

PRIVATE AND CONFIDENTIAL

**AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
OF
SILCO PHARMACEUTICALS LIMITED**

FOR THE YEAR ENDED 30 JUNE 2019

SUBMITTED BY

ATA KHAN & CO.

Chartered Accountants

67, Motijheel C/A., (1ST FLOOR)

Dhaka-1000, PHONES: 9560933, 9560716

MOBILE: 01819-228521

Email: maqbul.ahmed@yahoo.com

Website: www. atakhanca.com



Independent Auditors' Report
TO
THE SHAREHOLDERS OF SILCO PHARMACEUTICALS LIMITED

Report on the Audit of the Financial Statements:

Opinion

We have audited the financial statements of **Silco Pharmaceuticals Limited** which comprise the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, of the financial position of the **Silco Pharmaceuticals Limited** as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable rules and regulation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (IASs). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the year ended 30 June 2019. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the basis for opinion section, each matter mentioned below our description of how our audit addressed the matter is provided in the context.

Key Audit Matter	How our audit addressed the audit matters
<p>Revenue The company has reported a revenue of Taka 919,041,362 for the year ended 30 June 2019. Refer to note no. 16.00 of the financial statements. All sales may not be legitimate and may not have occurred in the financial year</p>	<ul style="list-style-type: none"> • Our procedures included obtaining an understanding of management's revenue recognition process. We tested a sample of transactions to verify whether the revenue was accounted for in accordance with the revenue accounting policy disclosed in notes to the financial statements. In addition, we assessed whether the disclosed revenue accounting policy was in accordance with relevant accounting standards • Vouch entries in sales journal and subsidiary ledger to support documentation of sale (i.e. invoice and delivery note) • Control tests for relevant controls • Subsequent receipts review





Key Audit Matter	How our audit addressed the audit matters
<p>Revenue continued:</p> <p>Sales may not be complete and accounts receivable may not included all amounts owed by customers at the balance sheet date.</p> <p>Sales may not be correctly classified and major revenue categories may not be separately disclosed.</p> <p>Sales may not be recorded correctly and in the correct period.</p>	<ul style="list-style-type: none">• Confirmation of specific transactions with customers• Furthermore, we tested the sales transaction recognised shortly before and after the statement of financial position date, including the sales return recorded after that date, to test whether sales transaction were recorded in the correct reporting periods• Cut-off test (tests of sales transactions, sales returns and other sales adjustments at or near year-end)• Verify prices, quantity and computation on sales invoices, prices verified to master price list.• Ensure related party sales are adequately disclosed.• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.
<p>Inventories</p> <p>As of the reporting date the company reports Stock and Stores amounting to Taka 426,025,690</p> <p>Refer to note no. 5.00 to the Financial Statements</p> <p>The company may not have good title to stock and work in progress</p> <p>All stock and work in progress may not exist</p> <p>Stock and work in progress may not have been valued correctly, consistently and in accordance with applicable accounting standards. Which is net realisable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.</p> <p>that full provision may not have been for all damaged, obsolete or slow moving stock and work in progress</p> <p>Cut-off procedure may not have been strictly applied.</p> <p>All necessary disclosures concerning stock and work-in-progress may not have been made and the information is may not yet have been appropriately presented and described.</p>	<ul style="list-style-type: none">• Evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of, factory production house, warehouse and sales depot;• Evaluating internal controls to monitor or keep track of inventory movement;• Enquire whether any of the stock is held on behalf of third parties.• Consider whether any consignment stock has been accounted for.• Complete the stock take attendance program Trace all items selected at the stock take to the final stock sheets, internal stock records.• Select a sample of items from the final stock sheets and trace to the copies of the rough stock sheets taken during the stock take.• Review the historical accuracy of inventory provisioning and the level of inventory write-offs during the year.• Test the additions and extensions of the final stock sheet.• Ascertain the method used for valuing stock and consider whether:<ul style="list-style-type: none">(a) it has been correctly applied;(b) it is an acceptable basis of valuation under applicable accounting standards;(c) it is consistent with previous year's and with the company's accounting policy.• Challenging the completeness of inventory provision through assessing actual and forecast sells inventory lines to assess whether provisions for slow moving/obsolete stock are valid and complete.• Review all items of stock and work in progress and consider whether any further provision is necessary.





Key Audit Matter	How our audit addressed the audit matters
<p>Measurement of deferred tax Liability</p> <p>Company reported net deferred tax liability totaling Taka 147,447,251 as at 30 June 2019 . significant judgments is required in relation to deferred tax liability as their liability is dependent on forecast of future probability over a number of years .</p> <p>see note no. 11.00 to the financial statements</p>	<p>we obtained and understanding ,evaluated the design and tested the operational effectiveness of the company’s key controls over the recognition and measurement of Deferred Tax liability and taxable expense of the company.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable expense. we evaluated the reasonableness of key assumption, timing of reversal of temporary difference and expiration of tax loss carry forwards ,recognition and measurement of deferred tax liability . We assessed the adequacy of the company’s disclosures setting out the basis of deferred tax liability balances and the level of estimation involved.</p> <p>we also assessed in evaluating the tax implications , the reasonableness of estimate and calculations determined by the management . finally assessed the appropriateness and presentation of disclosure against IAS -12 income Tax</p>

Going Concern

We are required to report if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of the financial statements. We have nothing to report in these respects.

Other Information

Management is responsible for other information. The other information comprises all of the information in the Annual report other than the financial statements and our auditors’ report thereon. The directors are responsible for those other information. The annual report is expected to be made available to us after the date of this auditors’ report.

Our opinion on the financial statements does not cover these other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read these other information and, in doing so, consider whether these other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Based on the work we have performed, if we conclude that there is a material misstatement of this other information; we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls:

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and other applicable rules 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.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.





Auditors' Responsibilities for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, Supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

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





Report on other Legal and Regulatory Requirements:

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- (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 those books; and
- (c) the company's financial statements dealt with by the report are in agreement with the books of account.
- (d) the expenditure incurred was for the purpose of company's business for the year.

Dated: Dhaka,
26 October 2019

ATA KHAN & CO.
Chartered Accountants

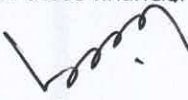


Silco Pharmaceuticals Limited
Statement of Financial Position
As at 30 June 2019

Particulars	Notes	Amount in Taka	
		30 June 2019	30 June 2018
Assets			
Non Current Assets		1,242,539,972	1,249,517,443
Property, Plant and Equipment	3.00	1,122,804,679	1,175,166,949
Capital Work in Progress	4.00	119,735,293	74,350,494
Current Assets		1,325,733,939	896,796,670
Inventories	5.00	426,025,690	398,357,928
Trade Receivables	6.00	489,986,724	389,362,515
Advance, Deposits and Prepayments	7.00	108,002,166	93,413,781
Cash and Cash Equivalents	8.00	301,719,359	15,662,446
Total Assets		2,568,273,912	2,146,314,114
Shareholders Equity and Liabilities			
Shareholders Equity		2,182,197,715	1,741,076,872
Share Capital	9.00	943,700,000	643,700,000
Retained Earnings	10.00	1,238,497,715	1,097,376,872
Non-Current Liabilities		147,447,251	196,477,075
Deferred Tax Liability	11.00	147,447,251	196,477,075
Current Liabilities		238,628,946	208,760,168
Trade Payable	12.00	15,717,627	16,328,305
Payable to IPO Applicants		2,143,010	-
Creditors & Accruals	13.00	12,929,461	11,920,846
Liability for WPPF	14.00	7,089,876	8,104,940
Current Tax Liability	15.00	200,748,972	172,406,076
Total Shareholders Equity and Liabilities		2,568,273,912	2,146,314,114
Net Asset Value (NAV) per Share	23.00	23.12	27.05

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

মাহিনা আক্তা
Chairman


Managing Director


Company Secretary

SIGNED IN TERMS OF OUR ANNEXED REPORT OF EVEN DATE

Date: Dhaka
26 October 2019


ATA KHAN & CO.
Chartered Accountants



ATA KHAN & CO.

Chartered Accountants

Silco Pharmaceuticals LimitedStatement of Profit or Loss and other Comprehensive Income
For the year ended 30 June 2019

Particulars	Notes	Amount in Taka	
		2018-2019	2017-2018
A. Turnover	16.00	919,041,362	917,775,216
B. Cost of Goods Sold	17.00	639,312,494	622,542,770
C. Gross Profit (A-B)		279,728,868	295,232,446
D. Operating Expenses	18.00	131,172,663	124,210,633
E. Profit from Operation (C-D)		148,556,204	171,021,813
F. Financial Expenses	19.00	690,254	1,139,143
G. Non-operation Income	20.00	1,021,443	321,068
H. Profit before Contribution to WPPF (E-F+G)		148,887,393	170,203,738
I. Workers' Profit Participation/Welfare Fund (WPPF)		7,089,876	8,104,940
J. Profit before Income Tax (H-I)		141,797,517	162,098,798
K. Provision for Income Tax	21.00	(20,686,928)	56,734,579
Current Tax		28,342,896	41,504,545
Deferred Tax Expense/(Income)		(49,029,824)	15,230,034
L. Net Profit after Tax (J-K)		162,484,445	105,364,219
Earnings per Share (EPS)	22.00	2.28	1.64

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

নাইম ফাতিমা
Chairman

Managing Director

Company Secretary

SIGNED IN TERMS OF OUR ANNEXED REPORT OF EVEN DATE

Date: Dhaka
26 October 2019

ATA KHAN & CO.
Chartered Accountants



ATA KHAN & CO.
Chartered Accountants

Silco Pharmaceuticals Limited
Statement of Changes in Equity
For the year ended 30 June 2019

(Amount in Taka)

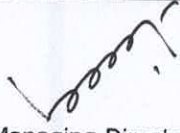
Particulars	Ordinary Share Capital	Retained Earnings	Total
Balance as at July 01, 2018	643,700,000	1,097,376,872	1,741,076,872
New Share Issued Through IPO	300,000,000	-	300,000,000
Net Profit/(Loss) during the year	-	162,484,445	162,484,445
IPO Expenses		(21,363,602)	(21,363,602)
Balance as on June 30, 2019	943,700,000	1,238,497,715	2,182,197,715

Statement of Changes in Equity
For the year ended 30 June 2018

(Amount in Taka)

Particulars	Ordinary Share Capital	Retained Earnings	Total
Balance as at July 01, 2017	643,700,000	992,012,653	1,635,712,653
Net Profit/(Loss) during the year	-	105,364,219	105,364,219
Balance as on June 30, 2018	643,700,000	1,097,376,872	1,741,076,872

নারায়ণ কাদের
Chairman


Managing Director


Company Secretary

Date: Dhaka
26 October 2019



Silco Pharmaceuticals Limited
Statement of Cash Flows
For the year ended 30 June 2019

Particulars	Amount in Taka	
	2018-2019	2017-2018
A. Cash Flows from Operating Activities		
Cash received from Customers	818,417,153	817,114,108
Cash received from Non-operating income	1,021,443	321,068
Cash Paid to Suppliers	(510,491,954)	(547,107,125)
Cash Paid to Employees	(98,010,122)	(110,442,791)
Cash Paid to Others	(128,815,038)	(72,298,711)
Income Tax Paid	(1,354,015)	(1,093,477)
Net cash flows from operating activities	80,767,467	86,493,071
B. Cash Flows from Investing Activities		
Acquisition of Property, Plant & Equipment	(2,590,753)	(19,322,250)
Cash Payments for Capital Work-in-Progress	(72,899,210)	(61,856,949)
Net cash flows from investing activities	(75,489,963)	(81,179,199)
C. Cash Flows from Financing Activities		
Net Received/(Payment) in Long Term Loan	-	(7,326,431)
IPO Expenses	(21,363,602)	-
Issuance of Share Capital	300,000,000	-
Proceeds from IPO Applicants	2,143,010	-
Net Cash flows from financing activities	280,779,408	(7,326,431)
D. Net Increase/(Decrease) Cash and Cash Equivalents (A+B+C)	286,056,913	(2,012,559)
E. Cash and Cash Equivalents at the beginning of the year	15,662,446	17,675,005
F. Cash and Cash Equivalents at the end of the year (D+E)	301,719,359	15,662,446
Net Operating Cash Flows Per Share (NOCFPS)	24.00	1.14
		1.34

নাইম হাভেম
Chairman

Managing Director

Company Secretary

Date: Dhaka
26 October 2019



Silco Pharmaceuticals Limited

Notes to the financial statements

As at and for the year ended 30 June 2019

1.00 The Company and its operations

1.01 Legal form of the Company

The Company was incorporated in Bangladesh as Public Limited Company on January 25, 1995 as Company limited by Shares under the Companies Act 1994 vide registration no. C-27781(1627)/95. The principal activities of the Company are manufacturing drugs and medicines of all kinds. The Company obtained Certificate of Commencement of business at the same date of incorporation but the Company received its drug manufacturing license on 29 October, 2003 and the commercial operation started on 30 October, 2003.

1.02 Address of the Registered Office

The registered office of the company is located at 41, Nurani, Bankalapara, Subid Bazar, Sylhet-3100, Bangladesh.

1.03 Nature of Business activities

Silco Pharmaceuticals limited has engaged in manufacturing and marketing of pharmaceuticals finished product in the categories of Antibiotics, Analgesics, Anti diabetics, Narcotics, Antipyretics, Anti Inflammatory Drugs, Anti ulcerants, Multi medicines which are sold in local market.

1.04 Capital Structure of the Company

Silco Pharmaceuticals Limited is a public limited company formed by local owner. The details of the capital structure are given below:

Particulars	Taka
Authorized Capital 105,000,000 ordinary shares of Taka 10/= each.	1,050,000,000
Issued, subscribed, called-up and paid-up capital 94,370,000 ordinary shares of Tk. 10/= each fully paid-up	943,700,000

1.05 Production Unit

The production unit of the company is situated at BSCIC industrial Estate, Khadimnagar, Sylhet 3103, Bangladesh.

2.00 Summary of significant accounting policies as per rules

2.01 Basis of preparation and presentation of the financial statements

The financial statements have been prepared on a going concern basis under historical cost convention and in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws & regulations in Bangladesh. The Financial Statements are presented in accordance with the guidelines provided by IAS-1 "Presentation of Financial Statements".

2.01.1 Going Concern:

The company has adequate resources to continue in operation for the foreseeable future. For this reasons the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

2.02 Regulatory Compliances

As required by the company, the management complies with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

The Income Tax Ordinance 1984;
The Income Tax Rules 1984;
The Value Added Tax Act 1991;
The Value Added Tax Rules 1991;
The Customs Act, 1969;
Bangladesh Labour Act 2006 (Amendment-2013);
The Securities and Exchange Ordinance, 1969; and
The Securities and Exchange Rules, 1987;

2.03 Accounting convention and assumption

The financial statements are prepared under the historical cost convention.

2.04 Principal accounting policies

The specific accounting policies have been selected and applied by the Company's management for significant transactions and events that have a material effect within the Framework of IAS-1 "Presentation of Financial Statements" in preparation and presentation of the financial statements. Financial Statements have been prepared and presented in compliance with applicable IAS and IFRS.

2.05 Application of Standards (IAS's)

The following IAS's and IFRS's are applicable for preparation of financial statements for the year ended 30 June 2019.

IASs:

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Statement of Cash Flows
IAS 8	Accounting policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Reporting Period
IAS 12	Income Taxes
IAS 16	Property, Plant and Equipment
IAS 19	Employee Benefits
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 33	Earnings per Share (EPS)
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent liabilities and Contingent Assets

IFRSs:

IFRS 1	International Financial Reporting Standards
IFRS 7	Financial Instrument: Disclosures
IFRS 9	Financial Instrument
IFRS 15	Revenue from Contracts with Customers

2.06 Use of Estimates and Judgments

The preparation of the financial statements requires management to make and apply consistently of 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 and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the year in which the estimates are revised and in any future years affected.

2.07 Re-arrangement

Figures for the comparative year have been re-arranged wherever consider necessary to ensure better comparability with the current year presentation as per IAS-8 "Accounting policies, changes in Accounting estimates and Errors".

2.08 Components of the Financial Statements

According to the IAS-1 "Presentation of Financial Statements" the complete set of financial statements includes the following components:

- i) Statement of Financial Position as at June 30, 2019;
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2019;
- iii) Statement of Changes in Equity for the year ended June 30, 2019;
- iv) Statement of Cash Flows for the year ended June 30, 2019; and
- v) Notes, comprising a summary of significant accounting policy and other explanatory information for the year ended June 30, 2019.

2.09 Property, Plant and Equipment (PPE)

i) Recognition and Measurement

In compliance with the IAS 16 "Property, Plant and Equipment" items of Property, Plant & Equipment (PPE) excluding Land and Land Development are initially measured at cost less accumulated depreciation, if any. Land and Land Development are measured at cost. The cost of an item of PPE comprises its purchase price, import duties and non-refundable taxes after deducting trade discount and rebates and any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable operating in the intended manner.

ii) Subsequent Cost

The cost of replacing part of an item of property, plant & equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The cost of the day to day maintaining cost on PPE are recognized in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

iii) Depreciation

Depreciation has been charged on item of property, plant and equipment except land and land development is recognized in the statement of profit or loss and other comprehensive income using "Reducing Balance Method" over the estimated useful lives of each items. Depreciation on addition to fixed assets charged when the assets are available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Rate of depreciation on property, plant and equipment's considering their useful lives are as follows:

Category of Fixed Assets	As at 30 June, 2019	As at 30 June, 2018
Land and Land Development	-	-
Building	2.50%	2.50%
Plant & Machinery	10%	10%
Electrical Equipment	10%	10%
Electrical Installation	10%	10%
Furniture & Fixture	10%	10%
Office Equipment	10%	10%
Computer	20%	20%
Transformer	10%	10%
Vehicles	10%	10%
Air Condition Installation	20%	20%
Fire Extinguisher	20%	20%

iv) Retirement and Disposals:

An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the assets and is recognized as gain or loss from disposal of asset under other income in the statement of comprehensive income.

2.10 Valuation of stocks

Inventories are stated at the lower of cost or net realizable value in compliance with the requirements of Para 21 and 25 of IAS 2.

Category of Stocks	Basis of Valuation
Raw & packing materials including Work in Process	Moving average (Weighted) Cost
Finished Goods at Factory	At lower of cost or net estimated Realizable value
Stores Items	At cost
Materials in-transit	Book value i.e. cost so far incurred

Cost comprises the value of materials and all other distributable direct labor & Production overheads.

2.11 Trade Receivable

Trade Receivable is carried at net sales value by making no provision for doubtful debts, based on the risk from time to time. But in case of any debts made with any dissolved business house, the amount is fixed and charged with profit and loss account.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at banks, term deposits, etc which are available for use by the company without any restrictions. There is an insignificant risk of change in value of the same.

2.13 Creditors and accrued expenses

i) Trade payables

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

ii) Provision

The preparation of financial statements in conformity with International Accounting Standard **IAS-37 “Provisions, Contingent Liabilities and Contingent Assets”** requires management to make estimates and Assumption that affect the reported amounts of revenues and expenses, assets and liabilities, and the Disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

In accordance with the guidelines as prescribed by IAS-37 provisions were recognized in the following situations when:

- The Company has a present obligation as a result of past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- When reliable estimates can be made of the amount of the obligation.

We have shown the provisions of the Financial Position at an appropriate level with regard to an adequate provision for risks and uncertainties. An amount recorded as a provision represents the best estimate of the probable expenditure required to fulfill the current obligation on the date of statement of financial position.

2.14 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 as revenue expenditure in the period to which the contributions relate.

The company's employee benefits include the following:

(a) Short-term employee benefits

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

(b) Contribution to Workers' Profit Participation/ Welfare Funds

The company provisions 5% of its net profit before tax to its Workers' Profit Participation Fund (WPPF) in accordance with Bangladesh Labour Act 2006 (Amendment-2013). The Company has registered the WPPF Trust deed and disbursed the provisioned amount accordingly.

2.15 Income Tax

i) Current Tax

Provision for taxation has been made as per rates prescribed in Finance Act 2019 and the Income Tax Ordinance, 1984 on the profit made by the company.

Tax benefit on IPO expenses and rebate on tax amount will be taken into consider after finalization of tax assessment.

ii) Deferred Tax

The company has recognized deferred tax in compliance with the provision of IAS-12: "Income Taxes". The 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 or expense has been considered to determine net profit after tax. The rate prevailing at the Financial Position date is used for determine the deferred tax.

2.16 VAT

Company Produces both Vatable and Non-Vatable Product. The company paid VAT only on vatable items and enjoying exemption for non vatable items as per S.R.O No. 224-AIN/2017/774-VAT, dated: July 01, 2017.

2.17 Contingent liabilities and assets

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. In accordance with IAS-37 "Provisions, Contingent Liabilities and Contingent Assets" should not be recognized in the year in which the recognition criteria of provision have been made.

2.18 Revenue recognition

In compliance with the requirements of **IFRS 15** Revenue from Contracts with Customers, an entity recognizes revenue by applying the following five steps:

- Identify the contact with the customer
- Identify the performance obligations in the contact
- Determine the transaction price
- Allocate the transaction price
- Recognize revenue when (or as) a performance obligation is satisfied.

2.19 Borrowing costs

In compliance with the requirements of IAS-23 "Borrowing Costs" borrowing costs of operational year on long term loan and short term loan facilities from bank was charged off as revenue expenditure as they incurred.

2.20 Repairs, upkeep and maintenance charges

These are usually charged out as revenue expenditure in the year in which it is incurred.

2.21 Related party disclosure

The company in normal course of business carried out a number of transactions with related parties that fall within the definition of related party as prescribed by IAS-24 "Related Party Disclosures". This has been disclosed in a separate note to the financial statements.

2.22 Earnings per Share (EPS)

This has been calculated in compliance with the requirements of IAS 33 Earnings per Share by dividing the basic earnings by the weighted average number of ordinary Shares outstanding during the year.

Basic Earnings

This represents earnings for the year attributable to the ordinary shareholders. As there no preference dividend, minority interest or extra ordinary items, the net profit for the year has been considered as fully attributable to ordinary shareholders. Basic earnings per has been calculated by dividing the net profit or loss by the number of ordinary share outstanding during the year.

Income before tax is tk. 141,797,517 but income after tax became tk. 162,484,445 due to reduced deferred tax liability from tk. 196,477,075 as at 30 June, 2018 to tk. 147,447,251 as at 30 June, 2019. The company was listed with Dhaka Stock Exchange and Chittagong Stock Exchange as at April 25, 2019 and April 30, 2019 as a result the tax rate of the company was come from 35 % to 25 %, consequently the deferred tax liability needs to adjust from tk. 196,477,075 to tk. 147,447,251. Therefore, income after tax was increased by tk. 49,029,824 for deferred tax adjustment and net income increased by tk. 20,686,928.

Weighted Average Number of Ordinary Shares Outstanding During the Year

The basis of computation of number of shares is in line with the provision of IAS-33: Earnings Per Share. Therefore, the total number of shares outstanding at the end of the year multiplied by a time weighting factor which is the number of days the specific shares were outstanding as proportion of total number of days in the year.

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.

2.23 Impairment of Assets

All fixed assets have been reviewed according to IAS-36 and it was confirmed that no such assets have been impaired during the year and for this reason no provision has been made for impairment of assets.

2.24 Date of Authorization

The Board of Directors of **Silco Pharmaceuticals Limited** approved this Financial Statements on 26 October 2019.

2.25 Segment Reporting

As required by IFRS-8 "Operating Segments", if an entity operates and engages in different economic environments and activities then the entity has to disclose information, to enable users of its financial statements to evaluate the nature and financial effects of the business so carried out.

The company considers the operation on aggregate basis and manages the operations as a single operating segment. Hence it is felt that such segment reporting is not required to be disclosed.

2.26 Statement of Cash flows

Statement of Cash Flows is prepared in accordance with IAS 7 " Statement of Cash Flows" and the cash flow from the operating activities have been presented under direct method considering the provisions of Paragraph 19 of BAS-7 which provides that "Enterprises are Encouraged to Report Cash Flow From Operating Activities Using the Direct Method" and as prescribed by the Securities and Exchange Rules, 1987.



2.27 Reporting period:

The financial period of the Company covers 12 (Twelve) months from 1st July 2018 to 30th June 2019.

2.28 Events after the Reporting period

In compliance with the requirements of IAS 10 Events after the Reporting Period that provide additional information about the company's position at the date of the financial position are reflected in the financial statements and events after the reporting period that are not adjusting events are disclosed in the notes when materials.

Management of the company has taken close look whether any events after the reporting period exist that need to take into account during the preparation of Financial Reports. No event after the reporting period exists and management of the company has prepared the financial reports in accordance.

2.29 Financial Risk Management Policies

The company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The company does not hold or issue derivative financial instruments for speculative or trading purposes.

Interest Rate Risk

The company has no significant risk of fluctuations in interest rates.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the company as and when they fall due.

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

Liquidity Risk

The company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the company operations and to mitigate the effects of fluctuations in cash flows.

Fair Values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of trade and other short-term receivables are taken to approximate their carrying value. The fair value of financial assets and liabilities approximate their carrying value.

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Note No.	Particulars	Amount in Taka	
		30 June 2019	30 June 2018
3.00	Property, Plant and Equipment		
	Opening Balance	1,792,785,951	1,726,890,358
	Add: Addition during the year	30,105,164	65,895,593
	Total Cost (a)	1,822,891,115	1,792,785,951
	Opening Balance	617,619,002	530,399,057
	Add: Depreciation Charged for the year	82,467,434	87,219,945
	Total Accumulated Depreciation (b)	700,086,436	617,619,002
	Written Down Value as at 30 June 2019 (a-b)	1,122,804,679	1,175,166,949
	The details of above has been shown in Annexure- 'A'		
4.00	Capital Work in Progress		
	Construction of Building		
	Opening Balance	74,350,494	59,066,888
	Add: Addition during the year	72,899,210	61,856,949
	Total:	147,249,704	120,923,837
	Less: Transfer to fixed assets during the year	27,514,411	46,573,343
		119,735,293	74,350,494
5.00	Inventories		
	Raw Materials (Note-17.01)	190,921,454	163,829,128
	Packaging Materials (Note-17.02)	13,798,229	12,730,323
	Work in Process (Note-17.00)	18,008,086	17,570,579
	Finished Goods (Note-17.00)	199,193,684	200,618,072
	Store Items (Note-17.03.01)	4,104,237	3,609,826
		426,025,690	398,357,928
6.00	Trade Receivable		
	Trade Receivable from Customers	489,986,724	389,362,515
		489,986,724	389,362,515
	Ageing of Accounts Receivable		
	More than six months	37,764,047	-
	Less than six months	452,222,677	389,362,515
		489,986,724	389,362,515

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

i. Receivables considered good in respect of which the company is fully secured	-	-
ii. Receivables considered good in respect of which the company holds no security other than the debtor personal security	489,986,724	389,362,515
iii. Receivables considered doubtful or bad	-	-
iv. Advance, deposits & prepayment due by directors or other officers of the company or any of them either severally or jointly with any other person or Advance, deposits & prepayment due by firms or private companies respectively in which any director is a partner or a director or a member	-	-
v. Receivables due from companies under same management	-	-
vi. The maximum amount of receivable due by any director or other officer of the company	-	-

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Note No.	Particulars	Amount in Taka	
		30 June 2019	30 June 2018
7.00	Advance, Deposit & Prepayments		
	Advances (Note-7.01)	106,214,798	91,626,413
	Deposits (Note-7.02)	1,576,827	1,576,827
	Prepayments (Note-7.03)	210,541	210,541
		108,002,166	93,413,781
7.01	Advances		
	Advance to Employee	16,227,360	15,832,090
	Advance to Supplier	29,665,952	18,790,323
	Advance Income Tax (Note-7.01.01)	35,609,990	34,255,975
	L/C Margin	22,038,345	20,392,506
	VAT Current A/C.	1,640,667	1,402,692
	Others	1,032,483	952,827
		106,214,798	91,626,413
07.01.01	Advance Income Tax		
	Opening Balance	34,255,975	33,162,498
	AIT Paid during the year	1,354,015	1,093,477
		35,609,990	34,255,975
7.02	Security Deposit		
	Electricity (Power Development Board)	317,400	317,400
	Gas (Jalalabad Gas Distribution Company Ltd.)	1,259,427	1,259,427
		1,576,827	1,576,827
7.03	Prepayments		
	Office Rent	210,541	210,541
		210,541	210,541
8.00	Cash and Cash Equivalent		
	Cash in hand	3,892,684	3,150,257
	Cash at Bank (Note- 8.01)	297,826,675	12,512,189
		301,719,359	15,662,446
8.01	Cash at Bank	297,826,675	12,512,189
8.01.01	Cash at Bank:		
	City Bank Ltd., CD-402434003001	-	193
	Pubali Bank Ltd., A/C No. C/D-28369010177223	1,142,611	177,020
	AB Bank Ltd., A/C No. C/D-4111-043420-000	36,831	40,136
	DBBL, A/C No. C/D-201.110.6703	351,910	31,112
	Pubali Bank Ltd., A/C No. C/D-3486901021357	2,059,359	887,883
	Prime Bank Ltd., A/C No. C/D-80025295/3115312009636	6,736,776	3,060,074
	Prime Bank Ltd., A/C No. C/D-60020426/3115111005507	5,880,576	8,273,828
	Standard Bank Ltd., A/C No. C/D-11033004387	106,400	41,943
	Total:	16,314,463	12,512,189



Note No.	Particulars	Amount in Taka	
		30 June 2019	30 June 2018

8.01.02 IPO Fund:

EBL_Principal Branch_BDT_A/C_1011360531186	99,283,147	-
EBL_Principal Branch_USD_A/C_1013050531221	32,094,053	-
EBL_Principal Branch_EURO_A/C_1013070531196	15,001	-
EBL_Principal Branch_GBP_A/C_1013060531210	120,011	-
Total:	131,512,212	-

8.01.03 Fixed Deposit Receipts (FDR):

FDR-01 (EBL_Principal Branch_1015450545924)	50,000,000	-
FDR-02 (EBL_Principal Branch_1015450545914)	50,000,000	-
FDR-03 (EBL_Principal Branch_1015450545934)	50,000,000	-
Total:	150,000,000	-

9.00 Share Capital

9.01 Authorized Share Capital

105,000,000 ordinary shares of Tk. 10/= each.	1,050,000,000	1,050,000,000
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9.02 Issued, Subscribed and Paid-up Share Capital

64,370,000 ordinary shares of Tk. 10/= each fully paid-up	643,700,000	643,700,000
Add: Issued during the year 3,00,00,000 ordinary shares @ Tk. 10/- each through Initial Public Offering (IPO).	300,000,000	-
94,370,000 ordinary shares of Tk. 10/= each fully paid-up	943,700,000	643,700,000

The shareholding position at the end of the year as on 30 June, 2019 are shown below:

Category of Shareholders	No. of Ordinary Shares Held	Paid-up Capital (BDT)	Percentage (%) of Paid-up Capital	Percentage (%) of Paid-up Capital
Directors & sponsor's, promoters	36,916,700	369,167,000	39.119%	39.119%
Government	-	-	-	-
Institution	12,527,670	125,276,700	13.275%	13.275%
Foreign	29,176	291,760	0.031%	0.031%
General Public	44,896,454	448,964,540	47.575%	47.575%
Total	94,370,000	943,700,000	100%	100%

The range of shareholdings are shown below:

SL No	Shareholding Range	No. of Shareholders	No. Of Shares	Percentage
1	Upto 100 Shares	262	14,123	0.01%
2	From 101 to 500 Shares	11,017	5,344,829	5.66%
3	From 501 to 1,000 Shares	480	432,178	0.46%
4	From 1,001 to 10,000 Shares	1,845	10,069,510	10.67%
5	From 10,001 to 20,000 Shares	386	5,946,284	6.30%
6	From 20,001 to 50,000 Shares	152	4,892,215	5.18%
7	From 50,001 to 1,00,000 Shares	89	8,300,953	8.80%
8	From 100,001 to 10,00,000 Shares	35	8,019,908	8.50%
9	From 10,00,001 to 50,00,000 Shares	11	33,275,870	35.26%
10	From 50,00,001 to 1,00,00,000 Shares	1	5,410,000	5.73%
11	From 1,00,00,001 and above Shares	1	12,664,130	13.42%
Total:		14,279	94,370,000	100.00%

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Note No.	Particulars	Amount in Taka	
		30 June 2019	30 June 2018
10.00	Retained Earnings		
	Opening balance	1,097,376,872	992,012,653
	Add: Profit during the year	162,484,445	105,364,219
	Total:	1,259,861,317	1,097,376,872
	Less: IPO Expenses	(21,363,602)	-
	Closing Balance	1,238,497,715	1,097,376,872
11.00	Deferred Tax Liabilities		
	WDV as Accounting base	1,122,804,679	1,175,166,949
	WDV as per Tax base	533,015,674	613,803,878
	Temporary Difference	589,789,005	561,363,071
	Applicable Tax Rate	25.00%	35.00%
	Deferred Tax Closing Balance	147,447,251	196,477,075
12.00	Trade Payable		
	Trade Payable	15,717,627	16,328,305
		15,717,627	16,328,305
13.00	Creditors & Accruals		
	Electricity, Gas & Water Bills	753,554	736,036
	Salary & Wages	7,484,563	6,753,030
	Director Remuneration	45,000	45,000
	Sundry Creditors	4,301,343	4,126,780
	Audit Fees	345,000	260,000
		12,929,461	11,920,846
14.00	Liability for WPPF		
	Opening Balance	8,104,940	7,917,550
	Add: Addition during the year	7,089,876	8,104,940
		15,194,816	16,022,490
	Less: Paid during the year	8,104,940	7,917,550
		7,089,876	8,104,940
15.00	Current Tax Liability		
	Opening Balance	172,406,076	130,901,531
	Add: Charge for the year (Note-21.01)	28,342,896	41,504,545
		200,748,972	172,406,076



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Notes No.	Particulars	Amount in Taka	
		2018-2019	2017-2018
16.00	Turnover		
	Sales of finished goods	919,041,362	917,775,216
		919,041,362	917,775,216
17.00	Cost of Goods Sold		
	Raw materials (Note-17.01)	322,826,071	306,007,081
	Packaging materials consumed (Note-17.02)	140,644,405	137,377,364
	Total materials consumption	463,470,476	443,384,445
	Add: Work in process-Opening	17,570,579	18,267,899
	Less: Work in process-Closing	18,008,086	17,570,579
	Total consumption	463,032,968	444,081,765
	Add: Factory Overhead (Note-17.03)	181,883,962	182,230,671
	Cost of production	644,916,931	626,312,437
	Add: Finished goods-Opening	200,618,072	203,673,169
	Production available for Sales	845,535,003	829,985,606
	Less: Finished goods-Closing	199,193,684	200,618,072
	Less: Sample Expenses	7,028,825	6,824,765
	Cost of Goods Sold	639,312,494	622,542,770
17.01	Raw materials consumed		
	Opening Stock	163,829,128	125,687,692
	Add: Purchase during the year	349,918,397	344,148,517
	Raw materials available for production	513,747,525	469,836,209
	Less: Closing Stock	190,921,454	163,829,128
		322,826,071	306,007,081
17.02	Packaging Materials Consumed		
	Opening Stock	12,730,323	13,982,278
	Add: Purchase during the year	141,712,311	136,125,409
	Consumable Item available for packing	154,442,634	150,107,687
	Less: Closing Stock	13,798,229	12,730,323
		140,644,405	137,377,364
17.03	Factory Overhead		
	Salary, Wages & allowance	29,726,095	27,023,723
	Festival Bonus	3,706,360	3,409,213
	Medical Expenses	1,107,957	1,083,470
	Food & Tiffin	3,852,066	3,766,933
	Labor Charge	5,004,857	4,894,247
	Research & Development	3,283,690	3,211,119
	Carrying Charge	9,706,892	9,492,364
	Fuel & Oil	14,600,119	14,277,448
	Postage, Telephone & Fax	916,110	895,863
	Printing and Stationary	5,836,017	5,707,038
	Rent	9,100,385	9,100,385
	Repairs & Maintenance	4,233,832	4,436,986
	Electricity, Gas & Water Bills	7,343,626	7,216,642
	Store items (17.03.01)	5,234,689	5,051,880
	Other Overhead	711,881	676,612
	Depreciation (Annexure-A)	77,519,388	81,986,748
		181,883,962	182,230,671



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Notes No.	Particulars	Amount in Taka	
		2018-2019	2017-2018
17.03.1	Store Items		
	Opening Balance	3,609,826	3,135,954
	Add: Purchase during the year	5,729,100	5,525,752
	Total:	9,338,926	8,661,706
	Less: Consumption during the year	5,234,689	5,051,880
	Closing Balance	4,104,237	3,609,826
18.00	Operating Expenses		
	Administrative Expenses (Note-18.01)	23,022,739	21,524,405
	Selling & Distribution Expenses (Note-18.02)	108,149,925	102,686,228
		131,172,663	124,210,633
18.01	Administrative Expenses		
	Salary & Allowance	15,697,492	14,270,447
	Director Remuneration (MD)	540,000	540,000
	Postage, Telephone & Fax	209,887	205,792
	Traveling & Conveyance Expenses	867,141	850,222
	Repair & Maintenance	457,805	448,872
	Electricity, Fuel & Water	598,899	587,213
	Printing and Stationery	805,094	789,385
	Rent	1,025,482	1,025,482
	Subscription & Donation	306,978	298,066
	Entertainment	299,039	290,357
	Training Expense	146,956	142,689
	Audit Fee	345,000	260,000
	Miscellaneous Expenses	56,619	54,975
	Newspaper & Periodical	16,999	16,505
	Depreciation (Annexure-A)	1,649,349	1,744,399
		23,022,739	21,524,405
18.02	Selling & Distribution Expenses		
	Salary & Allowance	43,716,415	39,742,195
	Transportation and Handling Expenses	11,046,379	10,725,681
	Repair and Maintenance	455,482	442,258
	Food Allowance	5,094,013	4,946,124
	Office and Store Rent	3,282,056	3,282,056
	Delivery Expenses	4,676,356	4,540,592
	Advertisement	458,872	445,550
	Postage, Telephone & Fax	1,935,990	1,879,785
	Electricity, Water and Gas	1,059,330	1,028,575
	Sales promotion expenses	15,495,356	15,045,495
	Traveling & Conveyance Expenses	2,707,601	2,628,994
	Entertainment Expenses	2,149,137	2,086,743
	Training Expense	3,583,045	3,479,022
	Samples Expenses	7,028,825	6,824,765
	Printing & Stationery	1,075,183	1,043,969
	Miscellaneous Expenses	1,087,188	1,055,625
	Depreciation (Annexure-A)	3,298,697	3,488,798
		108,149,925	102,686,228
19.00	Financial Expenses		
	Interest on Loan	-	389,434
	Bank Charges Expenses	690,254	749,709
		690,254	1,139,143



Notes No.	Particulars	Amount in Taka	
		2018-2019	2017-2018
20.00 Non-operating Income			
	Interest Income (IPO)	734,899	-
	Sales of Wastage	286,544	321,068
		1,021,443	321,068
21.00 Income Tax Expenses/(Income)			
	Current Taxes Expenses (Note-21.01)	28,342,896	41,504,545
	Deferred Tax Expenses/(Income) (Note-21.02)	(49,029,824)	15,230,034
		(20,686,928)	56,734,579
21.01 Current Tax Expenses			
	Regular tax (A)	28,342,896	41,504,545
	Minimum tax (B)	5,520,377	5,508,578
	Higher one	28,342,896	41,504,545
	A. Regular Tax		
	Profit before Tax	141,797,517	162,098,798
	Add: Depreciation as Accounting base	82,467,434	87,219,945
	Total:	224,264,951	249,318,743
	Depreciation as per Tax base	(110,893,368)	(130,734,329)
	Taxable Profit	113,371,583	118,584,414
	Income Tax Rate	25.00%	35.00%
	Current Tax expenses for the year	28,342,896	41,504,545
	B. Minimum tax		
	Turn over	919,041,362	917,775,216
	Non-Operating Income	1,021,443	321,068
		920,062,805	918,096,283
	Minimum tax rate	0.6%	0.6%
		5,520,377	5,508,578

Minimum Tax on turnover and other income is higher than the amount of income tax deducted at source.

21.02 Deferred Tax Expenses/(Income)			
	Deferred Tax Liability Closing (Note-11.00)	147,447,251	196,477,075
	Opening Deferred Tax Liability 01.07.2018	196,477,075	181,247,040
	Deferred Tax Expenses/(Income) during the year	(49,029,824)	15,230,035
22.00 Earnings Per Share (EPS)			
	a) Net Profit after Tax	162,484,445	105,364,219
	b) Weighted average number of shares outstanding (Note-22.01)	71,109,726	64,370,000
	Earnings Per Share (EPS) (a/b)	2.28	1.64

22.01 Calculation of Weighted Average Number of Shares

For the year ended June 30, 2019

Particulars	Number of Share	Weight	Weighted average no of Shares
Opening No. of Shares	64,370,000	365/365	64,370,000
New Allotment No. of Shares during the year 10 April, 2019	30,000,000	82/365	6,739,726
Total	94,370,000		71,109,726

Notes No.	Particulars	Amount in Taka	
		2018-2019	2017-2018

23.00 Net Asset Value (NAV) Per Share

Total Assets	2,568,273,912	2,146,314,114
Less: Total Liabilities	386,076,197	405,237,242
A. Net Asset Value (NAV)	2,182,197,715	1,741,076,872
B. Total Number of Share outstanding	94,370,000	64,370,000
Net Asset Value (NAV) Per Share (A/B)	23.12	27.05

24.00 Net operating cash flow per share (NOCFPS)

a) Net Operating Cash Flows	80,767,467	86,493,071
b) Weighted average number of shares outstanding (Note-23.01)	71,109,726	64,370,000
Net operating cash flow per share (NOCFPS) (a/b)	1.14	1.34

24.01 Reconciliation of Net Income or Net Profit with Cash Flows from Operating

Particulars	Amount in (Tk.)	
	30 June 2019	30 June 2018
Net Profit before Tax	141,797,517	162,098,798
Adjustments to reconcile net income to net cash provided		
Depreciation on Fixed Assets	82,467,434	87,219,945
Financial Expenses	-	-
Unrealized Foreign Exchange Gain/Loss	-	-
Increase in Inventories	(27,667,762)	(33,610,936)
Increase in Trade Receivables	(100,624,209)	(100,661,108)
Increase in Advance, Deposits and Prepayments	(13,234,370)	(28,848,373)
Increase in Creditors & Accruals	1,008,614	555,828
Increase in Liabilities for WPPF	(1,015,064)	187,390
Decrease in Trade Payables	(610,679)	645,004
Income tax paid	(1,354,015)	(1,093,477)
Net Cash Generated from Operating Activities	80,767,467	86,493,071

Net Cash Generated from Operation Activities (direct Method) **80,767,467** **86,493,071**

Difference **Nil** **Nil**

25.00 Information as per the Companies Act, 1994

25.01 Disclosures as per IAS 24 Related Party disclosures are as follows:

The company carried out a number of transaction with related parties. The following are the related parties transactions of Silco Pharmaceuticals Limited has been disclosed by IAS 24 Related Party Disclosures:

(a) Short-term employee benefits

540,000

Remuneration:

Name of Directors	Designation	Transaction during the year	Provision for doubtful debts	Outstanding as on 30 June 2019	Outstanding as on 30 June 2018
Dr. Md. Badrul Haque Rukon	Managing Director	540,000	-	45,000	45,000

(b) Post-employee benefits

Nil

(c) Other long term benefits

Nil

(d) Termination benefits and

Nil

(e) Share-based payment

Nil

25.02 Disclosure as per requirement of Schedule XI, part II, Para 4 of the Companies Act, 1994 are given below:

a) Managerial Remuneration paid or payable during the financial year to the directors, including managing directors, a managing agent or manager;	540,000	540,000
b) Expenses reimbursed to the Managing Agent;	NIL	NIL
c) Commission or Remuneration payable separately to a managing agent or his associate;	NIL	NIL
d) Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company.;	NIL	NIL
e) The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial year.;	NIL	NIL
f) Any other perquisite or benefits in cash or in kind stating, approximate money value where practicable ;	NIL	NIL
g) Other allowances and commission including guarantee commission; pensions etc.:	NIL	NIL
(i) Pensions	NIL	NIL
(ii) Gratuities	NIL	NIL
(iii) Payments from a provident funds, in excess of own subscription and interest thereon	NIL	NIL
(iv) Compensation for loss of office	NIL	NIL
(v) Consideration in connection with retirement from office.	NIL	NIL

ATA KHAN & CO.

Chartered Accountants

25.03 Aggregated amount of remunerating paid to all Directors and Officers during the accounting Period is as follows:

Particulars	Nature of Payment	2018-2019	2017-2018
Directors (Managing Director)	Remuneration	540,000	540,000
Officers and Executives	Salary and other Allowances	15,697,492	14,270,447
Total		16,237,492	14,810,447

26.00 Board Meeting attendance Fees

Board of Directors of Silco Pharmaceuticals Limited till now have not taken any board meeting attendance fees. During the period from 01.07.2018 to 30.06.2019, there were 6 (Six) Board Meetings held. The attendance status of all the meetings is as follows:

Name of Board of Directors	Designation	No. of Meeting held	No. of Meeting attending
Naim Fatema	Chairman	6	6
Dr. Md Badrul Haque Rukan	Managing Director	6	6
Dr. Md. Azizur Rahman	Director	6	4
Dr. Shahana Ferdous Chowdhury	Director	6	5
Dr. Gulshan-E-Jahan	Director	6	6
Dr. Md. Harunur Rashid	Director	6	6
Dr. Mahmudul Majid	Director	6	5
Prof. Dr. Faisal Ahmed	Director	6	4
Prof. Dr. Md Abul Ahabab	Independent Director	6	6
Prof. Dr. Md. Rezaul Karim	Independent Director	6	5
Dr. Iqbal Hossain Chowdhury	Independent Director	6	5



27.00 Disclosure as per requirement of schedule XI, Part II, Para 7 are given below:

Product Categories	Unit	Installed Capacity (Annual)	Actual Production During the period	% of Capacity utilization During the period
Tablet	Pcs.	280,000,000	193,392,878	69.07%
Capsules	Pcs.	150,000,000	91,344,257	60.90%
Liquid Syrup	Bottles	4,000,000	3,496,143	87.40%
Dry Surup	Bottles	1,000,000	594,075	59.41%
Pellet	Kg	300,000	156,948	52.32%
Powder	Phials	1,000,000	576,845	57.68%
Powder of Suspension	Bottles	500,000	448,183	89.64%
SRS Saline	Pcs.	20,000,000	17,825,364	89.13%
Total		456,800,000	307,834,693	67.39%

28.00 Disclosure as per requirement of Schedule-XI, Part-II, Note-5 of Para-3 of companies Act 1994

Employee Position (as on June 30, 2019)

Salary Range	Officer & Staff		Marketing Staff	Total Employee
	Factory	Head Office		
Below 6000	11	9	87	107
Above 6000	37	118	122	277
Total	48	127	209	384

29.00 General

a) Audit Fee: Audit fee of Tk. 345,000 represented only the audit fees and VAT thereon.

b) Capital Expenditure Contract

There is no capital expenditure contract has been made during the year.

c) Contingent Liabilities & Capital Commitments

There is no claim against the company not acknowledged debt and no un-availed credit facilities, other than those in the normal course of business, available to the company on June 30, 2019.

d) Comparative figures have been re-arranged where considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

30.00 Significant Deviation

30.01 Net Profit After Tax

Income before tax is tk. 141,797,517.00, but income after tax became tk. 162,484,445 due to reduced deferred tax liability from tk. 196,477,075 as at 30 June, 2018 to tk. 147,447,251 as at 30 June, 2019. The company was listed with Dhaka Stock Exchange and Chittagong Stock Exchange as at April 25, 2019 and April 30, 2019 as a result the tax rate of the company was come from 35 % to 25 %, consequently the deferred tax liability need to adjust from tk. 196,477,075 to tk. 147,447,251. Therefore, income after tax was increased by tk. 49,029,824 for deferred tax adjustment and net income increased by tk. 20,686,928.

30.02 Earnings Per Share (EPS)

In the current year EPS is calculated as Tk. 2.28 per share which was tk. 1.64 per share in comparative year. In the current year EPS increased due to increased of net profit after tax which is mentioned above. In the current year Weighted Average Number of Shares increased to 7,11,09,726 due to issuance of new share proceed from IPO.

Silco Pharmaceuticals Limited
Schedule of Property, Plant and Equipment
As at 30 June 2019

Annexure-A

Particulars	Cost		Rate of Dep. (%)	Depreciation		Written Down Value as at June 30, 2019
	Balance as on 1st July 2018	Addition during the year		Balance as on 1st July 2018	Charge during the year	
Land and Land Development	74,854,740	-	-	-	-	74,854,740
Building	444,217,981	28,066,336	2.50%	10,017,646	69,901,827	402,382,490
Plant & Machinery	1,139,479,904	1,847,000	10.00%	64,612,760	559,350,310	581,976,594
Electrical Equipment	23,221,372	-	10.00%	1,400,104	10,620,438	12,600,934
Electrical Installation	51,407,688	-	10.00%	2,573,640	28,244,932	23,162,756
Furniture & Fixture	16,315,347	87,778	10.00%	1,130,952	6,202,608	10,200,517
Office Equipment	9,028,692	-	10.00%	2,749,744	3,377,639	5,651,053
Computer	4,207,426	104,050	20.00%	2,108,837	2,542,428	1,769,048
Transformer	12,738,550	-	10.00%	7,052,512	568,604	5,117,434
Vehicles	4,430,115	-	10.00%	3,069,828	136,029	1,224,259
Air Condition	6,575,456	-	20.00%	3,852,875	544,516	2,178,064
Fire Extinguisher	6,308,680	-	20.00%	4,200,192	421,698	1,686,790
Balance as on 30 June, 2019	1,792,785,951	30,105,164		82,467,434	700,086,436	1,122,804,679
Balance as on June 30, 2018	1,726,890,358	65,895,593		87,219,945	617,619,002	1,175,166,949

Allocation of Depreciation	Rate (%)	Taka
Factory Expenses	94.00%	77,519,388
Administrative Expenses	2.00%	1,649,349
Selling & Distribution Expenses	4.00%	3,298,697
Total	100%	82,467,434

