Cost of Goods Sold	(795,687,148)	-	(795,687,148)
Gross Profit	602,478,872	-	602,478,872
Operating expenses	(198,024,659)	-	(198,024,659)
Profit from Operation	404,454,213	-	404,454,213
Profit Before Income Tax	340,747,152	-	340,747,152
Income Tax Expenses	(95,093,933)	-	(95,093,933)
Net Profit after Income Tax	245,653,219	-	245,653,219

Impact on the Statement of Cash Flows
For the year ended June 30, 2019

Particulars	As Reported	Adjustment (effect on IFRS-15)	Amount without adoption of IFRS-15
Net Cash Generated from Operating Activities	417,069,437	-	417,069,437
Net cash Used to Investing Activities	(239,495,866)	-	(239,495,866)
Net cash Used from Financing Activities	(176,543,312)	-	(176,543,312)
Net Increase/(Decrease) of Cash and Cash Equivalents	1,030,260	-	1,030,260
Cash and Cash Equivalents at the beginning of the year	7,547,437	-	7,547,437
Cash and Cash Equivalents at the end of the year	8,784,210	-	8,784,210

3.11 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring Financial Assets, Financial Liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The

adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of Financial Assets is set out below.

Under IFRS 9, on initial recognition, a Financial Asset is classified as measured at: amortized cost; The Fair Value through Other Comprehensive Income (FVOCI)—debt investment; Fair Value through Other Comprehensive Income (FVOCI)—equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of Financial Assets under IFRS 9 is generally based on the business model in which a Financial Asset is managed and its contractual cash flow characteristics. The derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid Financial Instrument as a whole is assessed for classification.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to Financial Assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Financial Assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realizing security (if any is held).

Measurement of Expected Credit Losses (ECL)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the Financial Asset. At each reporting date, the company assesses whether Financial Assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future Cash Flows of the financial asset have occurred. The Company expected that they have no credit losses on Trade & Other Receivables.

Presentation of Impairment

Loss allowances for Financial Assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset. Impairment losses related to trade receivables and others, including contract assets, shall present separately in the notes to the financial statement if any.

3.12 Impairment

i) Financial Assets

The Company shall recognize loss allowances for Expected Credit Losses ECLs (if any) on:

- Financial Assets measured at amortised cost;
- Debt investments (if any) measured at FVOCI; and
- Contract assets (if any).

Loss allowances for Financial Assets (if any) measured at amortised cost are deducted from the gross carrying amount of the assets. Except for the following, which are measured at 12-month ECLs.

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a Financial Asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

ii) Non-Financial Assets

The carrying amounts of the Company's non-financial assets (other than inventories) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to determine the recoverable amount of an individual asset, the Company estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized. However, no such impairment was found in Financial Assets during the period for which the company needs to make provision for impairment.

3.13 Other Income

All other income is recognized when the Organization's right to receive such income has been reasonably determined and all conditions precedent is satisfied.

3.14 Employees Benefits

The Company has accounted for and disclosed employee benefits in compliance with the provisions of IAS 19: Employee Benefits. The cost of employee benefits is charged off as revenue expenditure in the period to which the contributions relate. The Company's employee benefits include the following:

Short-term employee benefits

Short-term employee benefits include wages, salaries, bonuses, house rent, medical fees termination benefits etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

3.15 Finance Expenses

Finance Expenses comprise interest expenses on loan, lease and bank charges. All borrowing costs are recognized in the profit or loss account using the effective interest method except to the extent that they are capitalized (If any) during the constructions period of the assets in accordance with IAS-23 "Borrowing Cost". The Company did not capitalize any Finance Expenses during the year.

3.16 Earnings per Share (EPS)

The Company calculates its Earning per Share (EPS) in accordance with *IAS 33 "Earnings per Share"* which has been shown on the face of Statement of Comprehensive Income and the computation of EPS.

Basic Earnings per Share

The company presents its Basic Earnings per Share (EPS) data for its Ordinary Shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of Ordinary Shares outstanding during the year.

Basic Earnings

This represents earnings for the year attributable to the Ordinary Shareholders. As there are no preference dividends, minority interest or extra ordinary items, the net profit for the period has been considered as fully attributable to Ordinary Shareholders.

Diluted Earnings per Share

No diluted earnings per share are required to be calculated per period as there was no scope for dilution during the year.

Weighted Average Number of Ordinary Shares outstanding during the period

The basis of computation of number of shares is line with the provisions of IAS-33: Earnings per Share. Therefore, the total number of shares outstanding at the period multiplied by a time-weighting factor which is the number of days the specific shares was outstanding as proportion of total number of days in the period.

3.17 Responsibility for Preparation and Presentation of Financial Statements:

The Management is responsible for the preparation and presentation of Financial Statements under Section 183 of the Companies Act, 1994 and as per the Provision of "The Framework for the preparation and presentation of Financial Statements" issued by the International Accounting Standard Board (IASB) as adopted by the Institute of The Chartered Accountants of Bangladesh (ICAB).

3.18 Risk Exposure**Financial Risk Management Policies**

The company's financial risk management is governed by direct monitoring its management. Company's Financial Assets include inter alia trade and other receivables, cash and short-term deposits that arise directly from its operations and Financial Liabilities include inter alia trade and other payables and loans and borrowings. The main purpose of these Financial Liabilities is to finance the company's operations. The Company's activities are mainly exposed to the following internal, external, quantitative and qualitative risks from its use of Financial Instruments:

- i. Market Risk;
- ii. Credit Risks;
- iii. Liquidity risks.

Risk Management Framework

The management is responsible for the establishment and oversight of the company's risk management policies that are established to identify and analysed the risks faced by the company, to set appropriate risks limits and controls, and to monitor risks and adherence to limits. Management discloses the exposures to risk and how they arise as well as its objectives, policies and processes for managing the risk and the methods used to measure the risk. The company has exposures to the following risks from its use of Financial Instruments.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a Financial Instrument will fluctuate because of changes in market interest rates.

Currency Risk

The Company is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. The company primarily utilizes forward exchange contracts with maturities of less than one year to hedge such Financial Liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases, denominated in foreign currencies, for the subsequent period.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the company as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to a large number of parties comprising the group's customer base, Management does not anticipate material losses from its debt collection.

