Table of Contents

Transmittal Letter	1
Notice of the 12th Annual General Meeting	2
Our Vision	3
Our Mission	4
Our Objectives	5
Performance at a Glance	6
Corporate Directory	7
Board Of Directors	8
Financial Highlights at a Glance	9
Introduction the Directors	10
Message from Chairman	12
Message from Managing Director	13
Report of the Board of Directors to the Shareholders	14
Corporate Governance Report	18
CEO/MD & CFO Declaration to The Board	29
Auditor's Report & Audited Financial Statements	31
Proxy Form	53
Attendance Slip	54

AMARSTOCK

Transmittal Letter

Date: 9th November, 2017

The Shareholders
Active Fine Chemicals Ltd.

Subject: Annual Report for the year ended 30th June, 2017.

Dear Sir,

We are pleased to enclose a copy of the Annual Report together with the Audited Financial Statements for the year ended 30th June, 2017 along with the Auditor's Report and Director's Report for your record.

Yours Sincerely,

Md. Mahbubur Rahman
Company Secretary

AMAR STOCK

Notice of the 12th Annual General Meeting

Notice is hereby given that the 12th Annual General Meeting of the Shareholders of Active Fine Chemicals Limited will be held on Thursday, 14th December 2017 at 10.00 A. M at Institution Of Diploma Engineers , Bangladesh ,160/A, Kakrial VIP Road, Dhaka-1000 to transact the following business :

1. To receive, consider and adopt the Directors' and Auditors' Report and Audited Financial Statements for the year ended 30th June, 2017.
2. To approve Dividend for the year ended 30th June, 2017.
3. To elect the Directors of the Company.
4. To appoint Auditor of the Company and fixation of their remuneration for the year 2017-2018.
5. To Approve appointment of independent directors

Date: Dhaka
23th November, 2017

By order of the Board of Directors

Md. Mahbubur Rahman
Company Secretary

Notes:

1. The Shareholders, whose names shall appear in the Share Register of the Company or in the Depository Register on the "Record Date" i.e 16th November, 2017 will be entitled to attend the AGM and receive the Dividend.
2. A Member eligible to attend at the Annual General Meeting may appoint a proxy to attend on his/her behalf. The proxy form must be affixed with requisite revenue stamp and submitted to the Registered Office of the Company not later then 48 (Forty eight) hours before the time fixed for the Annual General Meeting.
3. Admission to the meeting will be strictly on production of the attendance slip attached with the Annual Report.
4. Shareholders and Proxies are requested to record their entry in time.
5. In case of non-receipt of Annual Report of the Company sent through courier, Members may collect the same from the Company's Share Office within 12th December, 2017. No additional Annual Report will be distributed at the AGM venue.
6. ***No food or gift will be served in the meeting in compliance of Bangladesh Securities and Exchange Commission notification # SEC/SRMI/2000-953/1950 dated 24/10/2000 and subsequent circular # SEC/CMRRCD/2009-193/154 dated October 24, 2013.***

Our VISION



To be the leader in API and Laboratory Reagent Manufacturing Industry

Our MISSION



To strengthen the pharmaceutical sector of Bangladesh by producing highest quality raw materials at a competitive price.



Our Objective

To ensure quality
To ensure timely delivery
To ensure competitive price
To create value for the stackholders

Performance at a Glance

Net turnover 2016-2017
Tk. 212.89 crore
Δ
Net turnover 2015-2016
Tk. 189.35 crore

Gross profit 2016-2017
Tk. 99.71 crore
Δ
Gross profit 2015-2016
Tk. 83.79 crore

Operating profit 2016-2017
Tk. 86.21 crore
Δ
Operating profit 2015-2016
Tk. 73.52 crore

Net profit before tax 2016-2017
Tk.73.75 crore
Δ
Net profit before tax 2015-2016
Tk. 64.07 crore

Net profit after tax 2016-2017
Tk. 55.38 crore
Δ
Net profit after tax 2015-2016
Tk. 48.07 crore



Corporate Directory

Corporate & Registered Office	Active Fine Chemicals Limited Navana Osman @ Link 214/D, Gulshan-Tejgaon Link Road, Dhaka-1208. Phone:8836830,8836843, 8836875, Fax: 088-02-8836825. Web Site: www.afchem.com
Share Office	Tanaka Tower (2nd Floor), 42/1/Gha, Segun Bagicha, Dhaka. Phone: 9531023,9550250
Factory	West Muktarpur, Munshiganj.
Memorable events	Date of Incorporation 1st December 2004 Date of Conversion into Public Ltd. 9th December 2009 Date of Commercial Production 5th October 2009 Consent for IPO from SEC 15th July 2010 Listing with Stock Exchanges(DSE & CSE) 22nd November 2010 Certificate of Good Manufacturing Practice 2011 First Export 2011 (First time Macrolides antibiotic API Export from Bangladesh) ISO 9001:2008 Certified 2012
Business Line	Manufacturer of API & Lab Reagents
Capital Structure	Authorized Capital BDT 300 Crore Paid-up Capital BDT 159.95 Crore
Last AGM Held	24th November, 2016
Auditor	Khan Wahab Shafique Rahman & Co.
Legal Advisor	Haque, Ahasan & Associates, Advocate & Consultants
Bankers	One Bank Ltd. Bank Asia Ltd. NRB Bank Ltd. Janata Bank Ltd. Eastern Bank Ltd. Dutch Bangla Bank Ltd. Islami Bank Bangladesh Ltd. Bangladesh Development Bank Ltd. Premier Bank Ltd. Bank Alfalah Ltd. United Commercial Bank Limited Mutual Trust Bank Limited



Board of Directors:

Md. Zia Uddin	:	Chairman
S.M. Saifur Rahman	:	Managing Director
Md. Afzal	:	Director
Md. Sohel	:	Independent Director
Razaul Helal	:	Independent Director

Audit Committee:

Md. Sohel	:	Chairman
Md. Afzal	:	Member
Razaul Helal	:	Member

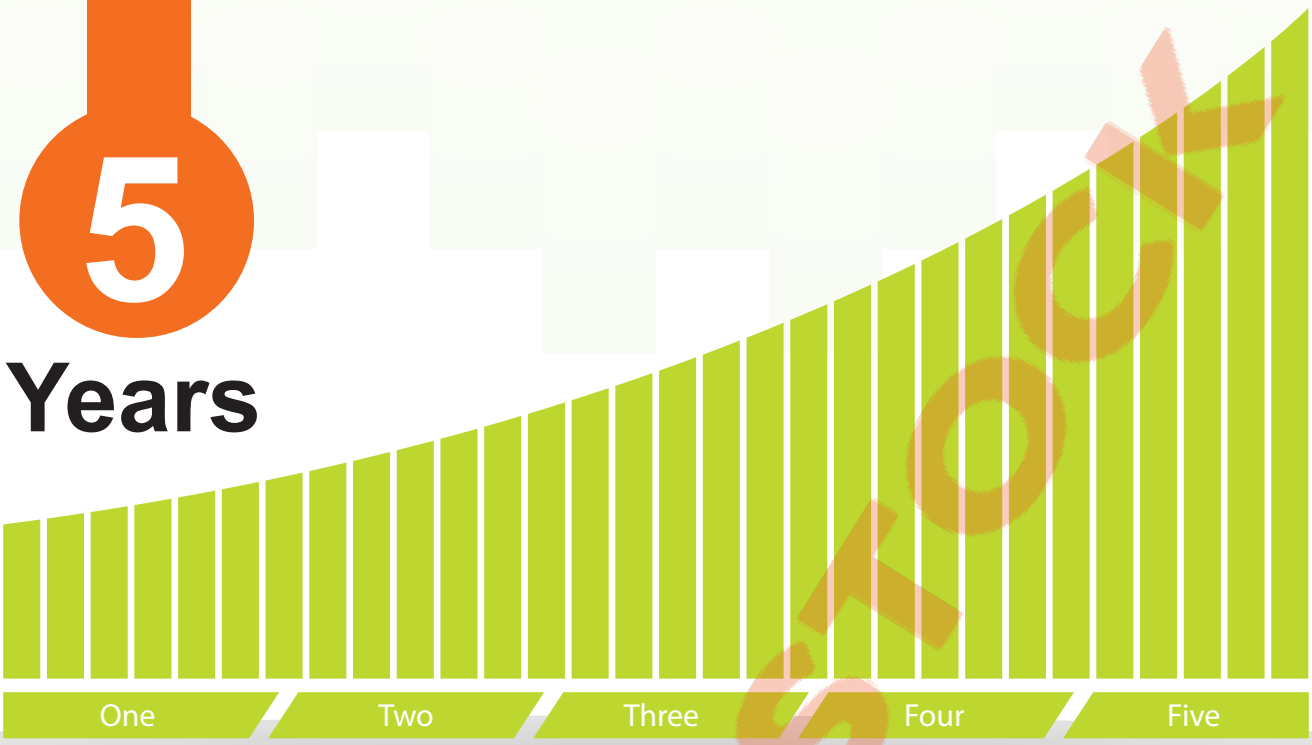
Company Secretary

Md. Mahbubur Rahman

Management Team:

A.B.M Jamal Uddin	:	Chief Operating Officer
Prodip Roy	:	Chief Financial Officer
A K M Akramuzzaman	:	Head of Internal Audit
Prof. Dr. Md. Rabiul Islam	:	Executive Director of Research & Development
Dr. Md.Iqbal Hyder	:	Chief Advisor & Plant Operation
Md. Nurul Islam	:	Head of Marketing
Md. Anwarul Azim	:	Deputy Manager, Human Resources

5 Years



FIVE YEARS FINANCIAL HIGHLIGHTS AT A GLANCE

Particulars	Jul 2016-Jun 2017	Jan 2015-Jun2016	2014	2013	2012
Non-Current assets	2,759,877,217	2,035,741,333	1,258,084,851	909,579,060	786,307,557
Intangible Assets	13,252,285	16,197,237	20,614,666	23,559,619	54,976,199
Investment	293,366,000	378,748,311	302,900,000	172,704,257	77,200,000
Current Assets	2,487,006,093	2,336,143,597	1,577,429,128	634,245,832	407,325,014
Total Assets	**5,553,501,595**	**4,766,830,478**	**3,159,028,645**	**1,740,088,768**	**1,325,808,771**
Share Holders' Equity	3,911,361,817	3,509,159,261	2,758,596,615	1,292,912,291	958,063,308
Non-Current Liabilities	104,004,483	91,316,797	84,046,306	43,000,421	25,362,843
Current Liabilities	1,538,135,295	1,166,354,420	316,385,724	404,176,056	342,382,620
Total Share Holders' Equity & Liabilities	**5,553,501,595**	**4,766,830,478**	**3,159,028,645**	**1,740,088,768**	**1,325,808,771**
Net Turnover	2,128,932,667	2,669,383,283	1,395,039,566	1,227,110,415	720,519,189
Gross Profit	997,147,445	1,159,417,349	611,035,772	528,661,818	349,232,284
Net profit before WPPF	774,468,640	951,637,482	510,267,345	414,993,090	272,942,959
Net Profit before Tax	737,589,181	906,321,412	485,968,900	395,231,514	259,945,676
Net Profit after Tax	553,889,147	678,165,973	359,164,323	334,848,982	222,801,653
Earnings Per Share (Restated)	3.46	5.51	2.92	2.72	1.81

Introducing the Directors

* Mr. Md. Zia Uddin, Chairman

Mr. Md. Zia Uddin has been the Chairman of Active Fine Chemicals Limited since 2012.Soon after graduation in Business Administration; he started his career with diversified business and took control of his family business, Hamid Industrial Corporation (Pvt.) Ltd. which has been running successfully with excellent reputation since 1970. He concurrently serves as a Managing Director of Faijun Industries (Pvt.) Limited, Director of AFC Agro Biotech Limited, AFC Capital Limited and AFC Health Limited as well as Proprietor of Ziauddin Metal Industries.

Mr. Zia is a prominent business magnate, investor and philanthropist within the business community. He is currently the Forum Chair of Entrepreneur's Organization Bangladesh, the biggest global network exclusively for entrepreneurs.

He has participated various national and international seminars and workshops in BSCIC and LME (London Metal Exchange) in the UK.

Mr. S.M Saifur Rahman, Managing Director

S.M Saifur Rahman is the Managing Director and key visionary founder of Active Fine Chemicals Ltd., has a very strong background in scientific research in chemicals technology. He also holds the position of Chief Scientist at Active Fine Chemicals Ltd. He was born in 1979 at Dhaka in a reputed business family. Mr. Rahman completed his bachelor degree from University of Rochester, USA on Chemical Engineering in 2000, and a master degree on Chemical Engineering in 2001. He was enlisted in the Dean of Engineering School's honor list for his outstanding academic achievements. He also won 2001 prestigious Forbes Young Entrepreneur award for his high-tech Business proposal on a futuristic drug discovery system. He worked on a collaborative research program with Merck Pharmaceuticals and University of Rochester as a PhD candidate for 3 years until before he left for Bangladesh. The concept of this project was generated during his tenure as a Process Development Scientist at UofR. Over there he worked to improve the manufacturing process of critical drugs. He was able to get hands on experience on running and maintaining a complex API (Active Pharmaceutical Ingredient) manufacturing unit. At that point he realized how vital and potential it is for Bangladesh. Later on he got selected as a PhD research scientist at University of Rochester, where he published many research articles in scientific journals. To explore the great potential of such a high-tech project requires leadership with cutting edge knowledge in relevant technology. Active Fine Chemicals Ltd has the potential leadership to lead this company into the high-tech industrialization era of Bangladesh. The leadership's in-depth knowledge in future of therapeutic industry, vision and hard work will propel this organization to a 21st century's standard true global company. He is also Managing Director of Intelligent Design & Dynamics Limited & AFC Health Ltd and Director of AFC Capital Ltd.

*** Mr. Md. Afzal, Director**

Md. Afzal is a Director of the Company. He was born in 1976 at Dhaka. He completed his bachelor degree in Business Administration, major in marketing and minor in Management from Independent University, Bangladesh in 2001.This Company is looking forward to utilize his experience and insight in marketing and management. He is also Managing Director of AFC Agro Biotech Limited and Director of AFC Capital Limited & AFC Health Limited.

