

PRIVATE & CONFIDENTIAL

**AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

OF

ASIATIC LABORATORIES LIMITED

FOR THE YEAR ENDED 30 JUNE 2018

SUBMITTED BY



ATA KHAN & CO.

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT
TO
THE SHAREHOLDERS OF ASIATIC LABORATORIES LIMITED

We have audited the accompanying financial statements of **Asiatic Laboratories Limited** ('the company') which comprise the Statements of Financial Position as on 30th June 2018 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS). This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) give a true and fair view of the financial position of **Asiatic Laboratories Limited** as at 30th June 2018 and results of its financial performance and its cash flows for the year then ended & comply with the companies act 1994, and other applicable laws & regulations.

We also report that:

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

Date: 14th October 2018
Place: Dhaka



ATA KHAN & CO.
Chartered Accountants

Asiatic Laboratories Limited
Statement of Financial Position
As at 30 June 2018

Particulars	Notes	Amount in Taka	
		30 June 2018	30 June 2017
Assets			
Non-Current Assets		2,741,449,533	2,385,427,743
Property, Plant and Equipment	3.00	2,526,802,187	2,266,485,685
Leasehold Property	4.00	57,882,192	29,260,274
Capital Work-in-Progress	5.00	156,765,154	89,681,784
Current Assets		478,289,488	450,247,789
Inventories	6.00	231,979,179	230,543,236
Trade and other Receivables	7.00	149,275,519	132,937,394
Advances, Deposits and Prepayments	8.00	89,487,353	79,424,659
Cash and Cash Equivalents	9.00	7,547,437	7,342,500
Total Assets		3,219,739,021	2,835,675,532
Shareholders Equity and Liabilities			
Shareholders Equity		1,504,060,637	1,281,981,086
Share Capital	10.00	9,383,500	9,383,500
Retained Earnings	11.00	1,494,677,137	1,272,597,586
Non-Current Liabilities		1,426,063,269	1,258,326,623
Share Money Deposit	12.00	804,102,900	750,401,900
Long Term Borrowings	13.00	323,751,671	274,827,293
Lease Liability	14.00	40,975,789	21,183,415
Deferred Tax Liability	15.00	257,232,910	211,914,016
Current Liabilities		289,615,115	295,367,823
Short Term Borrowings	16.00	82,436,374	114,487,508
Liabilities for Expenses	17.00	18,495,460	17,751,578
Current Tax Payable	18.00	39,655,471	46,519,269
Long Term Borrowings (Current Portion)	19.00	107,704,838	81,294,625
Lease Liability (Current Portion)	20.00	10,968,690	5,044,712
Trade and other Payables	21.00	30,354,282	30,270,131
Total Shareholders Equity and Liabilities		3,219,739,021	2,835,675,532
Net Asset Value (NAV) per share	29.00	16,028.78	13,662.08

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


Managing Director

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


Chairman

Place: Dhaka
Dated: 14 October 2018


ATA KHAN & CO.
Chartered Accountants



Asiatic Laboratories Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2018

Particulars	Notes	Amount in Taka	
		FY (2017-2018)	FY (2016-2017)
Net Sales Revenue	22.00	1,281,230,798	1,196,908,375
Less: Cost of Goods Sold	23.00	(734,936,470)	(690,653,630)
Gross Profit		546,294,328	506,254,745
Less: Operating Expenses	24.00	(182,762,558)	(168,280,923)
Profit from Operation		363,531,771	337,973,822
Other Income	25.00	226,542	214,847
Financial Expenses	26.00	(51,695,353)	(49,650,130)
Interest on Lease Liability	27.00	(5,222,995)	(2,302,764)
Profit Before Tax		306,839,965	286,235,775
Income Tax Expenses		(84,760,413)	(80,077,649)
Current Tax	18.00	(39,441,519)	(46,519,269)
Deferred Tax Income/(Expense)	15.00	(45,318,894)	(33,558,380)
Net Profit After Tax		222,079,551	206,158,125
Add: Other Comprehensive Income:		-	-
Total Comprehensive Income for the year		222,079,551	206,158,125
Earnings Per Share (EPS)	28.00	27.92	27.94

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: 14 October 2018


ATA KHAN & CO.
Chartered Accountants



Asiatic Laboratories Limited
Statement of Changes in Equity
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

For the year ended June 30, 2017

(Amount in Taka)

Particulars	Ordinary Share Capital	Retained Earnings	Total
Balance as at July 1, 2016	9,383,500	1,066,439,461	1,075,822,961
Net profit for the year transferred from Statement of Profit or Loss & Other Comprehensive Income.	-	206,158,125	206,158,125
Balance as at June 30, 2017	9,383,500	1,272,597,586	1,281,981,086


Managing Director


Chairman

Place: Dhaka
Dated: 14 October 2018



Asiatic Laboratories Limited
Statement of Cash Flows
For the year ended June 30, 2018

Particulars	Note	Amount in Taka	
		FY (2017-2018)	FY (2016-2017)
A. Cash Flows from Operating Activities			
Received from Customers	32.05	1,264,895,646	1,192,846,117
Paid to Suppliers	32.06	(636,152,104)	(597,326,669)
Paid to Employee	32.07	(129,100,729)	(120,329,655)
Paid for Manufacturing & Operating Expenses	32.08	(110,518,807)	(93,876,400)
Received from Other Sources		14,275	13,895
Tax Paid		(39,243,479)	(46,496,805)
Net Cash Generated From Operating Activities		349,894,802	334,830,483
B. Cash Flows from Investing Activities			
Acquisition of Property, Plant and Equipment	32.09	(5,533,216)	(17,034,670)
Acquisition of Leasehold Property	32.10	(32,000,000)	(30,000,000)
Paid for Capital Work In Progress	32.11	(378,148,404)	(168,749,747)
Net Cash Used to Investing Activities		(415,681,620)	(215,784,417)
C. Cash Flows from Financing Activities			
Long Term Loan Received/(Payment)	32.12	75,334,591	(7,758,040)
Short Term Loan Received/(Payment)		(32,051,134)	(152,440,618)
Payment Lease Liability during the Year	32.13	25,716,352	26,228,127
Share Money Deposit Received		53,701,000	64,133,800
Interest on Lease Liability		(5,222,995)	(2,302,764)
Paid for Financial Cost		(51,695,353)	(49,650,130)
Net Cash Flows from Financing Activities		65,782,461	(121,789,626)
D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(4,357)	(2,743,560)
E. Cash and Cash Equivalents at the Beginning of the Year		7,342,500	9,885,428
F. Foreign Exchange Gain/(loss)*		209,294	200,632
G. Cash and Cash Equivalents at the end of the Year (D+E+F)		7,547,437	7,342,500
Net Operating Cash Flows Per Share (NOCFPS)	30.00	43.99	45.38


Managing Director

Place: Dhaka.
Dated: 14 October 2018




Chairman

Asiatic Laboratories Limited
Notes, comprising summary of significant accounting policies
and others explanatory information
For the year ended 30th June 2018

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. Date of Authorization

The Financial Statements of Asiatic Laboratories Limited for the period ended 30th June 2018 were authorized for issue in accordance with a resolution of the Board of Directors on 14th October 2018.

1.05. Reporting Period

The financial period of the Company covers 1(One) year from 1st July 2017 to 30th June 2018.

2.00 Significant Accounting Policies & Basis of Preparation 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 Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) as adopted by ICAB time to time.

2.02 Statement of Compliance with Laws

The Financial Statements of the Company (under-reporting) have been prepared under the historical cost convention on going concern concept and consistently accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) and practices in Bangladesh in compliance with the Companies Act 1994, International Accounting Standards (IAS's/IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), The Securities and Exchange Rules, 1987 and other applicable laws and regulations of the Bangladesh

2.03 Basis of Reporting

The Financial Statements are prepared and presented for external users by the company in accordance with identified financial reporting framework. Presentation has been made in compliance with the requirement of Bangladesh Accounting Standards (BAS)-1- "Presentation of Financial Statements".

2.04 Components of Financial Statements

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

The Financial Statements comprises of:

- (a) Statement of Financial Position as at 30th June 2018;
- (b) Statement of Profit & Loss and other Comprehensive Income for the year ended 30th June 2018.
- (c) Statement of Changes in Equity for the year ended 30th June 2018.



- (d) Statement of Cash Flows for the year ended 30th June 2018; and
- (e) Notes, comprising summary of significant accounting policies and explanatory information to the accounts for the year ended 30th June 2018.

2.05 Statement of Cash Flows

Statement of cash flows is prepared in accordance with the Bangladesh Accounting Standard BAS-7 "Statement of cash flows" applying direct method.

2.06 Recognition of Property, Plant and Equipment

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of BAS-16: Property, Plant and Equipment.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and, any gain or loss for such disposal is reflected in the statement of comprehensive income which is determined with reference to the carrying amount of the assets and the net sales proceeds.

Fixed Assets are depreciated on reducing balance method. 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. No Depreciation is charged on Land & Land Development and Capital work-in-progress.

Rates of depreciation of different assets are as follows-

Category	Rate (%)
Land & Land Development	0%
Building & Other Construction	2.50%
Plant & Machinery	7.50%
Furniture and Fixture	10%
Generator	10%
Electronic Installation	10%
Fire Equipment	10%
Vehicle	10%
Office Equipment	10%

2.07 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 BAS-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

2.08 Disposal of Fixed Assets

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the Statement of Profit or Loss & Other Comprehensive Income, which is determined with reference to the net book value of the assets and net sales proceeds.



2.09 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 Comprehensive Income.

2.10 Provision, Contingent Liabilities and Contingent Assets

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit and loss account.

2.11 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.

2.12 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. As the capital work in process has not yet been finished and is not contributing to the production process to generate revenue, depreciation is not applied for capital work in process as per Generally Accepted Accounting Principles (GAAPs- revenue and expense recognition principle).

2.13 Inventories

Inventories consisting of Raw Materials, Work in Progress, Finished Goods, Packing Material & spare parts are valued at lower of cost and net realisable value as per BAS 2: Inventory. 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.

2.14 Use of Estimates and Judgments

The preparation & presentation of financial statements requires management to make and apply consistent estimates, judgments, & different assumption that consequently affect the application of relevant accounting standards and policies for recognizing, measuring and presentation of assets, liabilities, expenses, and incomes. That's why actual results may differ from those estimated results.

2.15 Cash and Cash Equivalents

According to BAS -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. BAS -1 "Presentation of Financial Statements" provides that cash and cash equivalents are not restricted in use. Consideration the provisional of BAS-7 and BAS-1, Cash in Hand and Bank Balances has been treated as Cash and Cash Equivalents.

2.16 Functional and Presentation Currency

Financial statements are prepared in Bangladeshi Taka which is the company's functional currency.