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
Trade Receivables	154,668,324	149,275,519
Cash and Cash Equivalent	8,784,210	7,547,437
Total	163,452,534	156,822,956
Cash and Cash Equivalent		
Cash in Hand	7,591,882	7,591,882
Cash at Bank	1,192,328	164,631
Total	8,784,210	7,547,437

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 is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient Cash and Cash Equivalents to meet expected operational expenses, including Financial Obligations through preparation of the Cash Flow forecast, prepared based on timeline of payment of the Financial Obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through Cash Flows projections and credit lines facilities with banks are negotiated accordingly.

Relevant non-derivative Financial Liabilities at the reporting date are as follows;

Particulars	Amount in Taka	
	30 June 2019	30 June 2018
Trade and Other Payables	30,644,687	30,354,282
Lease Liability	43,249,198	51,944,479
Liabilities for Expenses	19,199,498	18,495,460
Total	93,093,383	100,794,221

Decline in value of any investment: We do not have any investment.

Risk associated with useful economic life of plant and machinery, if purchased in second hand or reconditioned: We are used to using new branded machineries. Hence, there is no chance to use second hand or reconditioned machineries.

Adverse effect on future cash flow if interest free loan given to related party or such loans taken from directors may recall: There is no as such loan given to related party or loan taken from directors.

Potential conflict of interest, if the sponsors or directors of the company are involved with one or more ventures which are in the same line of activity or business as that of the company and if any supplier of raw materials or major customer is related to the same sponsors or directors. There is common management with one or more ventures but business activities are not in the same here.

Related party transactions entered into by the company those may adversely affect competitive edge: There is no as such transaction which may adversely affect competitive edge except director's remuneration and equity investment.

Any restrictive covenants in any shareholder's agreement, sponsors' agreement or any agreement relating to debt or preference shares or any restrictive covenants of banks in respect of the loan / credit limit and other banking facilities. There is no restrictive covenants in any shareholders' agreement, sponsors' agreement or any agreement relating to debt or preference shares or any restrictive covenants of banks in respect of loan or credit limit and other banking facilities.

Business operations may be adversely affected by strikes, work, stoppages or increase in wage demands by employees: We are habituated with the political unrest for long era and our business industries are used to dealing with this phenomenon. Asiatic Laboratories Limited is a profitable entity. Employee unrest is part of business and it is important to deal with labor unrest efficiently. We have different incentive packages for our employees so that they can be beneficial to such package. Because we believe that employees are very important part of our business and we all know that there are government rules relating to paying minimum wage.

Seasonality of the business of the company: The business deals with pharmaceutical products of all kinds by manufacturing, selling and distributing products throughout Bangladesh. We run our business throughout the year. So it is not seasonal business.

Expiry of any revenue generating contract that may adversely affect the business: The Company has no long term contract with their customers so not in risk of expiry of any revenue generating contract.

External risk factors may include among others:

Industry Risk:

- i) **Environmental Issue:** Environmentalists are likely to create pressure on government to protect or banning those factory, which are not follow proper ETP, waste management solution, Air pollution etc. which are negative effects on living being and environment thereby causing closure of business of the company.

We have a good setup for ETP and incinerator for waste management, a very good and sophisticated fire alarm system with integrated fire hydrant and fire house arrangement with carbon dioxide fire extinguisher, dry powder and sand bucket. The company also strictly follows the laid down regulations for marketing the products and therefore does not foresee any problems in doing the business.



- ii) **Labor Unrest:** Any incident of labor unrest will adversely affect the operation of the company. More importantly, the company's reputation in the industry and among its buyers will be affected. This may affect its financial performance in the long run as well. The company values its employees and workers the most. It has established a very high standard of labor practices compared to the overall industry. It has detailed human resources management policies encompassing employee recruitment, training, development, remuneration and retirement. Since inception, there has not been any instance of labor unrest or strike at the company's factory premises. The rate of employee turnover and absenteeism has remained at negligible levels over the last few years.

Economic & Political Risks:

- i) **Economic risks:** Our performance and growth are dependent on the health of the Bangladesh economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbance, terrorist attacks and other acts of violence or war, natural calamities, commodity and energy prices and various other factors. Any significant changes may adversely affect our business and financials.
Bangladesh economy is booming for last few years. Consistent industrial growth along with increased pharmaceutical production has made the per capita income higher than that of recent years.
- ii) **Political risks:** Bangladesh is prone to serious unrest in the political condition which produces Strike, Road-Block and domestic terror attacks in Bangladesh could increase over the coming months, this could have an adverse impact on the country's economic growth prospects as investors, expatriates, and tourists may be deterred.
During the last forty years of post-independence period, Bangladesh has gone through a variety of political situations. At present political situation is much stable in the country as the opposition is not much active in the field. Last democratic national assembly election and local council polls are instances of peaceful political situation in Bangladesh.

3.19 Risk and Uncertainties for the use of Estimates in Preparing Financial Statements

The preparation of Financial Statements in conformity with the International Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and revenues and expenses during the period reported. The actual result could differ from those estimates.

3.20 Events after the Reporting Period

As per IAS-10 "Event after the reporting period" are those event favourable and unfavourable that occurred between the end of the reporting period and the date when the Financial Statements are authorized for the issue. There were no material events that occurred after the reporting period which could affect the values in Financial Statements.

3.21 Related Party Transactions

The company, in the normal course of business, has carried out a number of transactions with other entities that fall within the definition. The objective of Related Party Disclosure IAS 24 is to ensure that an entity's Financial Statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making



financial and operating decisions. The Company transacts with related parties and recognize as per IAS 24 'Related Party Disclosures'. Related party transactions have been disclosed under Note – 33.01

3.22 Comparative Amounts

Certain comparative amounts have been re-classified & rearranged to conform to the current year's presentation and all numerical information in the current financial statements as below:

- Statements of Financial Position as of the end of the preceding financial year
- Statements of Comprehensive Income for the comparable of the preceding financial year.
- Statements of Changes in Equity for the comparable of the preceding financial year
- Statement Cash Flows for the comparable of the preceding financial year

Narrative and descriptive information for comparative information has also been disclosed whenever it is relevant for the understanding of the current Period financial statements.

Rearrangement of Financial Statement:

The previous year's figure has been rearrangement whenever considered necessary to ensure comparability with the current year presentation as per IAS: 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The company has rearranged its cash flow from operating activities for the comparative period (as 30 June 2018).