*** Mr. Md. Sohel, Independent Director**

Md. Sohel is an Independent Director of Active Fine Chemicals Ltd. He obtained BBA degree, major in Accounting and minor in Management from Independent University Bangladesh (IUB). He is a very dynamic and resourceful person for the company. He is the Managing Director of M/S Sohel Enterprise, Director of Super Grip Plastic Ind (Pvt) Ltd. and also an independent Director of AFC Agro Biotech Ltd. He is the prestigious member of Rotary Club of Dhaka, Moulovi Bazar Merchant Association and Dhaka Chamber of Commerce and Industry.

*** Mr. Razaul Helal, Independent Director**

Razaul Helal is an Independent Director of Active Fine Chemicals Ltd. He completed his Masters Degree from National University. He has a vast experience and visible achievements in business development which adding a great value to the board and company. He is the Managing Director of Kings Home Limited and an Independent Director of AFC Agro Biotech Ltd.

Message From The Chairman



Dear Shareholders,

I am very pleased to welcome you all to the 12th Annual General Meeting of Active Fine Chemicals Limited. I would like to take this opportunity to present before you the Annual Report together with the Audited Financial Statements and Auditors Report thereon for the financial year July 2016 to June 2017 for your kind consideration and approval.

In 2016-17 the Company increased its net profit after Tax to BDT 55.38 crore, up by 11.23% from the previous fiscal year 2015-16. This increase was driven by volume growth and due to successful price and cost management. As a result, Earnings per Share (EPS) has increased to BDT 3.46 in the financial year 2016-17 which is 11.25% higher than the previous fiscal year 2015-16. In consideration of that, the Board of Directors is pleased to recommend dividend for you.

I am glad to inform you that the Government of Bangladesh has approved 20% cash incentive on export of API from July 2017. The day to day operations of the company indicates that we were on the right track in the year backed by right strategies and having an able leadership to deliver consistent value for our shareholders. We hope 2017-18 will continue to be a good year for us and we are confident we will be able to achieve our strategic goals.

I want to offer my warm thanks to all employees of the company, our respected shareholders, valued customers, banks, patrons, drug administration, BSEC, DSE, CSE and all others concern for their invaluable support and tremendous response to the company.

I wish the company every success in the future.

Sincerely,

Md. Zia Uddin
Chairman



Message From The Managing Director

Dear Valued Shareholders,

Big pharma manufacturers are now heaving engaged for US FDA. Also they are under market pressure to keep their brand value up to the mark with the US FDA approved companies. Pharmaceutical scenario of Bangladesh is fast changing in favor of regulated plants. One of the challenges of US FDA and other regulated market's license is to source raw materials from audit approved factories. Audit approved by regulated bodies of USA and Europe. The policy requires the manufacturers to purchase APIs and other critical raw materials from audited factories. Hence we are seeing new behavioral pattern in purchases. We have to upgrade our plant to meet standards Europe or USA. New plants that are under planning in the API park are supposedly will meet standards of Europe and USA. Hence we need to plan now to stay competitive in the near future. We are expecting a good turn over from this plant once the manufacturers approve our cephalosporin products. We have also constructing oncological API manufacturers unit. Oncology formulation plant is also under construction. Our associated concern AFC Health has signed agreement with American Oncology Institute to build three world class Cancer hospitals in Bangladesh. These will help us tremendously to take off in oncology related products. To faceoff incoming strong competition from new local manufacturers in coming years we have planned to build stronger and deep relationship with our customers by investing into forward end of the healthcare sector. I am cautiously optimistic about our next five years as we move forward. In this arduous journey we seek your kind cooperation and blessings. May Allah keep us all safe and prosperous.

Truly yours,

S.M.Saifur Rahman
Managing Director

Report of the Board of Directors to the Shareholders

Dear Shareholders,

Welcome to the 12th Annual General Meeting of Active fine Chemicals Limited. The Directors are immensely pleasured to present the Annual Report together with Directors' Report and the Audited Financial Statements for the year ended 30th June, 2017 in accordance with the prevailing Rules and Regulations.

Corporate Status and Background:

Active Fine Chemicals Limited (AFCL) was established on 1st December, 2004 as a private limited company with a vision to produce the bulk drugs and lab reagents. Subsequently it was converted to "Public" limited company on 9th December, 2009. AFCL has set up a multi-purpose bulk drugs and fine chemicals manufacturing facility at Munshigonj, 20 km away from the capital city Dhaka. The plant is established on the 3.60 acre land.

The Company has obtained license from the Directorate of Drug Administration of Bangladesh to operate as a manufacturer of Biological & other special products. The Company has started its commercial production on 5th October, 2009. The key driving force of AFCL is the opportunity to serve a fast growing pharmaceutical sector of Bangladesh which is heavily import dependent for its raw materials. AFCL's goal is to provide highest quality materials at a very competitive price.

Business Activities:

Active Fine Chemicals Ltd. has been producing Bulk Drugs/ Active Pharmaceutical Ingredients (API) and different Laboratory Reagents.

1. Active Pharmaceutical Ingredients (API):

Therapeutic Category	Products	BP/USP
Macrolides	Azithromycin Dihydrate	BP/USP
	Erythromycin Ethyl Succinate	BP/USP
	Erythromycin Stearate	BP/USP
Anti-ulcerent	Esomeprazole Magnesium Trihydrate	BP/USP
	Esomeprazole Magnesium Pellets	BP/USP
	Pantoprazole Sodium Sesquihydrate	BP/USP
Anti-fungal	Fluconazole	BP/USP
Lipid –lowering	Atorvastatin Calcium	USP

Anti-histamine	Cetirizine Hydrochloride	BP/USP
	Fexofenadine Hydrochloride	BP/USP
	Desloratadine	INN
Anti-depressant	Venlafaxine HCL	INN
Antibiotic	Cefixime Trihydrate	BP/USP
	Cefuroxime Axetil	BP/USP
Anti-diabetic	Metformin Hydrochloride	BP/USP
	Sitagliptin Phosphate Monohydrate	INN
	Vidagliptin	INN
	Gliclazide	BP
	Glimepiride	INN
Anti-epileptic	Pregabalin	INN
Anti-hypertensive	Losartan Potassium	BP/USP
	Amlodipine Besylate	BP
NSAID	Etoricoxib	INN
	Ketorolac Tromethamine	USP
Anti-Platelet	Ticagrelor	INN

2. Laboratory Reagents:

Wide verities of chemical substances are needed for production and quality control by pharmaceutical laboratories. Main purpose of these laboratories is to maintain quality of the raw materials and finished goods. Hence they require various chemical reagents for conducting laboratory experiments. AFCL also manufactures some of these Laboratory reagents. Bangladeshi companies used to import these chemicals and our products are import substitutes. Major products of AFCL under Laboratory Reagent category are as follows:

HPLC Grade solvents
Solvents
Powder reagents

Net Turnover for the year ended 30th June, 2017 is Taka 212.89 crore, a growth of 12.43% over last year's turnover of Taka 189.35 crore. Profit after tax during the period Taka 55.38 crore, a growth of 11.23% over last year profit after tax was Taka 48.07 crore.

