

AMBEE PHARMACEUTICALS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2016

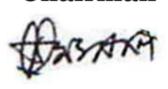
Particulars	Notes	Amount in Taka		
		30.06.2016	31.12.2015	31.12.2014
ASSETS				
Non-Current Assets				
Property, Plant & Equipment (at carrying amount) less accumulated depreciation	4	95,182,604	47,345,820	46,951,704
Capital Work in Progress (Plant and Machinery under Installation)		-	-	2,772,648
Total non-current assets		95,182,604	47,345,820	49,724,351
Current Assets				
Inventories	5	165,208,254	166,911,287	183,503,117
Trade Receivables	6	70,989,215	73,851,843	81,641,418
Advances, Deposits and Pre-payments	7	78,111,185	79,713,732	75,621,881
Short Term Investment		-	51,378,001	10,900,003
Cash & Cash Equivalents	8	12,661,792	11,399,809	15,676,469
Total current assets		326,970,446	383,254,673	367,342,889
Total Assets		422,153,051	430,600,492	417,067,240
Equity and liabilities				
Equity attributable to owners of the company				
Share Capital	9	24,000,000	24,000,000	24,000,000
Tax-Holiday Reserve	10	5,134,154	5,134,154	5,134,154
Retained Earnings		30,430,396	28,759,661	28,968,472
Total equity		59,564,550	57,893,815	58,102,626
Non-current liabilities				
Deferred Tax		7,149,224	7,142,224	8,319,966
Total non-current liabilities		7,149,224	7,142,224	8,319,966
Current liabilities				
Short Term Credit Facility	11	198,367,656	214,553,325	224,568,768
Interest Payable	12	42,166,753	32,990,514	22,590,514
Liabilities for Goods & Others	13	9,153,005	10,085,512	10,201,250
Liabilities for Expenses	14	9,035,635	10,435,986	17,495,985
Liabilities for Other Finance	15	55,923,830	55,341,029	41,347,364
Provision for Income Tax	16	32,390,426	31,700,680	29,622,451
Workers Profit Participation Fund	17	4,048,366	3,763,800	2,908,372
Unclaimed Dividend	18	4,353,605	6,693,606	1,909,944
Total current liabilities		355,439,276	365,564,453	350,644,649
Total equity and liabilities		422,153,051	430,600,492	417,067,240

The accompanying notes form an integral part of these financial statements.

Approved and authorised for issue by the Board of Directors on November 22 , 2016 and signed for and on behalf of the Board :



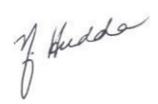
(Aziz Mohammad Bhai)
Chairman



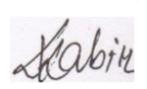
(A. K. M. Khairul Aziz)
Chief Financial Officer



(Naureen AZIZ M. Bhai)
Managing Director



(Nurjehan Hudda)
Director



(Khandoker Lutful Kabir)
Company Secretary

Subject to our separate report of even date.



Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dhaka, November 22, 2016.

AMBEE PHARMACEUTICALS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED JUNE 30, 2016

Particulars	Notes	Amount in Taka			
		Jan, 15 to June, 16	Jan, 16 to June, 16	Jan, 15 to Dec, 15	Jan, 14 to Dec, 14
Revenue	19	511,999,180	172,599,804	339,399,376	344,038,325
Cost of Sales	20	(244,891,250)	(83,029,492)	(161,861,758)	(161,807,685)
Gross Profit		267,107,930	89,570,312	177,537,618	182,230,640
Operating expenses		(231,108,540)	(77,997,229)	(153,111,311)	(152,874,899)
Administrative Expenses	21	(30,694,504)	(10,465,299)	(20,229,205)	(20,014,464)
Selling, Distribution & Marketing Expenses	22	(200,414,036)	(67,531,930)	(132,882,106)	(132,860,435)
Profit from Operations		35,999,390	11,573,083	24,426,307	29,355,741
Non Operating Income	23	1,633,203	255,202	1,378,001	1,027,204
Finance Expenses	24	(27,338,745)	(9,336,201)	(18,002,544)	(18,618,446)
Impairment of Assets		-	-	-	(827,410)
Profit before contribution to WPPF		10,293,849	2,492,084	7,801,764	10,937,088
Contribution to WPPF	25	(514,692)	(124,604)	(390,088)	(546,854)
Profit Before Tax		9,779,156	2,367,480	7,411,676	10,390,234
Income Tax Expenses		(1,597,232)	(696,745)	(900,487)	(2,867,062)
Current Tax		(2,767,975)	(689,746)	(2,078,229)	(3,054,884)
Deferred Tax		1,170,743	(6,999)	1,177,742	187,822
Profit after Tax		8,181,924	1,670,735	6,511,189	7,523,172
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		8,181,924	1,670,735	6,511,189	7,523,172
Number of Shares		2,400,000	2,400,000	2,400,000	2,400,000
Earnings per share (EPS) basic (Adjusted EPS of 2015)	26	3.41	0.70	2.71	3.13

The accompanying notes form an integral part of these financial statements.

Approved and authorised for issue by the Board of Directors on November 22, 2016 and signed for and on behalf of the Board :



(Aziz Mohammad Bhai)

Chairman



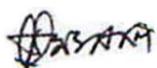
(Naureen Aziz M. Bhai)

Managing Director



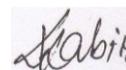
(Nurjehan Hudda)

Director



(A. K. M. Khairul Aziz)

Chief financial officer



(Khandoker Lutful Kabir)

Company Secretary

Subject to our separate report of even date.



Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dhaka, November 22, 2016.

AMBEE PHARMACEUTICALS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2016.

Particulars	Amount in Taka			
	Share Capital	Tax Holiday Reserve	Retained Earnings	Total Amount
Balance as at 1 January 2014	20,000,000	5,134,154	28,445,300	53,579,454
Transactions with the equity holders:				
Issue Bonus Share	4,000,000	-	(4,000,000)	-
Dividend for 2013	-	-	(3,000,000)	(3,000,000)
Profit for the year	-	-	7,523,172	7,523,172
Other comprehensive income	-	-	-	-
Balance as at 1 January 2015	24,000,000	5,134,154	28,968,472	58,102,626
Transactions with the equity holders:				
Issue Bonus Share	-	-	-	-
Dividend for 2014	-	-	(6,720,000)	(6,720,000)
Net Profit after Tax 2015	-	-	6,511,189	6,511,189
Balance as at 31 December 2015	24,000,000	5,134,154	28,759,661	57,893,815
Balance as at 1 January 2016	24,000,000	5,134,154	28,759,661	57,893,815
Transactions with the equity holders:				
Issue Bonus Share	-	-	-	-
Dividend for 2015	-	-	-	-
Net Profit after Tax 2016	-	-	1,670,735	1,670,735
Balance as at 30 June 2016	24,000,000	5,134,154	30,430,396	59,564,550

Approved and authorised for issue by the Board of Directors on November 22, 2016 and signed for and on behalf of the Board :



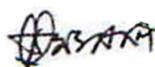
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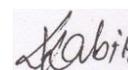
(Naureen Aziz M. Bhai)
Managing Director



(Nurjehan Hudda)
Director



(A. K. M. Khairul Aziz)
Chief financial officer



(Khandoker Lutful Kabir)
Company Secretary

AMBEE PHARMACEUTICALS LIMITED

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2016.**

Particulars	Amount in Taka			
	Jan, 15 to June, 16	Jan, 16 to June, 16	Jan, 15 to Dec, 15	Jan, 14 to Dec, 14
Cash Flows From Operating Activities :				
Cash receipts from customers & others	524,284,586	175,717,634	348,566,952	336,685,893
Payments for costs, expenses & others	(463,013,307)	(164,481,841)	(298,531,466)	(275,473,705)
Cash Generated from operating activities	61,271,279	11,235,793	50,035,486	61,212,188
Finance Expenses	(27,338,745)	(9,336,201)	(18,002,544)	(18,618,446)
Income tax paid	(5,005,054)	(777,372)	(4,227,682)	(5,402,839)
Net cash Generated from operating activities	28,927,480	1,122,220	27,805,260	37,190,903
Cash Flows From Investing Activities :				
Purchase of Fixed Assets	(53,142,287)	(49,481,038)	(3,661,249)	(2,339,414)
Plant and Machinery under Installation	-	-	-	(2,772,648)
Net cash (used in) / generated from investing activities	(53,142,287)	(49,481,038)	(3,661,249)	(5,112,062)
Cash Flows From Financing Activities :				
Other Finance	14,576,466.00	582,801	13,993,665	(26,175,681)
Dividend paid	(4,276,339.24)	(2,340,001)	(1,936,338)	(2,751,946)
Net cash used in financing activities	10,300,127	(1,757,200)	12,057,327	(28,927,627)
Net change in Cash and Cash Equivalents	(13,914,680)	(50,116,018)	36,201,338	3,151,214
Cash and cash equivalents as at 1 January	26,576,472	62,777,810	26,576,472	23,425,258
Cash and cash equivalents (Closing)	12,661,792	12,661,792	62,777,810	26,576,472
Net Operating Cash Flow Per Share (Note -28)	12.06	0.47	11.59	15.50
Components of Cash and Cash Equivalents				
Cash and Cash Equivalents	12,661,792	12,661,792	11,399,809	15,676,469
Short Term Investment	-	-	51,378,001	10,900,003
Total Cash and Cash Equivalents	12,661,792	12,661,792	62,777,810	26,576,472

Approved and authorised for issue by the Board of Directors on November 22, 2016 and signed for and on behalf of the Board :



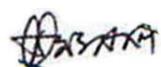
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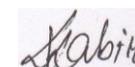
(Naureen Aziz M. Bhai)
Managing Director



(Nurjehan Hudda)
Director



(A. K. M. Khairul Aziz)
Chief Financial Officer



(Khandoker Lutful Kabir)
Company Secretary

AMBEE PHARMACEUTICALS LIMITED

ACCOUNTING POLICY AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS. **AS AT AND FOR THE PERIOD ENDED 30TH JUNE, 2016.**

1 The Background and Activities of the Company

1.1 Status of the Company

The Ambee Pharmaceuticals Limited (the “Company”), was incorporated in Bangladesh as a public company on 4th February, 1976. It commenced commercial operation in 1978 and went for public issue of shares in 1986. The shares of the Company are listed in the Dhaka and Chittagong Stock Exchanges of Bangladesh.

The registered office of the company is located at 184/1, Tejgaon I/A, Dhaka – 1208 and the manufacturing plant is located at same place at 184/1, Tejgaon I/A, Dhaka – 1208.

1.2 Principal Activities

The principal activities of the company were manufacturing of pharmaceuticals drugs and medicines and sales thereof.

2 Bases of Financial Statements-Its Preparation and Presentation

2.1 Measurement Bases

The financial statements have been prepared on the Historical Cost convention. The financial statements therefore, do not take into consideration the effect of inflation.

2.2 Reporting Framework and Compliance thereof

The financial statements have been prepared in compliance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws and regulations as applicable and in accordance with the applicable Bangladesh Financial Reporting Standards (BFRSs) including Bangladesh Accounting Standards (BASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) in accordance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs).

2.3 Presentation of Financial Statements

The presentation of these financial statements is made in accordance with the guidelines provided by BAS 1: Presentation of Financial Statements.

The financial statements comprises of:

- (a) Statement of Financial Position as at June 30,2016;
- (b) Statement of Profit or Loss and Other Comprehensive Income for the Period ended June 30, 2016;
- (c) Statement of Changes in Equity as at June 30, 2016;
- (d) Statement of Cash Flows for the period ended June 30, 2016 ; and
- (e) Notes to the financial statements comprising summary of significant accounting policies and explanatory information.

2.4 Reporting Period

The financial statements cover for the period of 18 months from January 01, 2015 to June 30, 2016.

2.5 Authorization for Issue

The financial statements have been authorized for issue by the Board of Directors on November 22, 2016.

2.6 Functional and Presentation Currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the company operates (‘the functional currency’). These financial statements are presented in Bangladesh Taka (Taka/Tk./BDT) which is also the functional currency of the company. All financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

2.7 Comparative Information

Comparative information has been disclosed in respect of the year 2014 for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period’s financial statements.

Figures for the year 2014 have been re-arranged wherever considered necessary to ensure better comparability with the current period.

2.8 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates is recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In particular, the key areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the following notes:

Note: 3.8	Income tax expense
Note: 3.2.3	Depreciation on Fixed Assets.
Note: 3.6	Inventories
Note: 13	Liabilities for Expenses

3 Significant Accounting Policies

The accounting principles and policies in respect of material items of financial statements set out below have been applied consistently to all periods presented in these financial statements.

3.1 Revenue Recognition

In compliance with the requirements of BAS 18: Revenue, revenue receipts from customers against sales is recognized when products are dispatched to customers, that is, when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

3.1.1 Turnover

Turnover for the year comprises local sales.

3.2 Property, Plant and Equipment

3.2.1 Recognition and Measurement

This has been stated at cost less accumulated depreciation in compliance with the requirements of BAS 16: Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

3.2.2 Subsequent Expenditure

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, it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets. All other costs are recognized to the statement of profit or loss and other comprehensive income account as expenses if incurred. All up gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

3.2.3 Depreciation on Fixed Assets (Note-4.00)

Depreciation is provided to amortize the cost of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of BAS 16: Property, Plant and Equipment. Depreciation is provided at the following rates on reducing balance basis:

Particulars	Rate
Factory Building	2.50%
Plant & Machinery	7.00%
Deep Tube Well	15.00%
Diesel Generating Set	15.00%
Loose Tools	15.00%
Laboratory Equipment	10.00%
Electrical Installation	10.00%
Laboratory Glassware	15.00%
Production Equipment	10.00%
Transport and Vehicles	20.00%
Motor Cycle	20.00%
Furniture and Fixtures	10.00%
Office Equipment	15.00%
Office By-cycles	20.00%
Books	15.00%

3.2.4 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 and other comprehensive income, which is determined with reference to the net book value of the assets and net sales proceeds.

3.2.5 Capital Work-In-Progress

Amount paid for acquiring of fixed assets and the cost of assets not put to use at the year-end are disclosed under capital work-in-progress.

3.3 Financial Instruments

Non-derivative financial instruments comprise investment in shares, accounts and other receivables, cash and cash equivalents, borrowings and other payables.

3.3.1 Financial Assets

Financial assets of the company include cash and cash equivalents, accounts receivable and other receivables. The company initially recognizes receivable on the date they are originated. All others financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the transactions. The company derecognizes a financial asset when, and only when the contractual rights or probabilities of receiving the cash flows from the asset expire or it transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred.

3.3.1(a) Trade Receivable (Note- 6.00)

Trade receivable are created at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account aging, previous experience and general economic conditions. When an accounts receivable is determined to be uncollected it is written off, firstly against any provision available and then to the profit and loss account. Subsequent recoveries of amounts previously provided for, are credited to the profit and loss account.

3.3.1(b) Cash and Cash Equivalents (Note- 8.00)

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

3.3.1(c) Advances and Deposits (Note- 7.00)

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.

3.4 Financial Liability

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Finance liabilities include payable for expenses, liability for capital expenditure and other current liabilities.

3.5 Impairment

(a) Financial Assets

Trade receivable and other receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effects on the estimated future cash flows of that asset, that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy etc.

(b) Non-Financial Assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impairment loss if, and only if, the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognized immediately in statement of profit or loss and other comprehensive income unless the asset is carried at revalued amount.

3.6 Inventories

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

3.7 Provisions

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

3.8 Income Tax Expense

Income tax expenses comprise current and deferred taxes. Income tax expenses are recognized in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

(a) Current Tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The tax rate used for the reporting periods is as follows:

Year	Tax rate
2014	27.50%
2015	25.00%
2016 (1st January to 30 June)	25.00%

The company qualifies as a "Publicly Traded Company"; hence the applicable Tax Rate is 25.00%.

(b) Deferred Tax

The company has recognized deferred tax using balance sheet method in compliance with the provisions of BAS 12: Income Taxes. The company's policy of recognition of deferred tax assets/ liabilities is based on temporary differences (Taxable or deductible) between the carrying amount (Book value) of assets and liabilities for financial reporting purpose and its tax base, and accordingly, deferred tax income/expenses has been considered to determine net profit after tax and earnings per shares (EPS).

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available, against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.9 Borrowing Cost

Borrowing costs are recognized as expenses in the period in which they are incurred unless capitalization of such is allowed under BAS 23 : Borrowing Costs.

3.10 Employee Benefits

The Company operates a contributory provident fund for its Head Office Staff. Assets of provident fund are held in a separate trustee who administrated fund as per the relevant rules and is funded by payments from employees and by the Company at pre-determined rates. The Company's contribution to the provident fund is charged off as revenue expenditure in the period to which the contributions relate.

3.11 Contribution to Workers' Profit Participation/ Welfare Funds

This represents 5% of net profit before tax contributed by the company as per provisions of the Bangladesh Labor Law, 2006 and is payable to workers as defined in the said law.

3.12 Proposed Dividend

The amount of proposed dividend has not been accounted for but disclosed in the notes to the financial statements along with dividend per share in accordance with the requirements of the Para 125 of Bangladesh Accounting Standard (BAS) 1: Presentation of Financial Statements. Also, the proposed dividend has not been considered as "Liability" in accordance with the requirements of the Para 12 & 13 of Bangladesh Accounting Standard (BAS) 10: Events After The Reporting Period, because no obligation exists at the time of approval of accounts and recommendation of dividend by the Board of Directors.

Dividend proposed by the board of directors for the year under review shall be accounted for after the approval of the shareholders in the annual general meeting.

3.13 Earnings per Share (EPS)

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the period.

Basic earnings

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders,

Weighted Average Number of Ordinary Share Outstanding during the period

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days the specific shares are outstanding as a production of the total number of days in the period.

Diluted Earnings per Share

No diluted EPS is required to be calculated for the period as there was no scope for dilution.

3.14 Foreign Currency Transactions

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date. The monetary assets and liabilities, if any, denominated in foreign currencies at the financial position date are translated at the applicable rates of exchanges ruling at that date. Any gain or loss due to exchange differences are recognized as revenue income/expense in compliance with the provisions of BAS 21: The Effects of Changes in Foreign Exchange Rates.

3.15 Statement of Cash Flows

The Statement of cash Flows has been prepared in accordance with the requirements of BAS 7: Statement of Cash Flows. The Cash generated from operating activities has been reported using the Direct Method as prescribed by the Security and Exchange Rules, 1987 and as the benchmark treatment of BAS 7, whereby major classes of gross cash payments from operating activities are disclosed.

3.16 Event after Reporting Period

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

3.17 Other regulatory compliance

As required, Ambee Pharmaceuticals Limited also complies with the following major regulatory provisions in addition to the Companies Act 1994, the Securities and Exchange rules 1987 and other applicable laws and regulations:

The Income Tax Ordinance 1984

The Income Tax Rules 1984

The Securities and Exchange Commission Ordinance 1969

The Securities and Exchange Commission Act 1993

The Value Added Tax Act 1991

The Value Added Tax Rules 1991

The Labour Law 2006

3.18 Going concern

The company has adequate resources to be in operation for a foreseeable future and the directors continue to adopt going concern basis in preparing the financial statements. The current resources of the company provide sufficient fund to meet the present requirements of its existing business.

4.00 PROPERTY, PLANT & EQUIPMENT :

Particulars	C O S T				Rate %	D E P R E C I A T I O N				Net Book Value as on 30.06.2016
	As on 01.01.2016	Addition for the period	Adjustment during period	As on 30.06.2016		As on 01.01.2016	Adjustment for the period	for the period	As on 30.06.2016	
Existing Units -1										
Land	-	49,033,738	-	49,033,738	-	-	-	-	-	49,033,738
Leasehold Land	1,215,803	-	-	1,215,803	-	-	-	-	-	1,215,803
Factory Building	25,453,974	-	-	25,453,974	2.5	12,891,598	-	157,030	13,048,628	12,405,346
Plant and Machinery	60,768,302	-	-	60,768,302	7	42,082,833	-	653,991	42,736,824	18,031,478
Deep Tube Well	1,368,000	-	-	1,368,000	15	899,859	-	35,111	934,970	433,030
Diesel Generating Set	402,000	-	-	402,000	15	293,840	-	8,112	301,952	100,048
Loose Tools	98,001	-	-	98,001	15	91,275	-	504	91,779	6,222
Laboratory Equipment	3,000,156	-	-	3,000,156	10	1,892,950	-	55,360	1,948,310	1,051,846
Electrical Installation	553,905	-	-	553,905	10	80,084	-	23,691	103,775	450,130
Laboratory Glass Ware	41,626	-	-	41,626	15	41,380	-	18	41,398	228
Production Equipment	1,220,541	-	-	1,220,541	10	619,897	-	30,032	649,929	570,612
Transport and Vehicles	7,128,783	244,200	-	7,372,983	20	6,450,356	-	103,313	6,553,669	819,314
Motorcycle	6,750,500	-	-	6,750,500	20	5,844,464	-	90,604	5,935,068	815,432
Furniture and Fixtures	3,486,291	-	-	3,486,291	10	2,200,945	-	64,267	2,265,212	1,221,079
Office Equipment	10,862,011	203,100	-	11,065,111	15	7,803,832	-	252,850	8,056,682	3,008,429
Office By-cycles	15,962	-	-	15,962	20	15,329	-	63	15,392	570
Books	98,060	-	-	98,060	15	83,761	-	1,072	84,834	13,227
Sub Total	122,463,915	49,481,038	-	171,944,953		81,292,404	-	1,476,020	82,768,423	89,176,531
Injectable (Ampoule) Unit -2										
Factory Building	3,627,409	-	-	3,627,409	2.5	1,028,252	-	32,489	1,060,741	2,566,668
Plant and Machinery	9,221,953	-	-	9,221,953	7	6,000,219	-	112,761	6,112,980	3,108,973
Production Equipment	80,500	-	-	80,500	10	57,384	-	1,156	58,540	21,960
Transport and Vehicles	2,235,000	-	-	2,235,000	20	2,128,732	-	10,627	2,139,359	95,641
Furniture and Fixture	930,903	-	-	930,903	10	706,870	-	11,202	718,072	212,831
Sub Total	16,095,765	-	-	16,095,765		9,921,457	-	168,234	10,089,691	6,006,074
June 30, 2016 Tk.	138,559,680	49,481,038	-	188,040,718		91,213,861	-	1,644,254	92,858,114	95,182,604
December 31, 2015 Tk.	134,898,432	3,661,249	-	138,559,680		87,946,728	-	3,267,133	91,213,861	47,345,820

Note : Depreciation Charged to :

Cost of Goods Sold (Note - 17)
Administrative Expenses (Note - 18)

Tk.

	30-06-2016	31-12-2015
Cost of Goods Sold (Note - 17)	1,132,085	2,221,663
Administrative Expenses (Note - 18)	512,170	1,045,470
	1,644,254	3,267,133

5.00 Inventories

This is made up as follows :

Particulars	Amount in Taka		
	30.06.2016	31.12.2015	31.12.2014
Raw materials	66,578,907	67,311,062	67,456,488
Packing materials	39,776,234	38,088,528	38,051,682
Promotional materials	1,028,567	1,272,455	1,580,300
Work-in-process	5,602,714	7,819,583	3,966,467
Finished goods	52,135,459	52,240,099	72,355,870
Materials-in-transit	86,374	179,560	92,310
	165,208,254	166,911,287	183,503,117

6.00 Trade Receivables

- a) Trade Receivables of Tk. 70,989,215 (2015 - 73,851,843) is considered good in respect of which the company holds no security other than the debtors personal security.
- b) No amount was due by the directors (including Managing director), managing agents, managers and other officers of the company and any of them severally or jointly with any other person.
- c) Debtors outstanding for a period

Above six months	32,865,793	34,211,375	43,121,394
Below six months	38,123,422	39,640,468	38,520,024
	70,989,215	73,851,843	81,641,418

7.00 Advances, Deposits & Pre-payments:

a) Advances	75,699,128	76,396,439	72,216,603
b) Deposit and Prepayments	2,412,057	3,317,293	3,405,279
	78,111,185	79,713,732	75,621,881

a) Advances

Advances to staff	4,202,796	4,350,626	5,480,616
Advance Rent	1,257,000	1,257,000	1,304,846
Income tax	39,351,322	37,884,204	33,656,522
Against purchases and expenses	15,714,533	18,532,215	19,006,081
Associated Undertaking	15,173,477	14,372,394	12,768,538
Sub total	75,699,128	76,396,439	72,216,603

b) Deposit and Prepayments

VAT deposit	416,877	527,648	307,486
L/C Margin	658,000	1,387,465	1,023,165
Guarantee Margin	20,715	20,715	20,175
Other Deposits	1,291,465	1,356,465	1,371,265
Pre-payments	25,000	25,000	683,188
Sub total	2,412,057	3,317,293	3,405,279

8.00 Cash & Cash Equivalents

In hand	12,071,425	10,172,944	10,338,656
At banks:	590,367	1,226,865	5,337,813
In current account	508,852	1,145,350	5,256,298
In in-operative account	81,515	81,515	81,515
	12,661,792	11,399,809	15,676,469

09.00 Share Capital

This is made up as follows :

Authorised Capital

2,500,000 Ordinary Shares of Tk. 10 each	25,000,000	25,000,000	25,000,000
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Issued, Subscribed and paid-up Capital**By Cash**

1,821,008 Ordinary Shares of Tk. 10 each fully paid up in cash.	18,210,080	18,210,080	18,210,080
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Other than Cash

178,992 Ordinary Shares of Tk. 10 each paid-up in full for consideration other-wise than cash.	1,789,920	1,789,920	1,789,920
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By issue of Bonus Share

400,000 Bonus Shares of Tk.10 each Issued for the year 2013	4,000,000	4,000,000	4,000,000
	24,000,000	24,000,000	24,000,000

a) The break-up of share-holding is given below :

Particulars	2016		2015		2014	
	No of Shares	%	No of Shares	%	No of Shares	%
Sponsors, Directors & Associates	1,591,330	66.31	1,591,330	66.31	1,591,330	66.31
ICB & Institutions	75,500	3.15	75,500	3.15	78,000	3.25
Foreign Investors	214,790	8.95	214,790	8.95	214,790	8.95
General Public	518,380	21.60	518,380	21.60	515,880	21.50
	2,400,000	100	2,400,000	100	2,400,000	100

b) The distribution schedule showing the number of shareholders' and their shareholdings in Percentage has been disclosed as a requirement of the "Listing Regulation" of Dhaka and Chittagong Stock Exchanges as on 30 June, 2016.

Range of Holdings	Number of Shareholders	No. of Shares	Holdings %
Less than 500 shares	2588	208,632	8.69%
501 to 5,000 shares	196	242,897	10.12%
5,001 to 10,000 shares	5	38,549	1.61%
10,001 to 20,000 shares	4	53,423	2.23%
20,001 to 30,000 shares	2	50,440	2.10%
30,001 to 40,000 shares	-	-	-
40,001 to 50,000 shares	2	144,120	6.01%
50,001 to 100,000 shares	-	-	0.00%
100,001 to 1,000,000 share	1	214,790	8.95%
Over 1,000,000 shares	1	1,447,149	60.30%
	2,799	2,400,000	100%

c) Market Price :

The shares are listed in the Dhaka and Chittagong Stock Exchanges, on 30.06.2016 each share was quoted at Tk. 289.00 (on 31.12.2015 - Tk. 279.00) in the Dhaka Stock Exchange Ltd. and Tk. 286.00 (on 31.12. 2015 - Tk. 277.00) in the Chittagong Stock Exchange Ltd.

d) Option on unissued shares :

There is no option regarding authorised capital not yet issued but can be used to increase the issued, subscribed and paid-up capital through the issuance of new shares against cash contributions and bonus.

10.00 Tax-Holiday Reserve

This is being provided out of Tax-Holiday Profit to invest in the same undertaking or in any new industrial undertaking or in stocks and shares of a public company or in government bonds or securities or for other purposes as specified in this respect as one of the condition of granting Tax Holiday.

11.00 Short Term Credit Facility

This is made up as follows :

Particulars	Amount in Taka		
	30.06.2016	31.12.2015	31.12.2014
Loan from Bank :			
Secured Overdraft		-	9,827,052
Overdraft Facilities	159,706,839	120,104,982	121,492,342
Letter of Trust Receipt	38,660,817	94,448,343	93,249,374
	198,367,656	214,553,325	224,568,768

12.00 Interest Payable:

This is made up as follows :

Opening Balance	32,990,514	22,590,514	10,759,690
Provision for the year	9,176,239	10,400,000	11,830,824
	42,166,753	32,990,514	22,590,514

13.00 Liabilities for Goods & Others

This represents amounts due to various suppliers of raw, packing and stores materials, the ageing of which liability is as follows:

Above six months		-	-
Below six months	9,153,005	10,085,512	10,201,250
	9,153,005	10,085,512	10,201,250

14.00 Liabilities for Expenses

This represents provision for various expenses (e.g. remuneration and allowances, salaries and wages, utilities bills etc) which have fallen due as on 30th June, 2016, ageing of which liability is as follows

Above six months		-	-
Below six months	9,035,635	10,435,986	17,495,985
	9,035,635	10,435,986	17,495,985

Particulars	Amount in Taka		
	30.06.2016	31.12.2015	31.12.2014

15.00 Liabilities for other finance:

This is made up as follows :

Opening Balance	55,341,029	41,347,364	67,523,044
Add. Addition during the year	13,562,031	40,873,742	20,359,002
Less: Adjustment during the year	(12,979,230)	(26,880,077)	(46,534,682)
	55,923,830	55,341,029	41,347,364

Out of total balance of Tk. 55,923,830, an amount of Tk. 20,765,284 is payable to Aziz Mohammad Bhai, Chairman of the Company as disclosed at Note # 36 "Related party transactions"

16.00 Provision for Income Tax

Opening Balance	31,700,680	29,622,451	26,567,567
Provision for the year	689,746	2,078,229	3,054,884
	32,390,426	31,700,680	29,622,451

Income tax assessment up to 31.12.2008 is completed. Assessment for the years 2009, 2010, 2011, 2012 & 2013 are finalized and in appeal. Income tax assessment for the year 2014 is filed for assessment.

17.00 Workers Profit Participation Fund (WPPF)

Opening Balance	3,763,800	2,908,372	1,870,509
Provision for the year	284,566	855,428	1,037,863
	4,048,366	3,763,800	2,908,372

As per Security Exchange circular the financial period has been suddenly changed. For time limitation provision amount of Workers Profit Participation Fund of Tk. 4,048,366 could not be distributed among the workers. The provision amount of workers profit participation fund will be distributed to the workers in the year 2016-2017.

18.00 Unclaimed Dividend

The following figures represent the dividends for which the warrants are either lying with the shareholders and have not been presented as yet by them to the bank for encashment or have been returned to the company undelivered due to change of address of those shareholders and their new address have not yet been communicated to the company. Under instruction from SEC, press advertisements were made to collect the past dividend warrants but many shareholders are yet to turn up to collect their respective warrants.

	4,353,605	6,693,606	1,909,944
	4,353,605	6,693,606	1,909,944

19.00 Revenue

Particulars	Amount in Taka		
	1st January, 2016 to 30th June, 2016	2015	2014
Local Sales	172,599,804	339,399,376	342,496,190
Export Sales to Myanmar 2014 (US\$ 19,950)	-	-	1,542,135
	172,599,804	339,399,376	344,038,325
Sales Quantity :			
Tablet	54,415,097 Pcs.	100,791,370	206,339,051
Capsules	16,775,351 Pcs.	45,657,478	90,475,657
Bottle	625,214 Unit	23,572,693	29,261,001
Ointment	30,311 Pcs.	297,308	705,279
Injection	460,053 Ampoule	2,280,955	12,618,388

20.00 Cost of Sales

Work-in-process (Opening)	7,819,583	3,966,467	3,819,210
Raw materials consumed - (.01)	29,192,834	63,859,893	81,216,221
Packing materials consumed - (.02)	30,039,803	50,702,807	63,251,512
Promotional materials consumed - (.03)	5,943,150	3,322,743	3,405,790
Factory overhead - (.04)	16,148,286	28,487,967	27,989,142
Depreciation	1,132,085	2,221,663	2,316,277
Work-in-process (Closing)	(5,602,714)	(7,819,583)	(3,966,467)
Cost of production	84,673,027	144,741,956	178,031,685
Stock of finished goods (Opening)	52,240,099	72,355,870	59,147,839
Stock of finished goods (Closing)	(52,135,459)	(52,240,099)	(72,355,870)
Cost of free samples	(1,748,175)	(2,995,969)	(3,015,969)
	83,029,492	161,861,758	161,807,685

(.01) Raw Materials Consumed

	Active Ingredients (kg)	Recipients (kg)	E.H.G. Capsules (pcs)			
Opening Stock	6,497	107,690	3,581,637	67,311,062	67,456,488	45,812,353
Purchase	9,248	7,550	16,750,000	29,712,066	63,714,467	102,860,356
Obsolete				(1,251,387)		
Closing Stock	(6,745)	(88,378)	(2,333,792)	(66,578,907)	(67,311,062)	(67,456,488)
	9,000	26,862	17,997,845	29,192,834	63,859,893	81,216,221

Raw materials consumed is 96.38 % imported.

Particulars	Amount in Taka		
	1st January, 2016 to 30th June, 2016	2015	2014
(.02) Packing Materials Consumed			
Opening Stock	38,088,528	38,051,682	22,812,655
Purchase	32,695,114	50,739,653	78,490,539
Obsolete	(967,605)		
Closing Stock	(39,776,234)	(38,088,528)	(38,051,682)
	30,039,803	50,702,807	63,251,512

Packing materials consumed is 35.85 % imported.

Particulars in respect of quantity of each packing materials as well as value of each class of packing materials are not given as number of items as well as classes of items are large.

(.03) Promotional Materials Consumed

This is made up as follows :

Opening Stock	1,272,455	1,580,300	1,538,809
Purchase	5,699,262	3,014,898	3,447,281
Closing Stock	(1,028,567)	(1,272,455)	(1,580,300)
	5,943,150	3,322,743	3,405,790

Particulars in respect of quantity of each promotional materials as well as value of each class of promotional materials are not given as number of items as well as classes of items are large.

(.04) FACTORY OVERHEAD

Salary, wages and allowances	12,844,368	21,690,263	20,493,576
Overtime allowances	105,600	158,090	166,808
Electricity, Gas and Water	1,515,869	3,768,450	3,646,372
Conveyance	25,395	38,545	41,360
Entertainment	84,004	150,629	239,931
Printing and Stationery	70,594	128,012	217,185
Repairs and maintenance	573,316	993,815	996,165
Telephone	40,583	83,913	98,576
Indirect materials-Packing	548,885	914,337	868,946
Fees and Commissions	112,378	140,000	280,493
Newspaper and periodicals	1,986	4,536	1,900
Uniform	42,358	91,564	89,387
General Expenses	56,183	110,370	167,620
Washing and laundry expenses	18,491	31,843	32,855
Power & Fuel	108,276	183,600	647,968
	16,148,286	28,487,967	27,989,142

21.00 ADMINISTRATIVE EXPENSES

Salary and allowances	4,557,181	8,720,356	7,690,667
Directors' Remuneration	3,000,000	6,000,000	6,000,000
Car expenses	105,388	182,300	526,498
Bank Charges	23,242	33,750	139,484
Conveyance	84,103	145,776	190,849
Entertainment	153,332	458,915	397,262
Travelling Expenses	316,860	621,746	418,418
Postage expenses	33,430	80,091	33,770
Printing and Stationery	94,620	135,973	130,097
Electricity, Gas and Water	378,967	646,315	913,753
Repairs and maintenance	88,427	172,341	333,904
Telephone	355,721	677,327	690,974
Fees and commissions	169,452	205,475	132,140
Membership subscription	278,882	121,364	95,882
Audit fees (Statutory)	172,500	172,500	150,000
Insurance premium	55,234	112,876	267,946
Legal and professional charges	-	442,500	485,000
AGM expenses	-	116,200	187,650
Advertisement & Publicity	85,790	137,930	177,218
Depreciation	512,170	1,045,470	1,052,952
	10,465,299	20,229,205	20,014,464

Amount in Taka

Particulars	1st January, 2016 to 30th June, 2016	2015	2014
22.00 SELLING, DISTRIBUTION AND MARKETING EXPENSES			
Salary and allowances	42,924,793	84,359,898	83,356,326
Incentive Bonus	483,500	2,145,170	2,065,800
Rent, rates and taxes	2,831,223	3,816,118	3,618,687
Car expenses	10,400	127,600	133,400
Bank charges	151,704	620,044	888,877
Conveyance	152,564	294,822	357,593
Entertainment	122,356	298,569	308,547
Postage expenses	11,791	44,438	64,058
Printing and Stationery	169,843	381,431	632,190
Repairs and maintenance	238,386	460,540	506,999
Telephone	703,671	822,249	943,122
Security expenses	-	-	12,400
Electricity, Gas and Water	276,103	591,966	409,169
Fees and commissions	71,316	14,410	32,440
TA/DA of MR and others	4,718,490	12,645,146	13,046,732
Medical expenses	-	-	3,571
General expenses	31,500	20,668	76,900
Meeting/Conference/Training expenses	800,981	1,629,235	1,785,182
Delivery Van expenses	322,159	789,473	632,336
Delivery expenses	10,961,034	19,134,203	19,071,060
Free Sample	2,550,116	4,686,126	4,832,746
Export expenses	-	-	82,300
	67,531,930	132,882,106	132,860,435
23.00 NON-OPERATING INCOME			
Interest income on FDR	255,202	1,378,001	1,027,204
	255,202	1,378,001	1,027,204
24.00 FINANCIAL EXPENSES			
Interest on Overdraft	9,176,239	17,537,204	18,127,437
Interest on WPPF	159,962	465,340	491,009
	9,336,201	18,002,544	18,618,446
25.00 CONTRIBUTION TO WORKERS PROFIT PARTICIPATION FUND			
This represents 5% of net profit before charging the contribution for the year provided as per provisions of the Companies Profit (Workers Participation) Act, 1968 and is payable to workers as defined in the said Act.			
26.00 EARNING PER SHARE (EPS)			
This is made up as follows :			
Earning attributable to the Ordinary Shareholders (Net profit after tax)	1,670,735	6,511,189	7,523,172
Weighted average number of Ordinary shares outstanding during the year	2,400,000	2,400,000	2,400,000
	0.70	2.71	3.13
27.00 NET ASSETS VALUE (NAV)			
Net Assets	59,564,550	57,893,815	58,102,626
Weighted average number of Ordinary shares- outstanding during the year	2,400,000	2,400,000	2,400,000
	24.82	24.12	24.21
28.00 NET OPERATING CASH FLOW PER SHARE			
Cash flows from net operating activities as per Statement of Cash flows	1,122,220	27,805,260	37,190,903
Weighted average number of Ordinary shares outstanding during the year	2,400,000	2,400,000	2,400,000
	0.47	11.59	15.50
29.00 APPROPRIATION DURING THE YEAR			
In accordance with BAS 1 "Presentation of Financial Statements", the appropriations for the period other than proposed dividend for 2016 are reflected in the statement of changes in equity.			
The net profit for the year carried forward in the balance sheet will be applied for payment of this year's dividend proposed by the board of directors @ 26% (Twenty six) Cash dividend and will be accounted for in the accounts as and when approved by the shareholders in the annual general meeting. The total amount of proposed dividend for the period 2016 is Tk.6,240,000/= (Taka Sixty two lac forty thousand) only.			
30.00 PAYMENT/PERQUISITES TO DIRECTORS AND OFFICERS			
		Managing Director	Officers

Salary and allowances	-	8,654,000
Remuneration	2,640,000	-
Bonus	-	-
Entertainment allowance	360,000	-
	3,000,000	8,654,000

The rate of Board meeting attendance fee per meeting per member is Tk.750 but no fees were drawn by the directors during the year under review.

No amount of money was spent by the Company for compensating any member of the Board, other than the managing director, for rendering special services.

31.00 NATURE OF SECURITY OF SHORT TERM CREDIT FACILITY

The loan is secured against hypothecation on stocks, fixed assets, land and all other usual charge documents.

32.00 PLANT CAPACITY AND CAPACITY UTILISATION

Products	On single shift basis			Remarks
	Production capacity		Actual production	
Tablet group (Pcs)	126,000,000		145,878,013	Due to overtime work for increasing demand
Capsule group (Pcs)	120,960,000		1,865,167	As per market demand
Suspension group (Phials)	2,160,000		1,013,726	-do-
Injectable (Ampoules)	10,368,000		2,174,304	-do-

33.00 Credit Facility - Others

There was no general nature of credit facilities available to the company under any contract, other than trade credit available in the ordinary course of business and not availed of as on 30.06.2016.

34.00 Capital Expenditure Commitment

There was no capital expenditure contracted but not incurred or provided for at June 30, 2016.

There was no material capital expenditure authorised by the Board but not contracted for at June 30,2016.

Particulars	Amount in Taka		
	1st January, 2016 to 30th June, 2016	2015	2014

35.00 Payments made in Foreign currency

Import of Raw material	28,135,110	50,153,911	65,740,371
Import of Packing material	10,768,370	11,510,759	17,872,062

No other expenses including royalty, technical expert and professional advisory fees, interest etc. was incurred or paid in foreign currencies except as stated above.

36.00 Related Party Transactions - Disclosure under IAS 24 "Related Party Disclosure"

During the year under review, the company carried out transactions with Mr. Aziz Mohammad Bhai, Chairman, of the company, amount payable at the period end against above transactions was Tk. 20,765,284/= which is included in liabilities for other finance.

A sum of Tk. 2,699,011/= payable to Olympic Industries Ltd. as on 30.06.2016 is included in trade & other payable.

A sum of Tk. 15,075,491/= and Tk.97,986/= are due from Bengal Steel Works Ltd. and Ambee Films Ltd. accordingly.

37.00 Comparative Figures

Certain comparative figures have been reclassified from statements previously presented to conform to the presentation adopted during the period ended June 30, 2016.

38.00 Contingent Asset/ Liabilities:

The company had the following contingent Assets/ Liabilities as on 30 June 2016	Taka
LF with GSP Finance Co (Ban) Ltd.	191,000,000

A lease agreement has been made as on 10.03.16 LF with GSP Finance Co. (Bangladesh) Ltd. No assets has been purchased upto 30.06.2016 under above agreement.

39.00 Approval of the Financial Statements

These financial statements were authorized for issue in accordance with a resolution of the Company's board of directors on November 22, 2016.

40.00 Post Closing Events

Following events have occurred since the balance sheet date:

(a) Subsequent to the balance sheet date, the Board of Directors recommended 26% (Twenty six percent) cash dividend i.e Taka 2.60/= (Two and six zero) per share which will be recognized in the accounts as and when approved by the shareholders in the Annual General Meeting.

(b) Except the fact stated above, no circumstances have arisen since the balance sheet date which would require adjustment to, or disclosure in, the financial statements or notes thereto.

41.00 Financial Risk Management

The management of company has overall responsibility for the establishment and oversight of the company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks for its use of financial instruments.

Credit risk

Liquidity risk

Market risk

41.01 Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. As at 30 June 2016 substantial part of the receivables are those from its related company and subject to insignificant credit risk. Risk exposures from other financial assets. i.e. Cash at bank and other external receivables are nominal.

41.02 Liquidity Risk

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

41.03 Market Risk

Market risk is the risk that any change in market prices such as foreign exchange rates and interest will affect the company's income or the value of its holdings financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(a) Currency risk

The company is exposed to currency risk on certain revenues and purchases such as revenue from foreign customers and import of raw material, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD and relate to procurement of raw materials, machineries and equipment from abroad. The company have received foreign currency loan which shall be repaid in foreign currency.

(b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. The foreign currency loan is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

42.00 General:

42.01 Claims not Acknowledged:

There is no claim against the company not acknowledged as on 30.06.2016

42.02 Directors Responsibility Statements:

The board of Directors takes the responsibility for the preparation and presentation of these financial statements.

42.03 Directors Remuneration :

During the year total remuneration paid to directors of Tk. **3000,000**.

42.04 Employee Details:

- i) During the period there were 650 Employees employed for the full year.
- ii) At the end of the period there were 627 employees in the company.

42.05 Amounts appearing in these financial statements have been rounded off to the nearest Taka and, wherever considered necessary.



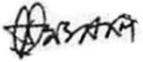
(Aziz Mohammad Bhai)
Chairman



(Naureen Aziz Mohammad Bhai)
Managing Director



(Nurjehan Hudda)
Director



(A. K. M. Khairul Aziz)
Chief financial officer



(Khandoker Lutful Kabir)
Company Secretary