3.23 Income Tax (Current & Deferred Tax)

Income tax on the profit or loss for the Period comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

3.23.1 Current Tax

Current tax is the expected tax payable on the taxable income for the 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 from time to time.

The effective current tax rate of the Company is provided as follows:

Corporate Tax applicable for the Company (as per Income Tax Ordinance 1984):

a) Tax Rate on Business Income	35%
b) Tax Rate on Other Income:	35%
c) Tax Rate on Export	17.5%
Or, Minimum Tax Rate	0.60%

Whichever is higher is applicable for calculation and repayment of Income Tax.

3.23.2 Deferred Tax

Deferred tax is recognized using (in accordance with the IAS-12) the Balance Sheet method. Deferred tax arises due to temporary difference deductible or taxable for the events or transaction is recognized in the income statements. A temporary difference is the difference between the tax bases of an asset or liability and its carrying amount/reported amount in the Balance Sheet. Deferred tax assets or liability is the amount of income tax recoverable or payable in the future period(s) recognized in the current period. The deferred tax liability/expenses do not create a legal liability/recoverability to and from the income tax authority.

The effective current tax rate of the Company is provided as follows:

Corporate Tax applicable for the Company (as per Income Tax Ordinance 1984):

a) Tax Rate on Income (local)	35%
b) Tax Rate on Income (Export)	17.5%

3.24 Value Added Tax

Value Added Tax on Company's Products is 15% except export.

3.25 Operating Segments

No segmental reporting is applicable for the company as required by "IFRS-8: 'Operating Segments'" as the company operates in a single industry segment and within as geographical segment.

3.26 Advance, Deposits and Prepayments

Advances are initially measured at cost. Since initial recognition advances are carried at cost fewer deductions, adjustments or charges to other account heads such as Property, Plant and Equipment, inventory or expenses. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to Statement of Profit or Loss and Other Comprehensive Income.

3.27 Cash and Cash Equivalents

According to IAS -7 "Statement of Cash Flows" cash comprises cash in hand, demand deposit and cash equivalent which are short-term highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of change balances and call deposits, Bank Balances in Value. IAS -1 "Presentation of Financial Statements" provides that cash and cash equivalents are not restricted in use. Consideration the provisional of IAS-7 and IAS-1, Cash in Hand and Bank Balances has been treated as Cash and Cash Equivalents.

3.28 Other Current Assets

Other current assets (if any) have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the Statement of Financial Position.

3.29 Sources of Information

During our course of preparation and presentation of the Financial Statements it has been considered the relevant financial documents and collected information throughout the accounting period ended 30 June 2019 after overlooking of the head of accounts.

3.30 Leases

At the commencement of the lease term, recognize leases as assets and liabilities in their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Any initial direct costs of the lessee are added to the amount recognized as an asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred. A finance lease gives rise to depreciation expense for the recognized lease assets as well as finance expense for each accounting period.

3.31 Bad and Doubtful Debts

The Management recognized the bad and doubtful debts when a debt is unrecoverable through Board of Directors' approved. Since, the management made sales through 100% confirms order by the customers and duly collected by the marketing team. Hence, no bad debts had occurred and therefore no provision was made against the receivables.

3.32 General

(i) Wherever considered necessary, previous year's figures have been rearranged for the purpose of comparison.

(ii) Figures appearing in the Financial Statements have been rounded off to the nearest Taka.

		Amount in Taka	
		30-Jun-2019	30-Jun-2018
4.00 Property, Plant and Equipment			
A. Cost:			
Opening Balance		2,865,598,098	2,548,999,848
Add: Purchase during the year	(Annexure-A)	48,565,278	5,533,216
Add: Transfer from CWIP	(Note-6.00)	302,320,967	311,065,034
Total Assets Value at cost		3,216,484,343	2,865,598,098
B. Accumulated Depreciation:			
Opening Balance		338,795,911	282,514,163
Add: Depreciation Charged for the year	(Annexure-A)	67,787,411	56,281,748
Total Charge		406,583,322	338,795,911
Written Down Value (A-B)		2,809,901,021	2,526,802,187
5.00 Leasehold Property			
A. Cost:			
Opening Balance		62,000,000	30,000,000
Add: Purchase during the year	(Annexure-B)	-	32,000,000
Total Assets Value at cost		62,000,000	62,000,000
B. Accumulated Depreciation:			
Opening Balance		4,117,808	739,726
Add: Depreciation Charged for the year	(Annexure-B)	4,341,164	3,378,082
Total Charge		8,458,973	4,117,808
Written Down Value (A-B)		53,541,027	57,882,192
6.00 Capital Work-in-Progress			
A. Building & Other Construction			
Opening Balance		126,609,172	48,552,141
Add: Addition made during the year		66,958,596	259,864,553
Less: Transfer to appropriate asset category		(180,675,423)	(181,807,522)
Closing balance		12,892,345	126,609,172
B. Plant & Machinery			
Opening Balance		30,155,982	41,129,643
Add: Addition made during the year		123,971,992	118,283,851
Less: Transfer to appropriate asset category		(121,645,544)	(129,257,512)
Closing balance		32,482,430	30,155,982
Total (A+B)		45,374,775	156,765,154
Total Transfer to PPE		302,320,967	311,065,034
6.01	All the amount of capital work-in-progress for acquisition of plant & machinery which are not ready for use and construction work is underway for factory building. The amount of capital work-in-progress is transferred to appropriate asset category and depreciated when the asset is completed for use.		