Industry outlook and possible future development in the industry:

Active Fine Chemicals Limited is pharmaceutical API (Active Pharmaceutical Ingredient) manufacturing sector in Bangladesh is still in its nascent stage of its evolution. At present 95% API are imported each year. We want to take share year to year at least 10%-15% to get self sufficiency in next 10-20 years. Given our strategic advantage in low cost human resources, it is holding out great potentials. These manufacturing sector has largely moved out from Europe and North America to China and India in the recent past is largely due to lower cost of manufacturing,Bangladesh can be strong player in this sector near future.

Considering the market demand and prospect, Active Fine Chemicals Limited will set up a Cephalosporin plant at West Moktarpur, Munshiganj and obtained permission from Directorate General of Drug Administration (DGDA) for producing Cephalosporin Antibiotics and other related chemicals. Cephalosporin Antibiotics are the most deserving pharmaceutical products to enrich the healthcare sector of Bangladesh. Active Fine Chemicals Limited has started exporting Cephalosporin Antibiotics to Pakistan and Nepal.

Active Fine Chemicals Limited set up an Anti-Cancer Formulations plant at Uttar Shoilmary, Koiya Bazar, Batiaghata,Khulna to enhance the capacity and diversify the product range

Risks and Concerns:

Though a booming sector with great potentiality, API industry has also some risk factors such as political unrest, devaluation of foreign currency, increasing govt. duty etc.

Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin:

The Statement of Comprehensive Income shows that the Cost of Goods Sold for the year ended 30th June, 2017 is Tk. 113.17 crore against Tk. 105.55 crore for the last year. Gross Profit for the year ended 30th June, 2017 is Tk. 99.71 crore against Tk. 83.79 crore for the last year. Net Profit after tax for the year ended 30th June, 2017 is Tk.55.38 crore against Tk. 48.07 crore for the last year.

Continuity of any Extra-Ordinary Gain or Loss:

Active Fine Chemicals Limited has no any Extra-Ordinary Gain or Loss for the year ended 30th June, 2017.

Related Party Transaction:

a) During the year there are no related party transactions except following transaction, in the normal course of business. The name of the related parties and nature of these transaction have been set out in accordance with the provision of BAS 24: Related Party Disclosure.

Name of Related Party	Nature of Transactions	30.06.2017	30.06.2016
AFC Capital Ltd.	Investment	62,000,000	62,000,000
AFC Solvents Ltd.	Investment	50,000	50,000
AFC Agro Biotech Ltd.	Investment	60,050,000	60,050,000
AFC Agro Biology Ltd.	Investment	100,000	100,000
AFC Health Ltd.	Investment	123,774,000	123,774,000
AFC Health Ltd.	Share Money Deposit	36,026,000	36,026,000

b) Further AFC Agro Biotech Ltd. is one of the supplier of Active Fine Chemicals Ltd. during this year Active Fine Chemicals Ltd. purchase product TK. 6,89,07,902/- from AFC Agro Biotech Ltd. and paid TK. 6,94,24,021/- against purchase after adjusting payable balance of TK. 40,60,434/- and balance payable to AFC Agro Biotech Ltd. as on 30th June, 2017 was TK.35,44,315/-

c) Related party transaction took place during normal course of business with AFC Agro Biotech Ltd.

d) As per para 17 of BAS-24 Related Party Disclosure key management personnel compensation are as follows:

Sl.	Particulars	Factory		Admin		Selling	
		Persons	Amount	Persons	Amount	Persons	Amount
01	Workers	97	10,904,598				
02	Officers	75	21,564,389	42	11,386,496	31	9,272,767
03	Managers	16	9,746,575	10	7,233,979	10	8,012,743
04	Others	7	592,201	5	645,818	8	996,427
Total		**195**	**42,807,763**	**57**	**19,266,293**	**49**	**18,281,937**

Directors Remuneration:

Directors don't receive any other facilities or prerequisites except remuneration. Total remuneration expenses of the Directors have been disclosed as an expense under the head of Administrative Expenses in the notes 24.00 of financial statements. Independent Directors do not take any remuneration from the company.

Corporate and Financial Reporting:

The Directors are pleased to confirm the following:

1) The financial statements prepared by the management of the company present fairly its statements state of affairs, the result of its operations, cash flows and changes in equity.
2) Proper books and accounts of the company have been maintained.
3) Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
4) International Accounting Standards (IAS) / Bangladesh Accounting Standards (BAS) / International Financial Reporting Standards (IFRS) / Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
5) The system of Internal Control is sound in design and has been effectively implemented and monitored.
6) There are no significant doubts upon the Company's ability to continue as a going concern.
7) There are no significant deviations from last year in operating results but normal growth is there.
8) The financial data for the last five years are annexed.

Acquisition of Assets:

During the year under review, the Company invested a sum of Tk. 104.24 crore for acquisition of Fixed Assets such as land, building, plant and machinery.

Investment in Shares:

This consists of as follows:

Investment in Shares	30-Jun-17	30-Jun-16
Investment in Securities-Listed Company (Note-4.01)	70,916,000	156,798,311
Investment in Securities-Un Listed Company (Note-4.01)	186,424,000	185,924,000
Share money deposit with AFC Health Ltd.	36,026,000	36,026,000
Total	**293,366,000**	**378,748,311**

Shareholders Pattern:

Shareholding patterns of the company for the year ended 30th June, 2017 is shown in Annexure-II of this report.

Corporate Governance Compliance Report:

Active Fine Chemicals Limited adheres to appropriate Corporate Governance principles.

The Company has also complied with all requirements of Corporate Governance as required by the Bangladesh Securities & Exchange Commission. Accordingly to Bangladesh Securities and Exchange Commission's notification no. SEC/CMRRCD/2006-158/134/Admin/44: dated 7th August, 2012 a Corporate Governance Compliance Report is shown Annexure-V of this report.

Credit Ratings:

The summery of the up to date credit rating done by National Credit Ratings Limited (NCR) is presented below:

Long Term: A+

Short Term: ST-2

We express our warm thanks to all our customers and stakeholders for their continued support and cooperation.

Financial Result:

The Directors are pleased to report the financial results for the year ended 30th June, 2017:

Particulars	July 2016 To June 2017 (12 Months)	Janu. 2015 To June 2016 (18 Months)
Net Profit Before Tax	**737,589,181**	**906,321,412**
Less: Provision for Income Tax	18,37,00,034	228,155,439
Net Profit After Tax	**553,889,147**	**678,165,973**
Add: Profit brought forward from previous year	906,129,184	493,374,800
Less: Stock Dividend	430,655,400	266,596,200
Add: Revaluation Surplus Adjustment	7,20,919	11,84,611
Less: Tax Holiday Reserve	186,749,543	-
Profit Available for Appropriation	**1216,833,393**	**906,129,184**
Less: Proposed Dividend	399,894,300	430,655,400
Un-appropriated Profit Carried Forward	**816,939,093**	**475,473,784**

Dividend:

During the year company earned Net Profit after Tax is Tk. 55.39 crore. The earning per share (EPS) is Tk. 3.46. Considering the satisfaction of shareholders, the Board of Directors has recommended 25% Stock Dividend for the year ended 30th June, 2017.

Capital Structure:

Authorized capital of Active Fine Chemical Limited is Tk.300,00,00,000/- divided into 30,00,00,000 Ordinary shares of Tk.10.00 each. Paid up capital of the Company as on 30th June 2017 is Tk. 159,95, 77,200/- divided into 15, 99, 57,720 Ordinary shares of Tk.10.00 each. After considering proposed 25% stock Dividend the capital will be at Tk. 199,94,71,500.00 dividend into 19, 99, 47,150 Ordinary shares of Tk.10.00 each.

Appointment of Auditor:

The auditor M/S Khan Wahab Shafique & Co. Chartered Accountants expressed their interest to continue as auditor for the year 2017-2018. The Board recommended to appoint M/S Khan Wahab Shafique & Co. Chartered Accountants, as the auditor of the Company for the year 2017-2018 subject to the approval of shareholders in 12th Annual General Meeting of the company.

Environmental Role:

The company maintains a high standard of pollution free environment as per Government laws. The company doesn't have any activity which is harmful to the environment or society.

Human Resources Development:

The human resources are actual asset of the company and the Board recommended maintaining regular training and development of the company personnel. The company also provides continuously relevant training for the employees to encourage self-development and to improve their efficiency as well as productivity. Excellent intermingle of young and skilled people ensure their best efforts towards growth of business.

Compliance with Laws and Regulations:

The company always trying to comply the provision of the applicable laws and regulations of the country.

Board Meetings & Attendance:

During the year, 15 (Fifteen) Board Meetings were held. The attendance record of the Directors is shown in Annexure-I of this report. The Board of Directors did not take attendance fees during the year ended 30th June, 2017.

Going Concern:

The Board of Directors has reviewed & analyzed the Company's business plans and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly the Financial Statements are prepared based on the going concern concept.

Election of Directors:

Md. Zia Uddin, Director retired from the Board of Directors by rotation and he expressed his interest for re-election as Director.

Acknowledgements:

The Board of Directors expresses their sincere gratitude and appreciation for the assistance, cooperation and guidance received by the Company from Bangladesh Securities & Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Drug Administration, Bangladesh Bank, Commercial Banks, Shareholders, Suppliers, Clients, and Employees of Active Fine Chemicals Limited for their contribution and their continued support and confidence.

Thank you all
On behalf of the Board of Directors



Md. Zia Uddin
Chairman

Annexure-I
Attendance of Board Meeting

Name of Directors	Position	Meeting Held	Attendance
Md. Zia Uddin	Chairman	15	15
S.M. Saifur Rahman	Managing Director	15	15
Md. Afzal	Director	15	15
Md. Akbar Alam (Upol)	Independent Director	15	14 (Resign from the Board dated 03/10/2017)
Md. Azhar Khan	Independent Director	15	14 (Resign from the Board dated 03/10/2017)
Razaul Helal	Independent Director	15	01 (Appointed as Independent Director dated: 12/10/2017)
Md. Sohel	Independent Director	15	01 (Appointed as Independent Director dated: 12/10/2017)

Annexure-II
Pattern of Shareholding

Name of Directors	Position	No. of Share upto 30-06-2017	% As on 30-06-2017
1. Parent/Subsidiary/Associate companies and other related parties.		-	-
2.Directors, CEO, CS, CFO, HIA and their spouses and minor children:			
2.A. Directors			
Md. Zia Uddin	Chairman	46,50,048	2.91
S.M. Saifur Rahman	Managing Director	1,14,06,928	7.13
Md. Afzal	Director	31,64,616	1.98
Md. Akbar Alam (Upol)	Independent Director	-	-
Md. Azhar Khan	Independent Director	-	-
2.B. CEO, CS, CFO, HIA:			
Prodip Roy	Chief Financial Officer	-	-
Md. Mahbubur Rahman	Company Secretary	1,400	00
A K M Akramuzzaman	Head of Internal Audit	-	-
3. Executive (Top 5 persons other CEO/CS/CFO/HIA)			
A.B.M Jamal Uddin	Chief Operating Officer	-	-
Md. Nurul Islam	Head of Marketing	5,000	00
4. Shareholding 10% or more voting right		-	-

Annexure-III

Brief resume of the Directors who seek appointment / re- appointment in the ensuing Annual General Meeting (AGM)

*** Mr. Md. Zia Uddin, Director**

Mr. Md. Zia Uddin has been the Chairman of Active Fine Chemicals Limited since 2012.Soon after graduation in Business Administration, he started his career with diversified business and took control of his family business, Hamid Industrial Corporation (pvt.) Ltd. which has been running successfully with excellent reputation since 1970. He concurrently serves as a Managing Director of Faijun Industries (Pvt.) Limited, Director of AFC Agro Biotech Limited, AFC Capital Limited and AFC Health Limited as well as Proprietor of Ziauddin Metal Industries.

Mr. Zia is a prominent business magnate, investor and philanthropist within the business community. He is currently the Forum Chair of Entrepreneur's Organization Bangladesh, the biggest global network exclusively for entrepreneurs.

He has participated various national and international seminars and workshops in BSCIC and LME (London Metal Exchange) in the UK.

*** Mr. Md. Sohel, Independent Director**

Md. Sohel is an Independent Director of Active Fine Chemicals Ltd. He obtained BBA degree, major in Accounting and minor in Management from Independent University Bangladesh (IUB). He is a very dynamic and resourceful person for the company. He is the Managing Director of M/S Sohel Enterprise, Director of Super Grip Plastic Ind (Pvt) Ltd. and also an independent Director of AFC Agro Biotech Ltd. He is the prestigious member of Rotary Club of Dhaka, Moulovi Bazar Merchant Association and Dhaka Chamber of Commerce and Industry.

*** Mr. Razaul Helal, Independent Director**

Razaul Helal is an Independent Director of Active Fine Chemicals Ltd. He completed his Masters Degree from National University. He has a vast experience and visible achievements in business development which adding a great value to the board and company. He is the Managing Director of Kings Home Limited and an Independent Director of AFC Agro Biotech Ltd.

Annexure-IV

Certificate on compliance with the condition of Corporate Governance Guide lines

MAZUMDAR SIKDER AND ASSOCIATES
Cost & Management Accountants

CERTIFICATE OF COMPLIANCE ON CORPORATE GOVERNANCE

OF

ACTIVE FINE CHEMICALS LIMITED

We have examined the compliance to the BSEC guidelines on Corporate Governance by **Active Fine Chemicals Limited** for the year ended 30 June 2017. These guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 as amended vide notification dated 21 July 2013 and 18 August 2013 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the company. Our examination was limited to the procedures and implementation thereof as adopted by the management in ensuring compliance to the conditions of Corporate Governance.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines is issued by BSEC.

Place -Dhaka.
Date- November 21, 2016

Mazumdar Sikder and Associates
Cost & Management Accountants

105/A (3rd Floor), Kakrail, Dhaka - 1000, Phone: 02-8300376, Fax: 02-8300375

AMTSTOCK

Annexure-V
Status of Compliance

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's notification no. SEC/CMRRCD/2006-158/134/Admin/44: dated 7th August, 2012.

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1.	**Board of Directors:**			
1.1	Board's Size: The number of the board members shall not be less than 5 (five) and more than 20 (twenty)	√		
1.2	**Independent Directors:**			
1.2 (i)	One fifth (1/5) of the total number of directors	√		
1.2 (ii) a)	Does not hold any share or holds less than 1% shares of the total paid-up shares.	√		
1.2 (ii) b)	Not connected with any Sponsor/Director/ shareholder who hold 1% or more shares of the total paid-up shares on the basis of family relationship.	√		
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	√		
1.2 (ii) d)	Not a member, director or officer of any stock exchange.	√		
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.	√		
1.2 (ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm.	√		
1.2 (ii) g)	Not be an independent director in more than 3 (three) listed companies.	√		
1.2 (ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBFI.	√		
1.2 (ii) i)	Not been convicted for a criminal offence involving moral turpitude.	√		
1.2 (iii)	Nominated by the board of directors and approved by the shareholders in the AGM.	√		Two Independent Directors have been appointed on 12/10/2017 and will be place before shareholders in this AGM.
1.2 (iv)	Not remain vacant for more than 90 (ninety) days.	√		
1.2 (v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		
1.2 (vi)	Tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	√		Two Independent Directors have been appointed on 12/10/2017 for their 1st term

1.3	**Qualification of Independent Director (ID):**		
1.3 (i)	Knowledge of Independent Directors.	√	
1.3 (ii)	Background of Independent Directors.	√	
1.3 (iii)	Special cases for qualifications.		N/A
1.4	**Individual Chairman of the Board and CEO**	√	
1.5	**The Directors' Report to Shareholders :**		
1.5 (i)	Industry outlook and possible future developments in the industry.	√	
1.5 (ii)	Segment-wise or product-wise performance.	√	
1.5 (iii)	Risks and concerns.	√	
1.5 (iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√	
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.	√	
1.5 (vi)	Basis for related party transactions.	√	
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others.		N/A
1.5 (viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, and Direct Listing.		N/A
1.5 (ix)	Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements.		N/A
1.5 (x)	Remuneration to directors including Independent Directors.	√	
1.5 (xi)	Fairness of Financial Statement.	√	
1.5 (xii)	Maintenance of proper books of accounts.	√	
1.5 (xiii)	Adoption of appropriate accounting policies and estimates.	√	
1.5 (xiv)	Followed IAS, BAS, IFRS and BFRS in preparation of financial statements.	√	
1.5 (xv)	Soundness of internal control system.	√	
1.5 (xvi)	Ability to continue as a going concern.	√	
1.5 (xvii)	Significant deviations from the last year's.		N/A
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) year.	√	
1.5 (xix)	Reasons for not declared dividend		N/A
1.5 (xx)	Number of board meetings held during the year and attendance.	√	
1.5 (xxi) a)	Pattern of shareholding:		

1.5 (xxi) b)	Directors, CEO, CS, CFO, HIA and their spouses and minor children.	√		
1.5 (xxi) c)	Executives.	√		
1.5 (xxi) d)	10% or more voting interest.	√		
1.5 (xxii)	Appointment/re-appointment of director:	√		
1.5 (xxii) a)	Resume of the director	√		
1.5 (xxii) b)	Expertise in specific functional areas.	√		
1.5 (xxii) c)	Holding of directorship and membership of committees of the board other then this company.	√		
2.	**CFO, Head of Internal Audit (HIA) and CS:**			
2.1	Appointment of CFO, HIA and CS & defining their responsibilities.	√		
2.2	Attendance of CFO and CS at the meeting of the Board of Directors.	√		
3	**Audit Committee :**			
3 (i)	Constitution of Audit Committee	√		
3 (ii)	Assistance of the Audit Committee to Board of Directors.	√		
3 (iii)	Responsibility of the Audit Committee.	√		
3.1	**Constitution of the Audit Committee:**			
3.1 (i)	At least 3 (three) members.	√		
3.1 (ii)	Appointment of members of the Audit Committee.	√		
3.1 (iii)	Qualification of Audit Committee members.	√		
3.1 (iv)	Term of Service of Audit Committee members.	√		
3.1 (v)	Secretary of the Audit Committee.	√		
3.1 (vi)	Quorum of the Audit Committee.	√		
3.2	**Chairman of the Audit Committee:**			
3.2 (i)	Board of Directors shall select the Chairman.	√		
3.2 (ii)	Chairman of the audit committee shall remain present in the AGM.	√		
3.3	**Role of Audit Committee:**			
3.3 (i)	Oversee the financial reporting process.	√		
3.3 (ii)	Monitor choice of accounting policies and Principles.	√		
3.3 (iii)	Monitor Internal Control Risk management process.	√		
3.3 (iv)	Oversee hiring and performance of external auditors.	√		
3.3 (v)	Review the annual financial statements before submission to the board for approval.	√		
3.3 (vi)	Review the quarterly and half yearly financial statements before submission to the board for approval	√		

3.3 (vii)	Review the adequacy of internal audit function.	√		
3.3 (viii)	Review statement of significant related party transactions.	√		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		
3.3 (x)	Disclosure about the uses/applications of funds raised by IPO/RPO/Right issue.			N/A
3.4	**Reporting of the Audit Committee:**			
3.4.1	Reporting to the Board of Directors:			
3.4.1 (i)	Activities of Audit Committee.	√		
3.4.1 (ii) a)	Conflicts of interests.			No such incidence occurred
3.4.1 (ii) b)	Material defect in the internal control system.			No such incidence occurred
3.4.1 (ii) c)	Infringement of laws, rules and regulations.			No such incidence occurred
3.4.1 (ii) d)	Any other matter.			No such incidence occurred
3.4.2	Reporting to the Authorities.			N/A
3.5	Reporting to the Shareholders and General Investors.	√		
4	**Engagement of External/Statutory Auditors:**			
4 (i)	Appraisal or valuation services or Fairness opinions.	√		
4 (ii)	Financial information systems design and Implementation.	√		
4 (iii)	Book-keeping.	√		
4 (iv)	Broker-dealer services.	√		
4 (v)	Actuarial services	√		
4 (vi)	Internal audit services.	√		
4 (vii)	Services that the Audit Committee determines	√		
4 (viii)	Audit firms shall not hold any share of the company they audit.	√		
4(ix)	Audit/certification services on compliance of corporate governance as required under clause (i) of condition no. 7.	√		
5	**Subsidiary Company :**			
5 (i)	Composition of the Board of Directors.			N/A
5 (ii)	At least 1 (one) independent director to the subsidiary company.			N/A
5 (iii)	Submission of Minutes to the holding company.			N/A
5 (iv)	Review of Minutes by the holding company.			N/A
5 (v)	Review of Financial Statement by the holding company.			N/A
6.	**Duties of Chief Executive Officer and Chief Financial Officer:**			
6 (i) a)	Reviewed the materially untrue of the financial statement.	√		
6 (i) b)	Reviewed about compliance of the accounting standard.	√		
6 (ii)	Reviewed about fraudulent, illegal or violation of the company's code of conduct.	√		
7.	**Reporting and Compliance of Corporate Governance:**			
7 (i)	Obtain certificate about compliance of conditions of Corporate Governance Guidelines.	√		
7 (ii)	Annexure attached in the directors' report.	√		

Annexure-VI
AUDIT COMMITTEE REPORT

The Board of Directors of Active Fine Chemicals Limited has constituted an Audit Committee according to the conditions of Bangladesh Securities and Exchange Commission's (BSEC) guidelines. All members of the Audit Committee are financially literate and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee.

The Audit Committee consists of the following members:

Name of the Directors	Designation	Position of Audit Committee
Mr. Md. Sohel	Independent Director	Chairman of Audit Committee
Mr. Md. Afzal	Director	Member
Mr. Rezaul Helal	Independent Director	Member
Mr. Mahbubur Rahman	Company Secretary	Secretary

*Mr. Md. Sohel and Mr. Rezaul Helal has appointed as member of the Audit Committee at the 155th Board of Directors Meeting on 19th October, 2017 to comply Bangladesh Securities and Exchange Commission's notification no. SEC/CMRRCD/2006-158/134/Admin/44: dated 7th August, 2012 on Corporate Governance Guidelines.

The scope of Audit Committee was defined as under:

a) Review and recommend to the Board to approve the financial statements prepared for statutory purpose;
b) Report to the Board of Directors on internal audit findings from time to time considering the significance of the issues;
c) Carry on a supervisory role to safeguard the systems of governance and independence of statutory auditors; and
d) Review and consider the internal auditor's report and statutory auditor's observations on internal control.

Activities carried out during the year

The Committee reviewed the internal audit reports, quarterly, half yearly, annual financial statements and the external audit report and recommended to the board for consideration. The Committee did not find any material deviation, discrepancies or any adverse finding /observation in the areas of reporting.

Sd/-
Md. Sohel
Chairman
Audit Committee

26th October, 2017

The Board of Directors
Active Fine Chemicals Limited
Navana Osman@ Link,
214/D, Tejgaon- Gulshan Link Road,
Tejgaon, Dhaka-1208.

Sub: Declaration to the Board.

In compliance of Bangladesh Securities and Exchange Commission Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 we have certified the Financial Statements for the year ended 30th June, 2017 in the following manners:

i) We have reviewed financial statements for the year and that to the best of our knowledge and belief:

   a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ;

   b) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.

ii) There are no transactions entered into by the company during the period which are fraudulent, illegal or violation of the company's code of conduct to the best of knowledge and belief,

S.M Saifur Rahman
Managing Director

Prodip Roy
Chief Financial Officer

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements of "**Active Fine Chemicals Limited**", which comprise the statement of financial position as at June 30, 2017, and the statement of Profit or Loss and Other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), 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.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). 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 amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by managements, 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 opinion.

Opinion:

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Active Fine Chemicals Limited** as at June 30, 2017 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Companies Act 1994, the Securities and Exchanges rules 1987 and other applicable laws and regulations.

Without qualifying our opinion, we draw attention to the following issues:

Emphasis Matter:

a) As Per notification No. SEC/CMRRCD/2009-193/120/Admin of Bangladesh Security Exchange Commission Dated December 07, 2011, "The sponsors/promoters and directors of any listed company shall hold jointly minimum 30% shares" But the directors of the Active Fine Chemicals Ltd. hold only 12.02% shares of the Active Fine Chemicals Ltd. which is a violation of the said notification.

Moreover, each director other than independent/Nominated directors of any listed company shall hold minimum 2% shares of the company. But one of the directors of the company holds 1.98% shares of the Active Fine Chemicals Ltd. which is a non-compliance of the said notification.

We also report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit and made due verification thereof;

(b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;

(c) The statement of financial position and the statement of Profit or Loss and Other Comprehensive Income dealt with by this report are in agreement with the books of account; and

(d) The expenditure incurred and payments made was for the purposes of the company's business.

Dhaka: October 28, 2017

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

ACTIVE FINE CHEMICALS LIMITED
STATEMENT OF FINANCIAL POSITION
As at 30th June 2017

Particulars	Notes	Amount (In Taka) 30th June 2017	30th June 2016
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipments at Carrying Value	2	**2,759,877,217**	**2,035,741,333**
Intangible Assets:		**13,252,285**	**16,197,237**
Product Development Cost	3	13,252,285	16,197,237
Investment In Share	4	**293,366,000**	**378,748,311**
Current Assets:		**2,487,006,093**	**2,336,143,597**
Inventories	5	578,878,576	523,691,400
Advances, Deposits and Prepayments	6	293,582,503	274,255,808
Accounts Receivable	7	835,911,748	770,785,057
Cash and Cash Equivalents	8	778,633,266	767,411,332
TOTAL ASSETS		**5,553,501,595**	**4,766,830,478**
SHARE HOLDERS' EQUITY & LIABILITIES:			
Shareholders' Equity :		**3,911,361,817**	**3,509,159,261**
Share Capital	9	1,599,577,200	1,230,444,000
Share Premium	10	986,850,000	986,850,000
Retained Earnings	11	1,216,833,393	906,129,184
Revaluation Surplus	12	107,546,742	108,267,661
Gain on Marketable Securities (Unrealized)	13	554,482	90,718,873
Tax Holiday Reserve	14	-	186,749,543
Non-Current Liabilities:		**104,004,483**	**91,316,797**
Deferred Tax Liability	15	102,833,863	64,699,780
Long Term Loan-Secured	16	1,170,620	26,617,017
Current Liabilities:		**1,538,135,295**	**1,166,354,420**
Short Term Loan	17	808,865,576	571,817,880
Long Term Loan-Current portion	18	16,122,178	3,550,609
Provision for Current Tax	19	539,876,294	394,310,342
Liabilities for Expense & Services	20	89,589,020	152,359,374
Liabilities for Other Finance	21	83,682,227	44,316,215
TOTAL SHARE HOLDERS' EQUITY AND LIABILITIES		**5,553,501,595**	**4,766,830,478**
Net Assets Value (NAV) per share		**24.45**	**28.52**

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

Md. Zia Uddin	S.M Saifur Rahman	Prodip Roy	Md. Mahbubur Rahman
Chairman	Managing Director	Chief Financial Officer	Company Secretary

Subject to our separate report of even date

Date: October 28, 2017

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

ACTIVE FINE CHEMICALS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30th June 2017

Particulars	Notes	Amount (In Taka)	
		July 2016 To June 2017	July 2015 To June 2016
Net Turnover	22	2,128,932,667	1,893,536,660
Cost of Goods Sold	23	(1,131,785,222)	(1,055,597,985)
Gross Profit		**997,147,445**	**837,938,675**
Operating Expenses		**(134,971,893)**	**(102,664,718)**
Administrative Expenses	24	(92,124,209)	(71,312,616)
Selling & Distribution Expenses	25	(42,847,684)	(31,352,102)
Profit from Operation		**862,175,552**	**735,273,957**
Finance Cost	26	(96,277,777)	(71,425,555)
Other Income	27	8,570,865	8,952,707
Net Profit before WPPF		**774,468,640**	**672,801,109**
Allocation for WPPF		(36,879,459)	(32,038,148)
Net Profit Before Tax		**737,589,181**	**640,762,961**
Income Tax Expenses		**(183,700,034)**	**(159,998,521)**
Provision for Current Tax		145,565,952	133,251,740
Provision for Deferred Tax		38,134,083	26,746,781
Net Profit After Tax (Transferred to Statement of Changes in Equity)		**553,889,147**	**480,764,440**
Other Comprehensive Income:			
Gain/(loss) on Marketable Securities (Unrealized)		2,609,857	90,718,873
Total Comprehensive Income		**556,499,004**	**571,483,313**
Earnings per Share (Restated)	28	**3.46**	**3.01**

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

Md. Zia Uddin	S.M Saifur Rahman	Prodip Roy	Md. Mahbubur Rahman
Chairman	Managing Director	Chief Financial Officer	Company Secretary

Subject to our separate report of even date

Date: October 28, 2017

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

ACTIVE FINE CHEMICALS LIMITED
STATEMENT OF CHANGES IN EQUITY
As at 30th June 2017

Particulars	Share Capital	Share Premium	Retained Earnings	Tax Holiday Reserve	Revaluation Surplus	Gain/(Loss) on Marketable Securities (Unrealized)	Total Taka
Balance 1st July 2016	1,230,444,000	986,850,000	906,129,184	186,749,543	108,267,661	90,718,873	**3,509,159,261**
Previous year adjusted						(92,774,248)	**(92,774,248)**
Cash Dividend			(61,522,200)				**(61,522,200)**
Stock Dividend	369,133,200		(369,133,200)				**-**
Revaluation Surplus Adjustment			720,919	-	(720,919)		**-**
Transfer of Tax Holiday Reserve			186,749,543	(186,749,543)			
Net Profit after Tax	-		553,889,147	-	-		**553,864,825**
Other Comprehensive Income						2,609,857	**2,609,857**
Balance 30th June 2017	**1,599,577,200**	**986,850,000**	**1,216,833,393**	**-**	**107,546,742**	**554,482**	**3,911,361,817**

STATEMENT OF CHANGES IN EQUITY
As at 30th June 2016

Particulars	Share Capital	Share Premium	Retained Earnings	Tax Holiday Reserve	Revaluation Surplus	Gain/(Loss) on Marketable Securities (Unrealized)	Total Taka
Balance 1st July 2015	1,230,444,000	986,850,000	424,585,233	186,749,543	109,047,172	-	**2,937,675,948**
Revaluation Surplus Adjustment			779,511	-	(779,511)		**-**
Net Profit after Tax	-		480,764,440	-	-		**480,764,440**
Other Comprehensive Income						90,718,873	**90,718,873**
Balance 30th June 2016	**1,230,444,000**	**986,850,000**	**906,129,184**	**186,749,543**	**108,267,661**	**90,718,873**	**3,509,159,261**

Md. Zia Uddin	S.M Saifur Rahman	Prodip Roy	Md. Mahbubur Rahman
Chairman	Managing Director	Chief Financial Officer	Company Secretary

ACTIVE FINE CHEMICALS LIMITED
STATEMENT OF CASH FLOWS
For the year ended 30th June 2017

Particulars	Amount (In Taka)	
	July 2016 To June 2017	July 2015 To June 2016
A. Cash Flows from Operating Activities:		
Collection from Sales	2,063,805,976	1,759,250,771
Payment to Suppliers	(979,028,754)	(901,589,418)
Payment for Expenses	(180,737,017)	(137,155,211)
Payment for Advance, Deposit & Prepayment	(19,326,695)	(156,884,255)
Payment of WPPF	(7,906,460)	(22,022,000)
Other Income	8,570,865	8,952,703
Net Cash Generated from Operating Activities	**885,377,915**	**550,552,590**
B. Cash Flows from Investing Activities:		
Investment during the year	(4,782,082)	(15,156,102)
Purchase of Fixed Assets	(1,042,417,580)	(791,093,538)
Net Cash used in Investing Activities	**(1,047,199,662)**	**(806,249,640)**
C. Cash Flows from Financing Activities:		
Increase/(Decrease) in Short Term Loan	237,047,696	255,578,456
Increase/(Decrease) in Long Term Loan	(12,874,828)	(6,088,304)
Devidend Paid	(51,129,188)	(45,068,260)
Net Cash Generated/(Used) from Financing Activities	**173,043,680**	**204,421,892**
Net Cash Inflow/(Outflow) from Total Activities (A+B+C)	**11,221,933**	**(51,275,158)**
Opening Cash & Cash Equivalents	**767,411,332**	**818,686,490**
Cash and Cash Equivalents at the End	**778,633,266**	**767,411,332**
Net Operating Cash Flows Per Share	**5.53**	**4.47**

Md. Zia Uddin	**S.M Saifur Rahman**	**Prodip Roy**	**Md. Mahbubur Rahman**
Chairman	**Managing Director**	**Chief Financial Officer**	**Company Secretary**

1.00 SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION:

1.01 Legal form of the Enterprise:

The Active Fine Chemicals Limited was incorporated in Bangladesh on 1st December 2004 as a Private Limited Company under the Companies Act, 1994 and subsequently it was converted into Public Limited Company on 9th December, 2009. The company has been listed with Dhaka Stock Exchange and Chittagong Stock Exchange in 2010.

1.02 Registered Office and Factory:

The Company's registered office is situated at Navana Osman @ Link, 214/D, Tejgaon, Gulshan Link Road, Tejgaon, Dhaka – 1208, Bangladesh and its factory is located at West Muktarpur, Munshiganj, Bangladesh 20 Km. away from Dhaka City.

1.03 Nature of Business Operations:

Active Fine Chemicals Ltd. was established in 2004 with a vision to share in local market for supply of bulk drug materials. The main objective of the company is to enter into fast growing pharmaceutical local market by providing highest quality products in the market at a competitive price.

1.04 Commercial Production:

Its commercial production was started since 5th October, 2009.

1.05 Components of Financial Statements:

1. Statement of Financial Position as at June 30, 2017
2. Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017.
3. Statement of Cash flows for the year ended June 30, 2017
4. Statement of Changes in Equity as at June 30, 2017
5. Notes, Comprising a Summary of Significant Accounting Policies and other Explanatory notes.

1.06 Application of Bangladesh Accounting Standards (BAS's):

Following BAS's are applicable for the preparation and presentation of financial statements for the year under report.

BAS – 1 Presentation of Financial Statements
BAS – 2 Inventories
BAS – 7 Statements of Cash Flows
BAS – 8 Accounting Policies, Changes in Accounting Estimates and Errors
BAS – 12 Income Taxes
BAS – 16 Properties, Plant and Equipment
BAS – 18 Revenue
BAS – 19 Employee Benefits
BAS – 21 The effects of Changes in Foreign Exchange Rate
BAS – 23 Borrowing Costs
BAS – 24 Related Party Disclosures
BAS – 33 Earnings per Share
BAS – 37 Provisions, Contingent Liabilities and Contingent Assets
BAS – 38 Intangible Assets

1.07 Basis of Preparation and presentation of Financial Statements:

i. Statement of compliance:

The financial statements have been prepared on going concern basis under the "Historical Cost" convention followings Bangladesh Accounting Standards (BASs), and Bangladesh Financial Reporting Standards (BFRSs) the Companies Act 1994, the Securities & Exchange Rules 1987, Listing Regulations of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and other applicable laws and regulation.

ii. