

**Independent Auditors' Report
To The Shareholders of
BEXIMCO PHARMACEUTICALS LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of Beximco Pharmaceuticals Limited, which comprise the Statement of Financial Position as at 31 December 2012, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA) and Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 our 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, we consider internal control relevant to the entity's preparation and fair preparation of the financial statements in order to design audit procedure that are appropriate in the circumstance, 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 give a true and fair view of the financial position of the company as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1994 and the Securities and Exchange Rules 1987, we report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books ;
- (c) the Statement of Financial Position (Balance Sheet) and Statement of Comprehensive Income (Profit and Loss Account) dealt with by the report are in agreement with the books of account; and
- (d) the expenditure incurred was for the purposes of the company's business.

Dhaka
30 April, 2013



M.J. Abedin & Co.
Chartered Accountants

Beximco Pharmaceuticals Limited

Statement of Financial Position

As at 31 December 2012

		Amount in Taka	
	Notes	2012	2011
ASSETS			
Non-Current Assets			
Property, Plant and Equipment- Carrying Value	4 (a)	16,201,858,216	15,745,492,625
Intangible Assets	3.3 & 5	187,079,147	135,933,879
Investment in Shares	6	3,451,276	3,451,276
		16,392,388,639	15,884,877,780
Current Assets			
Inventories	7	2,433,987,981	2,291,844,631
Spares & Supplies	8	396,175,790	325,881,244
Accounts Receivable	9	1,162,404,807	978,224,317
Loans, Advances and Deposits	10	965,276,373	840,320,705
Short Term Investment	11	2,686,598,326	2,193,423,560
Cash and Cash Equivalents	12	552,978,676	518,768,296
		8,197,421,953	7,148,462,753
TOTAL ASSETS		24,589,810,592	23,033,340,533
EQUITY AND LIABILITIES			
Shareholders' Equity			
Issued Share Capital	13	3,046,390,500	2,517,678,100
Share Premium	3.13	5,269,474,690	5,269,474,690
Excess of Issue Price over Face Value of GDRs	14	1,689,636,958	1,689,636,958
Capital Reserve on Merger		294,950,950	294,950,950
Revaluation Surplus	4(b)	1,406,527,880	1,466,602,600
Retained Earnings		6,701,180,881	5,889,784,879
		18,408,161,859	17,128,128,177
Non-Current Liabilities			
Long Term Borrowings-Net off Current Maturity (Secured)	15	1,469,621,611	1,890,074,651
Liability for Gratuity & WPPF	16	499,622,784	403,598,795
Deferred Tax Liability	17	1,147,459,569	963,376,922
		3,116,703,964	3,257,050,368
Current Liabilities and Provisions			
Short Term Borrowings	18	1,526,449,918	1,642,216,008
Long Term Borrowings-Current Maturity	19	664,712,728	363,744,181
Creditors and Other Payables	20	470,097,685	523,798,136
Accrued Expenses	21	128,598,961	101,559,917
Dividend Payable		1,020,948	1,361,452
Income Tax Payable	22	274,064,529	15,482,294
		3,064,944,769	2,648,161,988
TOTAL EQUITY AND LIABILITIES		24,589,810,592	23,033,340,533

The Notes are integral part of the Financial Statements.

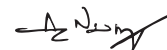
Approved and authorised for issue by the board of directors on 30 April, 2013 and signed for and on behalf of the Board :



Salman F Rahman
Vice Chairman



Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

Per our report of even date.

Dhaka,
30 April, 2013



M. J. Abedin & Co.
Chartered Accountants

Beximco Pharmaceuticals Limited
Statement of Comprehensive Income
For the year ended 31 December 2012


		Amount in Taka	
	Notes	2012	2011
Net Sales Revenue	23	9,289,115,284	7,890,241,843
Cost of Goods Sold	24	(4,899,713,857)	(4,103,709,021)
Gross Profit		4,389,401,427	3,786,532,822
Operating Expenses :		(2,181,521,867)	(1,798,053,124)
Administrative Expenses	27	(332,225,347)	(275,201,846)
Selling, Marketing and Distribution Expenses	28	(1,849,296,520)	(1,522,851,278)
Profit from Operations		2,207,879,560	1,988,479,698
Other Income	29	442,847,713	340,907,774
Finance Cost	30	(645,406,575)	(567,645,757)
Profit Before Contribution to WPPF		2,005,320,698	1,761,741,715
Contribution to Workers' Profit Participation/Welfare Funds	31	(95,491,462)	(83,892,463)
Profit Before Tax		1,909,829,236	1,677,849,252
Income Tax Expenses	32	(590,439,908)	(479,323,910)
Current Tax		(445,712,907)	(207,549,905)
Deferred Tax Expense		(144,727,001)	(271,774,005)
Profit After Tax for the Year		1,319,389,328	1,198,525,342
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		1,319,389,328	1,198,525,342
Earnings Per Share (EPS) / Adjusted EPS (2011)	33	4.33	3.93
Number of Shares used to compute EPS		304,639,050	304,639,050

The Notes are integral part of the Financial Statements.

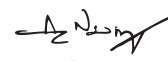
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Dhaka,
30 April, 2013



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Chartered Accountants

Beximco Pharmaceuticals Limited
Statement of Changes in Equity
For the year ended 31 December 2012

Amount in Taka

	Share Capital	Share Premium	Excess of Issue Price over Face Value of GDRs	Capital Reserve on Merger	Revaluation Surplus	Retained Earnings	Total
Balance as on January 01, 2012	2,517,678,100	5,269,474,690	1,689,636,958	294,950,950	1,466,602,600	5,889,784,879	17,128,128,177
Total Comprehensive Income for 2012:							
Profit for the Year	-	-	-	-	-	1,319,389,328	1,319,389,328
Other Comprehensive Income	-	-	-	-	-	-	-
Transaction with the Shareholders:							
Stock Dividend for 2011	528,712,400	-	-	-	-	(528,712,400)	-
Adjustment for Depreciation on Revalued Assets	-	-	-	-	(20,719,074)	20,719,074	-
Adjustment for Deferred Tax on Revalued Assets	-	-	-	-	(39,355,646)	-	(39,355,646)
Balance as on December 31, 2012	3,046,390,500	5,269,474,690	1,689,636,958	294,950,950	1,406,527,880	6,701,180,881	18,408,161,859
Number of Shares							304,639,050
Net Asset Value (NAV) per Share							60.43

The Notes are integral part of the Financial Statements.


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Salman F Rahman
Vice Chairman



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Per our report of even date.

Dhaka,
30 April, 2013



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Chartered Accountants

Beximco Pharmaceuticals Limited
Statement of Cash Flows
For the year ended 31 December 2012

Amount in Taka

	2012	2011
Cash Flows from Operating Activities :		
Cash Receipts from Customers and Others	9,107,836,251	7,741,749,367
Cash Paid to Suppliers and Employees	(6,855,119,972)	(5,773,745,087)
Cash Generated from Operations	2,252,716,279	1,968,004,280
Interest Paid	(645,406,575)	(567,645,757)
Interest Received	437,201,038	330,494,566
Income Tax Paid	(187,130,672)	(154,331,358)
Net Cash Generated from Operating Activities	1,857,380,070	1,576,521,731
Cash Flows from Investing Activities :		
Acquisition of Property, Plant and Equipment	(1,033,862,245)	(1,112,175,207)
Intangible Assets	(65,272,280)	(95,949,037)
Investment in Shares	-	2,847,250
Disposal of Property, Plant and Equipment	4,730,688	5,178,814
Short Term Investment	(493,174,766)	(1,334,019,856)
Net Cash Used in Investing Activities	(1,587,578,603)	(2,534,118,036)
Cash Flows from Financing Activities :		
Net Increase / (Decrease) in Long Term Borrowings	(119,484,493)	2,807,656
Net Increase / (Decrease) in Short Term Borrowings	(115,766,090)	2,254,956
Ordinary Share Dividend	(340,504)	(146,447)
Net Cash Generated from Financing Activities	(235,591,087)	4,916,165
Increase / (Decrease) in Cash and Cash Equivalents	34,210,380	(952,680,140)
Cash and Cash Equivalents at Beginning of Year	518,768,296	1,471,448,436
Cash and Cash Equivalents at End of Year	552,978,676	518,768,296
Net Operating Cash Flow Per Share	6.10	6.26

Number of Shares used to compute Net Operating Cash Flow Per Share 304,639,050 251,767,810

The Notes are integral part of the Financial Statements.

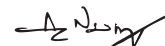
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Per our report of even date.

Dhaka,
30 April, 2013



M. J. Abedin & Co.
Chartered Accountants

BEXIMCO PHARMACEUTICALS LIMITED
Notes to the Financial Statements
As at and for the year ended 31 December 2012

1. Reporting entity

1.1 About the company

Beximco Pharmaceuticals Limited (BPL/ the Company) was incorporated as a public limited company in Bangladesh in 1976. It commenced its manufacturing operation in 1980. The company was listed with Dhaka Stock Exchange in 1985 and with Chittagong Stock Exchange on its debut in 1995. In 2005, BPL took over Beximco Infusions Ltd., a listed company of the Beximco Group engaged in manufacturing and marketing of intravenous fluids and got enlisted with the Alternative Investment Market (AIM) of the London Stock Exchange through issuance of Global Depository Receipts (GDRs). Shares of the Company are traded in Dhaka and Chittagong Stock Exchanges of Bangladesh and its GDRs in AIM of the London Stock Exchange.

The registered office of the company is located at House No. 17, Road No. 2, Dhanmondi R/A, Dhaka. The industrial units are located at Tongi and Kaliakoir of Gazipur district – vicinities close to the capital city Dhaka.

1.2 Nature of Business

The company is engaged in manufacturing and marketing of generic pharmaceuticals formulation products including life saving intravenous fluids and Active Pharmaceutical Ingredients (APIs). Products of the company are sold in domestic and international markets. The company also provides contract manufacturing services.

2. Basis of Preparation of Financial Statements

2.1 Basis of Measurement

The financial statements have been prepared on the Historical Cost Basis except land, building and plant & machinery revalued as on 31 December 2008 and disclosed through Note: 4 b. The financial statements therefore, do not take into consideration the effect of inflation.

2.2 Statement of Compliance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, the Securities & Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable and in accordance with the International Financial Reporting Standards (IFRSs), and Bangladesh Financial Reporting Standards (BFRSs).

2.3 Presentation of Financial Statements

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

The financial statements comprises of:

- (a) a Statement of Financial Position as at the end of the year 2012;
- (b) a Statement of Comprehensive Income for the year 2012;
- (c) a Statement of Changes in Equity for the year 2012;
- (d) a Statement of Cash Flows for the year 2012; and
- (e) notes, comprising summary of significant accounting policies and explanatory information.

2.4 Reporting Period

The financial statements cover one calendar year from January 01, 2012 to December 31, 2012.

2.5 Authorisation for issue

The financial statements have been authorised for issue by the Board of Directors on April 30, 2013.

2.6 Functional and Presentation Currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency. 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 2011 for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Figures for the year 2011 have been re-arranged wherever considered necessary to ensure better comparability with the current year.

2.8 Use of Estimates and Judgments

The preparation of financial statements in conformity with the IFRSs including IASs require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and for contingent assets and liabilities that require disclosure, during and at the date of the financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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 include depreciation, inventory valuation, accrued expenses, other payable and deferred liability for gratuity.

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 IAS 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.

Revenue from sales is exclusive of VAT.

Cash dividend income on investment in shares is recognized on approval of said dividend in the annual general meeting. Stock dividend income (Bonus Shares) is not considered as revenue.

3.2 Property, Plant and Equipment

3.2.1 Recognition and Measurement

This has been stated at cost or revalued amount less accumulated depreciation in compliance with the requirements of IAS 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 Maintenance Activities

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

3.2.3 Depreciation

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

Building and Other Construction	2% - 10%
Plant and Machinery	5% - 15%
Furniture & Fixtures	10%
Transport & Vehicle	20%
Office Equipment	10% - 15%

3.2.4 Retirements and Disposals

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

3.3 Intangible Assets

Intangible assets are stated at cost less provisions for amortization and impairments. Licenses, patents, know-how and marketing rights acquired are amortized over their estimated useful lives, using the straight line basis, from the time they are available for use. The cost of acquiring and developing computer software for internal use and internet sites for external use are capitalized as intangible fixed assets where the software or site supports a significant business system and the expenditure leads to the creation of a durable asset. Also, the research and development expenditures that are definite to yield benefit to the company are capitalized.

3.4 Leased Assets

In compliance with the IAS 17: Leases, cost of assets acquired under finance lease along with related obligation has been accounted for as assets and liabilities respectively of the company, and the interest element has been charged as expenses. Lease payments made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liability.

3.5 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.5.1 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 transaction. 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.

3.5.1(a) Accounts Receivable

Accounts 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.

3.5.1(b) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, in transit 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.

3.5.1(c) Investment in Shares

Investment in shares of listed company is valued at lower of cost and stock exchange quoted value of year end. Investment in other shares is valued at lower of cost and net book value.

3.5.2 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.

3.6 Impairment

(a) Financial Assets

Accounts 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 profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

3.7 Inventories

Inventories are carried at the lower of cost and net realizable value as prescribed by IAS 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.

3.8 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.

3.9 Income Tax Expense

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the Statement of Comprehensive Income and accounted for in accordance with the requirements of IAS 12 : Income Tax.

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. The company qualifies as a "Publicly Traded Company"; hence the applicable Tax Rate is 27.50%.

Deferred Tax

The company has recognized deferred tax using balance sheet method in compliance with the provisions of IAS 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.

3.10 Interest Income

Interest income is recognized on accrual basis.

3.11 Borrowing Cost

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

3.12 Employee Benefits

The company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

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:

(a) Defined Contribution Plan (Provident Fund)

The company has a registered provident fund scheme (Defined Contribution Plan) for employees of the company eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrevocable trust. All permanent employees contribute 10% of their basic salary to the provident fund and the company also makes equal contribution.

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

(b) Defined Benefit Plan (Gratuity)

This represents unfunded gratuity scheme for its permanent employees. Employees are entitled to gratuity benefit after completion of minimum five years of service in the company. The gratuity is calculated on the latest applicable basic pay and is payable at the rate of one month basic pay for every completed year of service.

Though no valuation was done to quantify actuarial liabilities as per the IAS 19 : Employee Benefits, such valuation is not likely to yield a result significantly different from the current provision.

(c) Short-term employee benefits

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

(d) 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.

(e) Insurance Scheme

Employees of the company are covered under insurance schemes.

3.13 Share Premium

The Share Premium shall be utilized in accordance with the provisions of the Companies Act, 1994 and as per direction of the Securities and Exchange Commission in this respect.

3.14 Proposed Dividend

The amount of proposed dividend has not been accounted for but disclosed in the notes to the accounts along with dividend per share in accordance with the requirements of the Para 125 of International Accounting Standard (IAS) 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 International Accounting Standard (IAS) 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.

3.15 Earnings per Share (EPS)

This has been calculated in compliance with the requirements of IAS 33: Earnings Per Share, dividing the basic earnings i.e. earnings for the year attributable to ordinary shareholders by the weighted average number of shares outstanding during the year.

Current Year (2012)

The Bonus Shares issued during the year 2012 were treated as if they always had been in issue. Hence, in computing the Basic EPS of 2012, the total number of shares including the said bonus shares has been considered as the Weighted Average Number of Shares outstanding during the year 2012.

Earlier Year (2011)

The number of shares outstanding before the bonus issue has been adjusted for the proportionate change in the number of shares outstanding as if the bonus issue had occurred at the beginning of the earliest period reported (2011), and accordingly, in calculating the adjusted EPS of 2011, the total number of shares including the subsequent bonus issue in 2012 has been considered as the Weighted Average number of Shares outstanding during the year 2011.

The basis of computation of number of shares as stated above is in line with the provisions of IAS 33: Earning per Share. The logic behind this basis, as stated in the said IAS is that the bonus Shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources.

Diluted Earnings per Share

No diluted EPS is required to be calculated for the year as there was no scope for dilution during the year under review.

3.16 Foreign Currency Transactions

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date.

The monetary assets and liabilities, if any, denominated in foreign currencies at the financial position date are translated at the applicable rates of exchanges ruling at that date. Exchange differences are charged off as revenue expenditure in compliance with the provisions of IAS 21: The Effects of Changes in Foreign Exchange Rates.

3.17 Statement of Cash Flows

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

3.18 Events after Reporting Period

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

4 (a). Property, Plant and Equipment

Amount in Taka

Particulars	Land	Building and Other Constructions	Plant and Machinery	Furniture and Fixtures	Transport and Vehicle	Office Equipment	Total
Cost							
At January 01, 2012	3,300,277,064	6,277,510,803	7,019,944,814	139,429,486	384,509,122	313,797,038	17,435,468,327
Additions during the year	1,824,909	13,452,228	60,256,908	18,521,099	80,085,464	15,716,107	189,856,715
Transferred & Capitalized	-	42,208,332	313,373,868	-	-	8,900	355,591,100
Disposal during the year	-	-	-	(350,000)	(6,217,870)	-	(6,567,870)
Cost at 31 December, 2012	3,302,101,973	6,333,171,363	7,393,575,590	157,600,585	458,376,716	329,522,045	17,974,348,272
Accumulated Depreciation							
At January 01, 2012	-	709,210,855	2,437,580,495	50,940,543	140,864,840	205,255,310	3,543,852,043
Depreciation during the year	-	174,204,578	328,073,724	8,815,394	48,398,762	16,018,726	575,511,184
Adjustment for assets disposed off	-	-	-	(15,000)	(4,567,400)	-	(4,582,400)
Accumulated Depreciation at December 31, 2012	-	883,415,433	2,765,654,219	59,740,937	184,696,202	221,274,036	4,114,780,827
Net Book Value December 31, 2012	3,302,101,973	5,449,755,930	4,627,921,371	97,859,648	273,680,514	108,248,009	13,859,567,445
Capital Work in Progress							2,342,290,771
Carrying Value as on 31 December, 2012							16,201,858,216

Assets include lease hold assets of Tk. 940,006,938 at cost and Tk. 749,910,759 at carrying value.

Capital Work in Progress is arrived at as follows :

Amount in Taka

	2012	2011
Balance as on January 01	1,853,876,341	2,677,680,112
Addition during the year	844,005,530	582,288,647
	2,697,881,871	3,259,968,759
Transferred & Capitalized	(355,591,100)	(1,406,092,418)
Building and Other Constructions	(42,208,332)	(690,853,922)
Plant & Machinery	(313,373,868)	(709,159,431)
Office Equipment	(8,900)	-
Furniture	-	(6,079,065)
Balance as on December 31	2,342,290,771	1,853,876,341

4 (b). Revaluation Surplus

S.F. Ahmed & Co, Chartered Accountants and Valuers revalued the land, building and plant & machinery of the Company as of 31 December 2008, following "Current cost method". Such revaluation resulted into a revaluation surplus aggregating Tk. 1,711,174,747. Current balance is arrived at as follows:

Balance as on January 01	1,466,602,600	1,534,645,820
Adjustment for depreciation on revalued assets	(20,719,074)	(23,559,604)
Adjustment for Deferred Tax on revalued assets	(39,355,646)	(44,483,616)
	1,406,527,880	1,466,602,600

5. Intangible Assets

This is arrived at as follows :

	2012	2011
Balance as on January 01	135,933,879	51,126,854
Addition during the year	65,272,280	95,949,037
Total	201,206,159	147,075,891
Amortized during the year	(14,127,012)	(11,142,012)
Balance as on December 31	187,079,147	135,933,879

6. Investment in Shares

This consists of as follows :

(a) Bangladesh Export Import Co. Ltd.	1,881,826	1,881,826
(b) Central Depository Bangladesh Ltd.	1,569,450	1,569,450
	3,451,276	3,451,276

Share details

(a) Number of shares as on December 31, 2012 :

Bangladesh Export Import Co. Ltd.	87,050
Central Depository Bangladesh Ltd.	571,182

(b) The shares of Bangladesh Export Import Co. Ltd. are listed in Dhaka and Chittagong Stock Exchanges. The market value of each share of Bangladesh Export Import Co.Ltd. on last working day of the year was Tk. 64.40 in Dhaka Stock Exchange Ltd. and Tk. 64.10 in Chittagong Stock Exchange Ltd. Shares of CDBL are not traded.

7. Inventories

This consists of as follows :

Finished Goods	629,828,725	639,241,751
Work in Process	246,214,085	169,345,787
Raw Materials	832,312,053	842,081,846
Packing Materials	455,793,262	473,502,950
Laboratory Chemicals	1,051,434	1,026,434
Physician Samples	65,863,326	52,126,812
Raw & Packing Materials in Transit	202,925,096	114,519,051
	2,433,987,981	2,291,844,631

8. Spares & Supplies

This consists of as follows :

Spares & Accessories	286,649,212	228,521,952
Stock of Stationery	5,712,885	2,161,257
Literature & Promotional Materials	103,813,693	95,198,035
	396,175,790	325,881,244

9. Accounts Receivable

This includes receivable of Tk. 138,233,280 equivalent to US\$ 1,727,916 (on 31-12-2011 Tk. 67,778,102 equivalent to US \$ 841,964) against export sales.

This also includes Tk. 866,497,270 (on 31-12-2011 Tk. 768,912,524) due from I & I Services Ltd., who provides delivery support to the Company and a "Related Party". The maximum amount due from that company during the year was Tk. 1,021,641,263 on September 30, 2012 (on 30 November, 2011 Tk. 802,568,012).

No amount was due from the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person.

10. Loans, Advances and Deposits

This is unsecured, considered good and consists of as follows :

	2012	2011
Clearing & Forwarding	19,350,585	19,954,936
VAT	215,793,398	229,819,634
Claims Receivable	15,735,731	17,726,489
Security Deposit & Earnest Money	23,151,164	15,232,730
Lease Deposit	15,262,058	15,262,058
Capital Expenditure/ Project Expenses	54,725,188	14,725,188
Bank Guarantee Margin	57,125,828	40,745,505
Advance against Salary	869,546	221,546
Rent Advance	64,266,534	56,643,777
Motor Cycle	6,573,135	4,505,333
Raw & Packing Material	132,314,896	110,196,782
Prepaid Expenses	330,283,008	282,346,315
Others	-	1,949,153
	29,825,302	30,991,259
	965,276,373	840,320,705

- (a) The maximum amount due from the employees during the year was Tk. 74,756,857 on June 30, 2012.
- (b) No amount was due from the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person, except as stated above.
- (c) No amount was due from any related party.

11. Short Term Investment

This represents the Company's temporary investment with Bangladesh Export Import Company Limited (Beximco Ltd.), carrying interest 1% above bank interest rate. This investment is returnable as and when required by the Company.

12. Cash and Cash Equivalents

This consists of as follows :

(a) Cash in Hand (Including Imprest Cash)	2,540,331	1,716,358
(b) Cash at Bank :		
(i) Current & FC Account	85,034,470	107,182,703
(ii) FDR Account	465,403,875	409,869,235
	552,978,676	518,768,296

13. Issued Share Capital

This represents :

A. Authorized :

500,000,000 Ordinary Shares of Tk. 10/- each
41,000,000 Fully Convertible, 5% Dividend, Preference Shares of Tk. 100/- each

B. Issued, Subscribed and Paid-up :

51,775,750 shares of Tk. 10/- each fully paid-up in cash
215,620,903 Bonus Shares (2011: 162,749,663) of Tk. 10/- each
5,951,250 Shares of Tk. 10/- each issued in Exchange of Shares of Beximco Infusions Ltd.
31,291,147 Shares issued on conversion of Preference Shares

	2012	2011
	5,000,000,000	5,000,000,000
	4,100,000,000	4,100,000,000
	9,100,000,000	9,100,000,000
	517,757,500	517,757,500
	2,156,209,030	1,627,496,630
	59,512,500	59,512,500
	312,911,470	312,911,470
	3,046,390,500	2,517,678,100

The movement of Ordinary Shares during the year 2012 is as follows :

	Number of Shares	Amount in Taka
Balance as on January 01, 2012	251,767,810	2,517,678,100
Bonus Shares issued during the year 2012 (for 2011)	52,871,240	528,712,400
Balance as on December 31, 2012	304,639,050	3,046,390,500

C. Composition of Shareholding of Ordinary Shares:	2012		2011	
	No. of shares	%	No. of shares	%
Sponsors				
1. A S F Rahman	6,186,095	2.03	3,312,476	1.32
2. Salman F Rahman	6,200,577	2.04	2,454,444	0.97
Associates and Other Directors	30,109,655	9.88	23,461,592	9.32
Foreign Investors	71,829,205	23.58	59,970,526	23.82
ICB including ICB Investors Account	40,281,087	13.22	29,135,058	11.57
General Public & Institutions	150,032,431	49.25	133,433,714	53.00
	304,639,050	100	251,767,810	100

D. Distribution Schedule of Ordinary Shares:

Range of Holdings In number of shares	No. of Shareholders		% of Shareholders		Number of Shares		% of Share Capital	
	2012	2011	2012	2011	2012	2011	2012	2011
1 to 499	65,708	69,988	76.15%	78.91%	8,097,306	8,603,693	2.66%	3.42%
500 to 5,000	18,277	16,816	21.18%	18.96%	24,648,855	22,653,112	8.09%	9.00%
5,001 to 10,000	1,216	943	1.41%	1.06%	8,417,999	6,614,186	2.76%	2.63%
10,001 to 20,000	517	441	0.60%	0.50%	7,136,417	6,029,631	2.34%	2.39%
20,001 to 30,000	156	142	0.18%	0.16%	3,837,480	3,484,617	1.26%	1.38%
30,001 to 40,000	73	67	0.08%	0.07%	2,525,253	2,312,160	0.83%	0.92%
40,001 to 50,000	46	33	0.05%	0.04%	2,042,473	1,487,163	0.67%	0.59%
50,001 to 100,000	99	95	0.12%	0.11%	7,089,661	6,670,278	2.33%	2.65%
100,001 to 1,000,000	159	136	0.18%	0.15%	47,429,395	39,226,466	15.57%	15.58%
Over 1,000,000	39	36	0.05%	0.04%	193,414,211	154,686,504	63.49%	61.44%
Total	86,290	88,697	100%	100%	304,639,050	251,767,810	100%	100%

E. Market Price of Ordinary Shares:

The shares are listed with Dhaka, Chittagong and London Stock Exchanges. On the last working day of the year, each share was quoted at Tk. 55.90 (in 2011 Tk. 93.60) in Dhaka Stock Exchange Ltd., Tk. 55.80 (in 2011 Tk. 93.60) in Chittagong Stock Exchange Ltd., and GBP 0.178 in London Stock Exchange (in 2011 GBP 0.257).

F. Option on unissued Ordinary shares :

There was no option on unissued shares as on 31.12.2012.

14. Excess of Issue Price over Face Value of GDRs

This represents the issue price of 28,175,750 GDRs at Tk. 2,244,080,670 net off face value of underlying shares against GDRs and GDR issue expenses as per IAS 32: Financial Instruments: Presentation.

15. Long Term Borrowing - Net off Current Maturity (Secured)

This arrived at as follows :

- (a) Project Loan
- (b) Interest and PAD Block
- (c) Obligation Under Finance Leases

	2012	2011
(a) Project Loan	1,336,416,545	1,696,629,049
(b) Interest and PAD Block	-	9,205,000
(c) Obligation Under Finance Leases	133,205,066	184,240,602
	1,469,621,611	1,890,074,651

(a) Project Loan

This loan was sanctioned under the consortium arrangement of Janata Bank Ltd., Sonali Bank Ltd., Agrani Bank Ltd., Rupali Bank Ltd. and United Commercial Bank Ltd. for the US FDA standard oral solid dosage facility of the company. Janata Bank is the lead bank to the consortium.

This Loan is secured against :

(i) First (registered mortgage) charge on paripassu basis with the participating banks on 1,113 decimals of land at Kathaldia, Aushpara, Tongi of Gazipur along with the building and other constructions thereon ; and

(ii) First paripassu charge by way of hypothecation on all assets of the company both present and future.

(iii) This Loan, carrying interest at 13.00% to 15.50% per annum, is repayable in quarterly installments ending by 2017.

16. Liability for Gratuity & WPPF

Liability for gratuity is the amount payable to the permanent employees at the time of separation from the company. The liability for WPPF refers to the loan from the Workers' Profit Participation and Welfare Fund.

	2012	2011
(a) Gratuity Payable		
Balance as on January 01	187,501,076	156,355,610
Provisions during the year	49,207,664	38,123,003
	236,708,740	194,478,613
Paid during the year	(12,746,233)	(6,977,537)
	223,962,507	187,501,076
(b) Loan from Workers' Profit Participation/Welfare Funds		
	275,660,277	216,097,719
	499,622,784	403,598,795

17. Deferred Tax Liability

This arrived at as follows :

Balance as on January 01	963,376,922	647,119,301
Addition during the year :		
Deferred Tax on assets (cost basis)- Note : 32	144,727,001	271,774,005
Deferred Tax on revalued amount	39,355,646	44,483,616
	1,147,459,569	963,376,922

18. Short Term Borrowings

This represents Cash Credit-Hypothecation loan from Janata Bank Ltd. bearing interest @ 15.50%

19. Long Term Borrowings-Current Maturity

This consists of as follows and is payable within next twelve months from the Balance Sheet date :

Project Loan	568,588,942	250,000,000
Interest & PAD Block	3,792,100	30,000,000
Obligation under Finance Leases	92,331,686	83,744,181
	664,712,728	363,744,181

20. Creditors and Other Payables

This consists of :

Goods & Services	140,659,520	206,960,545
Provident Fund	323,432,697	309,454,709
Advance Against Export	472,333	1,424,747
Others	5,533,135	5,958,135
	470,097,685	523,798,136

21. Accrued Expenses

This is unsecured, falling due within one year and consists of as follows :

For Expenses
Workers' Profit Participation/ Welfare Funds- current year's expense (Note 31)

	2012	2011
	33,107,499	17,667,454
	95,491,462	83,892,463
	128,598,961	101,559,917

22. Income Tax Payable

This is arrived at as follows :

Balance on January 01
Provision for the year
Short Provision for previous years
Paid during the year

Advance Income Tax adjusted

	15,482,294	-
	334,871,966	166,380,262
	110,840,941	41,169,643
	(17,101,965)	(7,518,596)
	444,093,236	200,031,309
	(170,028,707)	(184,549,015)
	274,064,529	15,482,294

23. Net Sales Revenue

This consists of as follows :

Local Sales
Export Sales US \$ 5,791,113 (in 2011 US \$ 5,255,965)

	8,818,999,143	7,499,926,523
	470,116,141	390,315,320
	9,289,115,284	7,890,241,843

Sales represent :

Product Category	Unit	Quantity	
		2012	2011
Tablet, Capsule, Suppository & DPI	Million pcs.	2,981.40	2,789.68
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectables and Inhaler	Million pcs.	63.05	59.26
Active Pharmaceutical Ingredients	Kg	158,852	146,626
Liquid Nitrogen	Liter	236,597	102,985

24. Cost of Goods Sold

This is made-up as follows :

	2012	2011
Work-in-Process (Opening)	169,345,787	195,111,787
Materials Consumed (Note: 25)	3,831,308,573	3,195,829,494
Factory Overhead (Note: 26)	1,269,375,857	1,066,936,836
Total Manufacturing Cost	5,270,030,217	4,457,878,117
Work-in-Process (Closing)	(246,214,085)	(169,345,787)
Cost of Goods Manufactured	5,023,816,132	4,288,532,330
Finished Goods (Opening)	639,241,751	565,049,644
Finished Goods available	5,663,057,883	4,853,581,974
Cost of Physician Sample transferred to Sample Stock	(133,515,301)	(110,631,202)
Finished Goods (Closing)	(629,828,725)	(639,241,751)
	<u>4,899,713,857</u>	<u>4,103,709,021</u>

Item wise quantity and value of Finished Goods Stock are as follows :

Stock as January 01, 2012	Unit	Quantity	Value (Tk.)
Tablet, Capsul, Suppository & DPI	Million pcs.	499.89	374,175,104
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable and Inhaler	Million pcs.	8.18	241,774,083
Active Pharmaceutical Ingredients	Kg	8,084	23,292,564
			<u>639,241,751</u>

Stock as December 31, 2012

Tablet, Capsul, Suppository & DPI	Million pcs.	527.72	424,313,622
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable and Inhaler	Million pcs.	6.35	200,971,815
Active Pharmaceutical Ingredients	Kg	1,546	4,543,288
			<u>629,828,725</u>

25. Materials Consumed

This is made-up as follows :

Opening Stock	1,316,611,230	1,101,214,127
Purchase	3,803,854,092	3,411,226,597
Closing Stock	(1,289,156,749)	(1,316,611,230)
	<u>3,831,308,573</u>	<u>3,195,829,494</u>

26. Factory Overhead

This consists of as follows :

	2012	2011
Salary & Allowances	372,287,293	326,562,556
Repairs and Maintenance	81,645,875	79,042,533
Insurance Premium	22,173,473	18,130,033
Municipal Tax & Land Revenue	1,817,215	1,857,310
Advertisement	74,850	24,771
Registration & Renewal	19,997,450	7,010,239
Travelling & Conveyance	3,253,966	2,523,694
Entertainment	872,098	783,929
Research and Development	31,065,735	17,795,956
Printing & Stationery	12,280,051	7,815,198
Telephone, Internet & Postage	4,038,923	2,189,723
Toll Expense / (Income) - Net	86,795,076	76,878,595
Electricity, Gas & Water	60,986,526	55,852,069
Training & Conference	4,162,341	3,387,122
Plant Certification and Regulatory Approvals	41,286,575	22,902,482
Depreciation	520,837,622	440,597,325
Other Expenses	5,800,788	3,583,301
	1,269,375,857	1,066,936,836

(a) Salary and allowances include Company's Contribution to provident fund of Tk. 8,002,823 (in 2011 Tk. 6,482,519).

(b) The value of imported stores and spares consumed is Tk. 43,031,279 (in 2011 Tk. 39,843,777) is included in repairs & maintenance. This also includes maintenance of office, premises, vehicles, building, machinery, equipment and other infrastructures.

(c) Other expenses does not include any item exceeding 1% of total revenue.

27. Administrative Expenses

This consists of as follows :

Salary & Allowances	154,929,932	132,468,375
Rent	9,667,400	9,676,551
Repairs and Maintenance	24,581,182	18,364,907
Registration & Renewals	2,680,277	1,624,597
Travelling & Conveyance	18,055,645	15,167,565
Entertainment	4,198,442	3,948,638
Printing & Stationery	2,222,786	2,371,399
Audit Fee	1,000,000	850,000
Telephone, Internet & Postage	4,405,177	3,790,301
Electricity, Gas & Water	10,182,415	7,393,412
Legal & Consultancy	7,720,328	3,099,655
AGM, Company Secretarial and Regulatory Expense	44,985,864	45,430,058
Advertisement	100,000	-
Training & Conference	5,938,817	3,300,188
Depreciation	20,142,891	17,039,676
Other Expenses	21,414,191	10,676,524
	332,225,347	275,201,846

(a) Salary and allowances include provident fund contribution of Tk. 4,238,310 (in 2011 Tk. 3,345,556).

(b) Repairs and maintenance includes maintenance of office, premises, vehicles, building, equipment and other infrastructures.

28. Selling, Marketing and Distribution Expenses

This consists of as follows :

	2012	2011
Salary & Allowances	599,784,362	498,833,494
Rent	19,488,948	16,033,956
Repairs and Maintenance	4,618,564	3,148,084
Travelling & Conveyance	260,081,060	215,921,654
Entertainment	20,875,724	13,649,841
Printing & Stationery	22,265,791	17,635,053
Telephone, Internet & Postage	8,854,384	7,559,384
Electricity, Gas & Water	5,888,612	4,166,628
Market Research & New Products	24,876,321	21,380,415
Training & Conference	48,331,042	36,943,909
Insurance Premium	18,280,838	7,225,282
Sample	119,778,787	104,526,024
Promotional Expenses	268,478,952	219,155,686
Literature/News Letter	78,266,167	72,206,847
Registration & Renewals	6,879,929	6,132,572
Export Insurance, Freight & C & F Expenses	36,329,864	31,015,418
Delivery Expense	240,216,876	199,262,811
Depreciation and Amortization	48,657,683	40,352,884
Other Expenses	17,342,616	7,701,336
	1,849,296,520	1,522,851,278

- (a) Salary and allowances include provident fund contribution of Tk. 12,805,617 (in 2011 Tk. 12,445,850).
- (b) Delivery expense includes delivery support fee @ 2% of local Formulation and IV Fluid sales paid to I & I Services Ltd., a "Related Party".
- (c) Repairs and maintenance includes maintenance of office, premises, vehicles, building, equipment and other infrastructures.

29. Other Income

This is arrived at as follows :

Interest on FDR & Short term Investment	437,201,038	330,494,566
Dividend Income	456,945	200,000
Royalty	3,499,537	2,997,369
Exchange Rate Fluctuation Gain / (Loss)	(1,055,025)	5,178,032
Profit on Sale of Fixed Assets (Note 35)	2,745,218	2,037,807
	442,847,713	340,907,774

30. Finance Cost

This is arrived at as follows :

Interest on Working Capital Loan & Other Charges	284,529,283	253,005,544
Interest on Project / Consortium Loan	235,182,666	213,074,009
Interest on Lease Finance	48,268,802	38,853,739
Interest on Loan from PF and WPP & Welfare Fund	77,425,824	62,712,465
	645,406,575	567,645,757

31. Contribution To Workers' Profit Participation / Welfare Funds

This represents statutory contribution by the company as per Bangladesh Labour law 2006. The amount is computed @ 5% of net profit before tax (but after charging such contribution).

32. Income Tax Expenses

This consists of as follows :

- (i) Short provision earlier years
- (ii) Current Tax for the year under review (Note 3.9)
- (iii) Deferred Tax Expense (Note 3.9)

	2012	2011
	110,840,941	41,169,643
	334,871,966	166,380,262
	144,727,001	271,774,005
	590,439,908	479,323,910

33. Earnings Per Share (EPS)

- (a) Earnings attributable to the Ordinary Shareholders
- (b) Weighted average number of Ordinary Shares outstanding during the year

Tk.	1,319,389,328	1,198,525,342
Nos.	304,639,050	304,639,050
Earnings Per Share (EPS) / Adjusted EPS (2011)	Tk. 4.33	3.93

34. Related Party Disclosures

Following transactions were carried out with related parties in the normal course of business on arms length basis:

Name of Related Parties	Nature of Transactions	Value of Transaction in 2012	Balance at year end
(a) I & I Services Ltd.	Local Delivery	9,688,361,136	866,497,270
	Delivery Support Fee	165,673,517	-
(b) Bangladesh Export Import Co. Ltd	Short Term Investment	493,174,766	2,686,598,326
	Interest on Short Term Investment	396,744,766	-

The Companies are subject to common control from same source i.e., Beximco Group.

35. Particulars of Disposal of Property, Plant and Equipment

The following assets were disposed off during the year ended 31 December 2012:

Particulars of Assets	Cost	Accumulated Depreciation	Written Down Value	Sales Price	Profit / (Loss)	Mode of Disposal	Name of Parties
Furniture	350,000	15,000	335,000	250,000	(85,000)	Negotiation	Various Individuals
Transport & Vehicle	6,217,870	4,567,400	1,650,470	4,480,688	2,830,218	Negotiation	Various Individuals
	6,567,870	4,582,400	1,985,470	4,730,688	2,745,218		

36. Payment / Perquisites to Managers and above

(a) The aggregate amounts paid to/ provided for the Managers and above of the company is disclosed below :

	2012	2011
Remuneration	113,343,480	100,027,020
Gratuity	4,393,600	3,839,150
Contribution to Provident Fund	5,175,720	4,606,980
Bonus	8,787,200	7,678,300
Medical	3,229,995	3,188,195
Others	28,736,153	27,630,916
Total	163,666,148	146,970,561

(b) No compensation was allowed by the company to the Directors of the company.

(c) No amount of money was expended by the company for compensating any member of the board for special services rendered.

(d) No board meeting attendance fee was paid to the directors of the company.

37. Production Capacity, Actual Production in 2012

Item	Unit	Production Capacity		Actual Production		Capacity Utilization	
		2012	2011	2012	2011	2012	2011
Tablet, Capsule, Suppository & DPI	Million Pcs	3,890.93	3,890.93	3,096.81	2,956.00	79.59%	75.97%
Liquid, Cream and Ointment, Suspension, IV Fluid, Amino Acid, Ophthalmic, Nebulizer Solution, Injectable and Inhaler	Million Pcs	86.90	81.66	60.75	61.29	69.91%	75.06%

Production does not include goods manufactured under contract manufacturing arrangement from third parties' manufacturing sites.

38. Capital Expenditure Commitment

There was no capital expenditure contracted but not incurred or provided for at 31 December 2012.

39. Finance Lease Commitment

At 31 December, 2012, the company had annual commitment under finance leases as set out below :

Leases expiring within 1 year	92,331,686
Leases expiring within 2-5 years (inclusive)	133,205,066
Tk.	<u>225,536,752</u>

40. Claim not Acknowledged as Debt

There was no claim against the company not acknowledged as debt as on 31-12-12.

41. Un-availed Credit Facilities

There is no credit facilities available to the company under any contract not availed of as on 31.12.2012 other than trade credit available in the ordinary course of business.

42. Payments Made in Foreign Currency :

	Foreign Currency (Equivalent US\$)	Taka
Import of Machinery, Equipments & Spares	3,953,654	327,204,386
Import of Raw & Packing material	30,179,689	2,501,899,547
Regulatory fees & other expenses	2,579,204	210,702,336

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

43. Foreign Exchange Earned :

(a) Collection from Export Sales of US\$ 4,905,161 (in 2011 US\$ 5,461,913).

44. Commission / Brokerage to selling agent :

No commission was incurred or paid to any sales agent nor any brokerage or discount other than conventional trade discount was incurred or paid against sales.

45. Contingent Liability

The company has contingent liability aggregating Tk. 101,289,446 against disputed income tax claims for the Years 1999, 2007, 2008 and 2010. The company has filed Tax Reference cases with the High Court Division of the Supreme Court against these claims.

There is also a disputed VAT claim aggregating Tk. 144,113,691 against the company. The Company own the verdict of the appellate Tribunal in it's favour. The concerned authority filed appeal to the honorable High Court against this verdict. Additionally, there are claims of custom duty aggregating Tk. 22,507,358 against the indemnity bond issued by the company in connection with import of certain plant and machinery. The company has filed writ petitions against these claims.

If any liability arises on disposal of the cases, the company shall provide for such liability in the year of final disposal.

46. Events after The Reporting Period

The directors recommended 15% Stock dividend (i.e. 15 shares for every 100 shares held) for the year 2012. The dividend proposal is subject to shareholders' approval at the forthcoming annual general meeting. Excepting to that, no circumstances have arisen since the date of statement of Financial Position which would require adjustment to, or disclosure in, the financial statements or notes thereto.

47. 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

48.01 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 31 December 2012 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.

48.02 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 booth 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.

48.03 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.

(b) Interest rate risk

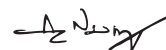
Interest rate risk is the risk that arises due to changes in interest rates on borrowing. There was no foreign currency loan which is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.



Salman F Rahman
Vice Chairman



Nazmul Hassan
Managing Director



Ali Nawaz
Chief Financial Officer

Dhaka
30 April, 2013