		Amount in Taka	
		30-Jun-2019	30-Jun-2018
7.00 Inventories			
Raw Materials	(Note-24.01)	58,332,578	60,341,527
Work in Process	(Note-24.00)	11,678,367	10,236,473
Finished Goods	(Note-24.00)	112,797,538	113,992,872
Spare Parts & Store Items	(Note-24.02)	36,275,648	26,845,720
Packing Materials	(Note-24.03)	22,465,870	20,562,587
		241,550,001	231,979,179
8.00 Trade and other Receivables			
Trade Receivables	(Note-8.01)	154,668,324	149,275,519
		154,668,324	149,275,519
8.01 Trade Receivables			
Opening Balance		149,246,959	132,911,807
Add: Sales during the year		1,398,166,020	1,281,230,798
		1,547,412,979	1,414,142,605
Less: Collection/Realization during the year		1,392,781,332	1,264,895,646
		154,631,647	149,246,959
Add: Unrealize Foreign Exchange Gain /(Loss)		36,677	28,560
Closing Balance		154,668,324	149,275,519
Ageing of Trade Receivables			
More than six months			
Less than six months		154,668,324	149,275,519
		154,668,324	149,275,519

The classification of receivables as required by the Schedule XI of the Companies Act, 1994 are given below:

i) Receivables considered good in respect of which the company is fully secured.	61,631,467	59,419,214
ii) Receivables considered good in respect of which the company holds no security other than the debtor personal security.	93,036,857	89,856,305
iii) Receivables considered doubtful or bad.	-	-
iv) Accounts Receivable due by any director or other officers of the company or any of them either severally or jointly with any other person or receivables due firms or private companies respectively in which any director is a partner or a director or a member.	-	-
v) Receivables due by companies under the same management.	-	-
vi) The maximum amount of receivables due by any directors or other officers of the company at any time during the year to be shown by way of a note.	-	-

9.00 Advances, Deposits & Prepayments

		Amount in Taka	
		30-Jun-2019	30-Jun-2018
Advance to Employees		500,000	450,000
Advance to Supplier & Others		15,345,168	26,005,587
Advance for Rent Depot		1,550,500	1,550,500
L/C margin		21,085,781	16,185,624
Value Added Tax (VAT)		1,195,850	1,707,258
Advance Insurance		4,203,461	3,744,905
Advance Income Tax	(Note-9.01)	50,861,572	39,243,479
Security Deposit	(Note-9.02)	600,000	600,000
		95,342,332	89,487,353

The classification of Advances, Deposits & Prepayments as required by the Schedule XI, Part I, Para 6 of the Companies Act, 1994 are given below:

i) Advance, deposits & prepayment considered good and in respect of which the company is fully secured.		
ii) Advance, deposits & prepayment considered good for which the company holds no security.	94,842,332	89,037,353
iii) Advance, deposits & prepayment considered doubtful or bad.	-	-
iv) Advance, deposits & prepayment due by directors or other officers of the company or any of them either severally or jointly with any other person or Advance, deposits & prepayment due by firms or private companies respectively in which any director is a partner or a director or a member.	500,000	450,000
v) Advance, deposits & prepayment due by companies under the same management.	-	-
vi) The maximum amount due by directors or other officers of the company at any time during the year.	-	-

9.01 Advance Income Tax

Opening Balance	39,243,479	46,305,317
Add: Tax deduction at source during the year	51,330,374	39,243,479
	90,573,853	85,548,796
Less: Adjustment during the year	39,712,281	46,305,317
	50,861,572	39,243,479

9.02 Security Deposit

PDB (Electricity)	600,000	600,000
	600,000	600,000

10.00 Cash and Cash Equivalents
Cash in Hand :

Head office	6,443,413	7,382,806
Factory	2,577,365	2,953,122
	3,866,048	4,429,684

Cash at Bank :

Bank Asia Ltd A/C - 50201000130	2,340,797	164,631
Dutch Bangla Bank Ltd. A/C No. 1051100024550	180,083	64,435
Mutual Trust Bank Ltd. A/C No- 0002-0210014418	207,365	2,652
One Bank Ltd. A/c No- 270231628185	545,858	31,222
Uttara Bank Ltd. A/c No- 1420 12200214654	103,730	56,124
City Bank A/c No- 1401725482001	1,297,326	3,073
	6,435	7,125
	8,784,210	7,547,437

		Amount in Taka	
		30-Jun-2019	30-Jun-2018
11.00 Share Capital			
11.01 Authorized Capital			
3,00,000 Ordinary Shares of Tk. 100/- each		30,000,000	30,000,000
11.02 Issued, Subscribed & Paid-up Capital			
93,835 ordinary shares of Tk. 100/- each fully paid-up			
Opening Balance		9,383,500	9,383,500
Add: Allotment during the Period		-	-
		9,383,500	9,383,500

11.03 Shareholding Position

Name of Shareholders	Designation	Percentage (%)	30 June 2019	30 June 2018
			No. of Share	No. of Share
Monir Ahmed	Managing Director	50.96%	47,820	47,820
Tahmina Begum	Chairman	49.04%	46,015	46,015
Total		100%	93,835	93,835

12.00 Retained Earnings

Opening Balance	1,494,677,137	1,272,597,586
Add: Net profit during the year	245,653,219	222,079,551
	1,740,330,356	1,494,677,137

13.00 Share Money Deposit

Opening Balance	804,102,900	750,401,900
Add: Addition during the year		53,701,000
Closing Balance	804,102,900	804,102,900

14.00 Long Term Borrowings

Term Loan	(Note-14.01)	336,736,056	431,456,509
		336,736,056	431,456,509
Less: Current Portion of Long Term Loan		108,346,091	107,704,838
Non- Current Portion of Long Term Loan		228,389,965	323,751,671

14.01 Term Loan

Opening Balance	431,456,509	356,121,918
Add: Loan received during the year	-	350,307,826
Add: Interest during the year	50,936,372	43,680,956
Less: Payment during the year	(145,656,824)	(318,654,191)
	336,736,056	431,456,509

(i) Details of Bank Loan

Bank Name	: Bank Asia Limited (Term Loan)
Branch	: Shantinagar Islami Window
Accounts No	: 50262000002
Sanction Amount	: 4.00 crore
Purpose	: To purchase 500KVA prime power diesel generator
Sanction date	: 10-03-2015
Security	: Hypothecation of generator

Amount in Taka	
30-Jun-2019	30-Jun-2018

Mode of Payment : Monthly instalment
Interest Rate : 14.50% Revised from time to time.
Period of Investment : 5 years

(ii) **Bank Name** : Hajj Finance Company Limited (Term Loan)
Branch : Principal
Sanction Amount : 1.50 Crore & 5.00 Crore
Purpose : To purchase Raw/Packing Materials
Sanction date : 13-12-2015 & 15-06-2016.
Security : Registered Mortgage of 8,853 sft. Office space at " Treasure Island 5th Floor.
Mode of Payment : Monthly instalment
Interest Rate : 13.00% & 13.75% Revised from time to time.
Period of Financing : 5 years and 4 years

(iii) **Bank Name** : Fareast Finance & Investment Limited (Term Loan)
Branch : Principal
Accounts No : 201602009580 & 201702015626-0, 201702015626-1, 201702015626-2
Sanction Amount : 9.00 Crore
Purpose : To Civil Construction, Machinery Procurement & Setup, Installation and Product & Fire System Development.
Sanction date : 23-02-2016 and 14-03-2017
Security : Registered Mortgage of 6,734 sft Flat
Mode of Payment : Monthly instalment
Interest Rate : 14.00% - 13.00% Revised from time to time.
Finance Period : 5 years

(iv) **Bank Name** : One Bank Limited
Branch : Elephant Road
Accounts No : TL12160910001 & TL12160910003
Sanction Amount : 24.35 Crore
Purpose : Adjustment of Loan, Working Capital To Civil Construction, Machinery Procurement & Setup, Installation and Product & Fire System Development.
Sanction date : 31-03-2016
Security : 33 Decimal land with 4 Storied building and 92.55 Decimal land with Factory Building and 132 Decimal land.
Interest Rate : 13.00% Revised from time to time.



Amount in Taka	
30-Jun-2019	30-Jun-2018

- (v) **Bank Name** : One Bank Limited
Branch : Elephant Road
Accounts No : TL12180880002, TL12172710001, TL12180880001 & TL12172050001
Sanction Amount : 33.53 Crore
Purpose : Adjustment of Loan, Working Capital To Civil Construction, Machinery Procurement & Setup, Installation and Product & Fire System Development.
Sanction date : 24-07-2017, 28-09-17, 29-03-2018
Security : 33 Decimal land with 4 Storied building and 92.55 Decimal land with Factory Building and 132 Decimal land
Interest Rate : 13.00% Revised from time to time.

15.00 Lease Liability

Opening Balance	51,944,479	26,228,127
Add: Addition during the year	-	32,000,000
Add: Interest during the year	5,691,202	5,222,995
Less: Payment during the year	(14,386,483)	(11,506,643)
	43,249,198	51,944,479
Less: Current portion of Lease	(12,389,342)	(10,968,690)
Non-Current portion of Lease Liability	30,859,856	40,975,789

- (i) **Bank Name** : Hajj Finance Company Limited (Lease Finance)
Branch : Principal
Accounts No : 1802000372
Sanction Amount : 3.00 Crore
Purpose : Capital Machineries
Sanction date : 25-10-2016
Security : Registered Mortgage of 8,853 sft. Office space.
Mode of Payment : Monthly instalment
Interest Rate : 12.00 Revised from time to time.
Period of Financing : 5 years

- (ii) **Bank Name** : Hajj Finance Company Limited (Lease Finance)
Branch : Principal
Accounts No : 1802000539
Sanction Amount : 3.20 Crore
Purpose : Capital Machineries
Sanction date : 30-11-2017.
Security : Registered Mortgage of 8,853 sft. Office space.
Mode of Payment : Monthly instalment
Interest Rate : 12.50% Revised from time to time.
Period of Financing : 5 years



16.00 Deferred Tax Liability

Amount in Taka		
	30-Jun-2019	30-Jun-2018
Opening Balance	257,232,910	211,914,016
Add: Deferred Tax Expenses/ (Income) during the year	43,563,164	45,318,894
Deferred Tax Liability /(Assets)	300,796,074	257,232,910
Calculation of Deferred Tax		
Written down value as (Except Land -Accounting Base)	1,559,584,288	1,296,610,554
Written Down value as (Except Land-Tax Base)	490,626,282	381,901,453
Add : Lease Payment during the year	14,386,483	11,506,643
Less: Interest payment on Lease	5,691,202	5,222,995
Less: Depreciation on Lease Asset	4,341,164	3,378,082
Temporary Difference	1,073,312,123	917,614,667
Temporary Difference of Export Sales	427,789,535	365,326,992
Effective Tax Rate	17.50%	17.50%
Closing Deferred Tax Liability /(Assets)-Export	74,863,169	63,932,224
Temporary Difference of Local Sales	645,522,588	552,287,675
Effective Tax Rate	35.00%	35.00%
Closing Deferred Tax Liability /(Assets)-Local	225,932,906	193,300,686
Closing Deferred Tax Liability /(Assets)	300,796,074	257,232,910

17.00 Short Term Borrowings

Time Loan (One Bank)	(Note-17.01)	73,245,462	82,436,374
		73,245,462	82,436,374

17.01 Time Loan

Opening Balance	82,436,374	114,487,508
Add: Principal received during the year	8,200,000	7,200,000
Add: Interest during the year	6,973,593	7,686,877
Less: Payment during the year	(24,364,505)	(46,938,011)
	73,245,462	82,436,374

Details of Bank Loan

Bank Name	: One Bank Limited
Branch	: Elephant Road Branch
Sanction Amount	: 180.00 Million
Purpose	: To refinance Import Pharmaceuticals r/ms, Packing materials, small m/cs and spare parts, etc. for factory use
Sanction date	: 28-06-2017
Security	: 344 decimal lands along with all structures
Mode of Payment	: On Maturity
Interest Rate	: 12.00% Revised from time to time.



		Amount in Taka	
		30-Jun-2019	30-Jun-2018
23.00 Revenue			
Local Sales		840,899,612	771,138,479
Export Sales		557,266,408	510,092,319
Total:		1,398,166,020	1,281,230,798
24.00 Cost of Goods Sold			
Raw Materials Consumed	(Note-24.01)	408,956,064	390,218,253
Spare Parts & Store Items	(Note-24.02)	55,374,295	59,792,080
Packing Materials	(Note-24.03)	206,976,281	173,081,655
Manufacturing Overhead	(Note-24.04)	133,603,021	116,817,434
Cost of Manufacture		804,909,661	739,909,422
Work in Process-Opening		10,236,473	10,857,075
Work in Process-Closing		(11,678,367)	(10,236,473)
Cost of production		803,467,767	740,530,024
Sample Expenses		(8,975,953)	(8,329,479)
Finished Goods-Opening		113,992,872	116,728,797
Finished Goods-Closing		(112,797,538)	(113,992,872)
		795,687,148	734,936,470
24.01 Raw Materials Consumed			
Opening Stock of Raw Materials		60,341,527	59,445,210
Add: Purchase during the year		406,947,115	391,114,570
Raw materials available for Production		467,288,642	450,559,780
Less: Closing Stock of Raw Materials		58,332,578	60,341,527
Raw Materials Consumed		408,956,064	390,218,253
24.02 Spare Parts & Store Items			
Opening Balance		26,845,720	25,446,373
Add: Purchase during the year		64,804,223	61,191,427
		91,649,943	86,637,800
Less: Closing Balance		36,275,648	26,845,720
Consumption during the year		55,374,295	59,792,080
24.03 Packing Materials			
Opening Balance		20,562,587	18,065,781
Add: Purchase during the year		208,879,564	175,578,461
		229,442,151	193,644,242
Less: Closing Balance		22,465,870	20,562,587
Consumption during the year		206,976,281	173,081,655
24.04 Manufacturing Overhead			
Salaries, Allowances and Wages		34,898,258	31,536,550
Carrying Inward		3,565,410	3,354,959
Factory Staff Uniform		751,254	618,965
Utility Bill		3,637,425	3,298,272
Insurance Expenses		4,366,171	3,884,651
Research and Development		8,788,926	8,658,545
Fuel ,Oil & Lubricants		7,005,621	6,252,761
Medical Expenses		815,171	757,115
Workers Entertainment		7,423,515	6,639,435





		Amount in Taka	
		30-Jun-2019	30-Jun-2018
Printing & Stationery Expenses		1,098,462	1,067,387
Miscellaneous Expenses		934,976	898,324
Telephone , Mobile & Internet Bill		298,547	262,140
Rent, rate and Taxes		145,500	143,460
Repairs & Maintenance		1,302,692	1,041,388
Depreciation on Freehold PPE	(Annexure-A)	54,229,929	45,025,398
Depreciation on Leasehold Property	(Annexure- B)	4,341,164	3,378,082
		133,603,021	116,817,434
25.00 Operating Expenses			
Administrative Expenses	(Note-25.01)	54,784,855	50,501,127
Marketing & Selling Expenses	(Note-25.02)	143,239,804	132,261,431
		198,024,659	182,762,558
25.01 Administrative Expenses			
Salaries and allowances		36,162,714	34,245,786
Board Meeting Fee		4,000	4,000
Directors Remuneration		3,000,000	3,000,000
Travelling and Conveyance Expenses		868,687	746,794
Postage & Stamps		438,599	303,211
Entertainment		995,116	886,005
Audit fees		80,000	50,000
Repair and Maintenance		1,158,972	922,062
Printing & Stationery		1,267,980	1,143,575
Utility Bill		1,789,562	1,556,291
Fuel ,Oil & Lubricants		1,149,852	902,157
Newspaper and Periodicals		482,412	441,313
Subscription and Donation		1,069,845	778,923
Registration, Renewal & Legal Expenses		968,248	860,888
Miscellaneous Expenses		1,142,560	1,096,532
Telephone, Mobile & Internet Bill		816,937	749,502
Depreciation Freehold PPE	(Annexure- A)	3,389,371	2,814,087
		54,784,855	50,501,127
25.02 Marketing & Selling Expenses			
Salaries and Allowances		64,959,727	60,102,067
Training Expense		2,323,547	2,143,703
Printing and Stationary		1,656,897	1,460,371
Entertainment Expense		3,057,299	2,715,673
Carrying Outward		5,692,568	5,228,569
Traveling and Conveyance		2,168,193	1,900,666
Utility Bill		5,019,962	4,805,912
Office Rent (Depot)		13,050,000	13,050,000
Fuel ,Oil & Lubricants		12,897,458	11,579,187
Phone, Mobile and Internet Bill		2,614,763	2,592,514
Sales Promotion Expenses		8,519,604	7,951,154
Sample Expenses		8,975,953	8,329,479
Miscellaneous Expenses		2,135,721	1,959,875
Depreciation on Freehold PPE	(Annexure- A)	10,168,112	8,442,262
		143,239,804	132,261,431





		Amount in Taka	
		30-Jun-2019	30-Jun-2018
26.00 Other Income			
Interest Income		-	-
Wastage Sales		14,976	14,275
Foreign Currency Fluctuation Gain/(Loss)		214,630	212,267
		229,606	226,542
27.00 Financial Expenses			
Bank Charges		335,500	327,520
Interest on Loan	(Note-27.01)	57,909,964	51,367,833
		58,245,464	51,695,353
27.01 Interest on Loan			
Interest on Short Term Loan		6,973,593	7,686,877
Interest on Long Term Loan		50,936,372	43,680,956
		57,909,964	51,367,833
28.00 Interest on Lease Liability	(Note-15.00)	5,691,202	5,222,995
		5,691,202	5,222,995
29.00 Basic Earnings per share			
a) Net Profit After Tax		245,653,219	222,079,551
b) Weighted average number of ordinary shares		8,134,864	7,954,255
Basic Earnings Per Share (EPS) (a/b)		30.20	27.92
Calculation of Weighted Average Number of Share			
Number of Share (Paid Up Capital)		93,835	93,835
Weighted Average number of Share (Share Money Deposit)		8,041,029	7,860,420
		8,134,864	7,954,255
30.00 Net Asset Value per Share (NAV)			
a) Net Asset Value (NAV)		1,749,713,856	1,504,060,637
b) Number of ordinary shares		93,835	93,835
Net Asset Value per Share (NAV) (a/b)		18,646.71	16,028.78
31.00 Net Operating Cash Flows per share (NOCFPS)			
a) Net Operating Cash Flows		417,069,437	349,894,802
b) Weighted average number of ordinary shares		8,134,864	7,954,255
Net Operating Cash Flows per Share (NOCFPS) (a/b)		51.27	43.99



32.00 Other Commitments, Contingencies and relevant information

The requirements of Schedule XI, Part II, Para 3, 4, 7 & 8 of the Companies Act, 1994

32.01 Contingencies

There is no contingent event that may require recognition of contingent liabilities for the period ended 30 June 2019.

32.02 Capital Expenditure Commitment

The company have no Capital Commitment at the reporting date.

32.03 Bank Guarantee

The company have no Bank Guarantee on the reporting date.

32.04 Number of Employee - Para 3 of Schedule XI, Part II

Total number of employees are as follows:

Particulars	30 June 2019	30 June 2018
Salary below Tk. 8,500 per month		-
Salary Tk. 8,500 above per month	810	760
Total	810	760

32.05 Aggregated amount of Remuneration, Fees, Salary & Wages of employees are given below:

Directors Remuneration	3,000,000	3,000,000
Board Meeting Attendances Fees	4,000	4,000
Wages, Salaries and Allowances	34,898,258	31,536,550
Salaries and allowances (Administrative and Marketing & Selling)	101,122,441	94,347,853
	139,024,699	128,888,403

32.06 The requirement of schedule XI part-II, Para 3 (a) : Turnover

Particulars	30 June 2019	30 June 2018
Turnover in BDT.	1,398,166,020	1,281,230,798
Turnover in Quantity (Pcs)	10,616,778	9,857,175

32.07 The requirement of schedule XI part-II, Para 3 (d) (i) : Raw Materials Consumed

Particulars	30 June 2019	30 June 2018
Raw Material (Value in BDT.)	408,956,064	390,218,253
Raw Material Quantities (Pcs)	44,680,003	42,632,826
Raw Material Quantities (kg)	1,239,261	1,182,480

32.08 The requirement of schedule XI part-II, Para 3 (d) (ii) : Finished goods

Particulars	30 June 2019	30 June 2018
Opening Quantity (Pcs)	1,509,839	1,558,670
Production Quantity (Pcs)	10,594,248	9,808,345
Closing Quantity (Pcs)	1,487,309	1,509,839

33.00 Directors interest in contracts with the company

There was no transaction resulting in Director's interest with the company.

33.01 The requirement of schedule XI part-II, Para 4 : Related Party Transaction

During the period the Company carried out a number of transactions with related parties in the normal course of business on an arms' length basis. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of IAS-24: Related Party Disclosures.

Name	Particulars	Opening Balance as on 01.07.2018	Addition during the year	Paid during the year	Closing balance as on 30.06.2019
Tahmina Begum	Remuneration		-		-
Chairman	Board Meeting fee	-	2,000	2,000	-
Monir Ahmed	Remuneration	250,000	3,000,000	3,000,000	250,000
Managing Director	Board Meeting fee	-	2,000	2,000	-
Office Rent (Depot)					
Monir Ahmed	Dhaka	70,000	840,000	840,000	70,000
Managing Director	Gazipur	66,000	792,000	792,000	66,000
	Tangail	57,000	684,000	684,000	57,000
Total		443,000	5,320,000	5,320,000	443,000

During the period from 01-07-2018 to 30-06-2019, there were 4 (Four) Board Meetings held. The attendance status of all the meetings is as follows:

Name of Directors	Designation	Meeting Hold	Attendance
Tahmina Begum	Chairman	4	4
Monir Ahmed	Managing Director	4	4



33.02 The requirement of schedule XI part-II, Para 7 : Capacity Utilization

The production capacity and utilization of its are as follows:

30-June-2019

Category	Unit	Capacity as on 30-06-2019	Actual Production	Capacity Utilization (%) As on 30 June 2019	Capacity Utilization (%) As on 30 June 2018
Tablets	Pcs	5,613,558	4,203,432	74.88%	74.08%
Capsule	Pcs	4,649,701	3,252,931	69.96%	69.10%
Injections	Pcs	1,767,714	1,245,885	70.48%	68.50%
Cream & Ointment	Phial/Tube	1,341,996	876,055	65.28%	64.98%
Liquid	Bottle	1,163,927	639,578	54.95%	52.95%
Other items	Pcs	768,566	376,367	48.97%	48.40%
Total		15,305,463	10,594,248		

30-June-2018

Category	Unit	Capacity as on 30-06-2018	Actual Production	Capacity Utilization (%) As on 30 June 2018	Capacity Utilization (%) As on 30 June 2017
Tablets	Pcs	5,539,814	4,103,894	74.08%	73.54%
Capsule	Pcs	4,347,349	3,004,018	69.10%	68.80%
Injections	Pcs	1,548,848	1,060,961	68.50%	67.56%
Cream & Ointment	Phial/Tube	1,111,520	722,266	64.98%	63.86%
Liquid	Bottle	1,114,043	589,886	52.95%	52.00%
Other items	Pcs	676,281	327,320	48.40%	48.00%
Total		14,337,856	9,808,345		

33.03 The requirement of schedule XI part-II, Para 8 (C) :

30-June-2019

Particulars	Opening Balance	Total Purchase during the Year	Material Available (Taka)	Consumption	% of Consumption
Raw Materials Consumed	60,341,527	406,947,115	467,288,642	408,956,064	87.52%
Packing Material Consumed	20,562,587	208,879,564	229,442,151	206,976,281	90.21%
Store Items Consumed	26,845,720	64,804,223	91,649,943	55,374,295	60.42%

Particulars	FOB/CIF Basis Value (US Dollar)	Amount in Tk
Import	3,161,389	271,278,756
Export	6,677,651	557,266,408

30-June-2018

Particulars	Opening Balance	Total Purchase during the Year	Material Available (Taka)	Consumption	% of Consumption
Raw Materials Consumed	59,445,210	391,114,570	450,559,780	390,218,253	86.61%
Packing Material Consumed	18,065,781	175,578,461	193,644,242	173,081,655	89.38%
Store Items Consumed	25,446,373	61,191,427	86,637,800	59,792,080	69.01%

Particulars	FOB/CIF Basis Value (US Dollar)	Amount in Tk
Import	2,964,982	249,977,631
Export	6,123,724	510,092,319



33.04 Transaction with Key Management Personnel of the entity:

As per Company Act, 1994 part-II, Schedule-XI (4) The profit and loss account will give by way of a note detailed information, showing separately the following payments provided or made during the financial year to the directors, including managing director, the managing agents or manager, if any, by the company, subsidiaries of the company

a.	Managerial Remuneration paid or payable during the year to the directors, including managing directors, a managing agent or manager.	3,000,000	3,000,000
b.	Expenses reimbursed to Managing Agent	Nil	Nil
c.	Commission or Remuneration payable separately to a managing agent or his associate	Nil	Nil
d.	Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company.	Nil	Nil
e.	The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial year.	Nil	Nil
f.	Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.	Nil	Nil
g.	Other allowances and commission including guarantee commission Pensions etc.	Nil	Nil
	(i) Pensions	Nil	Nil
	(ii) Gratuities	Nil	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon.	Nil	Nil
i.	Share Based payments	Nil	Nil

As per Para-17, IAS- 24:

An entity shall disclose key management personnel compensation in total and for each of the following benefits:

(a) Short-term employee benefits	3,000,000	3,000,000
(b) Post-employee benefits	Nil	Nil
(c) Other long term benefits	Nil	Nil
(d) termination benefits and	Nil	Nil
(e) share-based payment	Nil	Nil

As per Para-18, IAS- 24:

Disclosure requirements of IAS 24 Para 18 minimum disclosure shall include:

a) the amount of transaction	5,320,000	5,320,000
b) the amount of outstanding balance, including commitments	443,000	443,000
i) their terms & condition, including whether they are secured, and the nature of the consideration to be provided in settlement.	Remuneration, Meeting Fee and Deport Rent	Remuneration & Meeting Fee
ii) details of any guarantee given or received.	Nil	Nil
c) Provisions for doubtful debts related to the amount of outstanding balance.	Nil	Nil
d) the expenses recognized during the period in respect of bad or doubtful debts due from related parties.	Nil	Nil

33.05 Received from Customers

Sales during the period
Add: Opening Receivables
Less: Closing Receivables

30 June 2019	30 June 2018
1,398,166,020	1,281,230,798
149,246,959	132,911,807
(154,631,647)	(149,246,959)
1,392,781,332	1,264,895,646

33.06 Paid to Suppliers

Purchase during the period
Add: Opening Payables
Less: Closing Payables
Add: Closing Advance to Supplier
Less: Opening Advance to Supplier

680.630.902	627.884.458
30.354.282	30.270.131
(30.644.687)	(30.354.282)
15.345.168	26.005.587
(26.005.587)	(17.653.790)
669.680.078	636.152.104



33.07 Paid to Employees

Salary, Wages Including Bonus
Add: Closing Advance to Employee
Less: Opening Advance to Employee
Add: Opening Liabilities for Salaries
Less: Closing Liabilities for Salaries

139,024,699	128,888,403
500,000	450,000
(450,000)	(470,000)
11,854,664	12,086,990
(12,796,346)	(11,854,664)
138,133,017	129,100,729

33.08 Paid to Others

Operating Expense
Add: Opening Liabilities for expenses
Less: Closing Liabilities for expenses
Add: Closing Advance deposit & prepayment
Less: Opening Advance deposit & prepayment
Less: Sample Expense
Less: Depreciation Expense
Less: Depreciation Leasehold Property (Annexer B)

192,602,981	170,691,588
6,640,796	5,664,588
(6,403,152)	(6,640,796)
28,635,592	23,788,287
(23,788,287)	(14,995,552)
(8,975,953)	(8,329,479)
(67,787,411)	(56,281,748)
(4,341,164)	(3,378,082)
116,583,402	110,518,806

33.09 Acquisition of Freehold Property

Purchase of Assets
Add: Opening Liability
Less: Closing Liability

48,565,278	5,533,216
-	-
-	-
48,565,278	5,533,216

33.10 Acquisition of Leasehold Property, Plant and Equipment

Purchase of Assets
Add: Opening Liability
Less: Closing Liability

-	32,000,000
-	-
-	-
-	32,000,000

33.11 Capital Work in Progress

Purchase of Assets
Add: Opening Liability
Less: Closing Liability

190,930,588	378,148,404
-	-
-	-
190,930,588	378,148,404

33.12 Received/(Payment) in Long term loan

Received in Long term loan
Interest on Long Term Loan
Paid in Long Term Loan (Principal+Interest)

-	350,307,826
50,936,372	43,680,956
(145,656,824)	(318,654,191)
(94,720,452)	75,334,591

33.13 Received/(Payment) in Lease Liability

Received in Lease
Interest on Lease
Paid in Lease (Principal+Interest)

-	32,000,000
5,691,202	5,222,995
(14,386,483)	(11,506,643)
(8,695,281)	25,716,352



Asiatic Laboratories Limited
Schedule of Property, Plant & Equipment
As at June 30, 2019

Annexure-A

Particulars	Cost			Rate of Depreciation (%)	Depreciation		Written Down Value as at 30 June 2019
	Balance as on 01 July 2018	Addition during the Year	Balance as on 30 June 2019		Balance as on 01 July 2018	Charge during the Year	
Land & land Development	1,230,191,633	20,125,100	1,250,316,733	0%	-	-	1,250,316,733
Building & Other Construction	818,515,790	180,675,423	999,191,213	2.5%	92,820,985	18,971,497	887,398,731
Plant & Machinery	573,274,253	121,645,544	694,919,797	7.5%	135,845,636	34,481,855	524,592,306
Furniture and Fixture	42,023,290	3,952,004	45,975,294	10%	10,428,334	3,354,389	32,192,571
Generator	11,287,100	11,235,000	22,522,100	10%	3,971,996	1,082,412	17,467,692
Electrical Installation	22,343,190	1,680,000	24,023,190	10%	13,008,467	990,546	10,024,177
Vehicle	101,149,656	8,641,482	109,791,138	10%	43,430,584	6,051,276	60,309,278
Fire Equipment	6,273,100	852,300	7,125,400	10%	1,881,369	462,524	4,781,507
Office Equipment	60,540,086	2,079,392	62,619,478	10%	37,408,540	2,392,912	22,818,025
Balance as at 30 June 2019	2,865,598,098	350,886,245	3,216,484,343		338,795,910	67,787,411	2,809,901,021
Balance as at 30 June 2018	2,548,999,848	316,598,250	2,865,598,098		282,514,162	56,281,748	2,526,802,187

Allocation of depreciation

Particulars	Percentage	Amount in Tk.
Manufacturing Overhead	80%	54,229,929
Administrative Expenses	5%	3,389,371
Marketing & Selling Expenses	15%	10,168,112
Total	100%	67,787,411



Asiatic Laboratories Limited
Schedule of Leasehold Property
As at June 30, 2019

Annexure- B

Particulars	Cost		Rate of Depreciation / Useful Life	Depreciation		Written Down Value as at 30 June 2019
	Balance as on 01 July 2018	Addition during the Year		Balance as on 01 July 2018	Charge during the Year	
Plant & Machinery	62,000,000		7.5%	4,117,808	4,341,164	53,541,027
Total	62,000,000	-		4,117,808	4,341,164	53,541,027

Allocation of depreciation

Particulars	Percentage	Amount in Tk.
Manufacturing Overhead		4,341,164
Total		4,341,164

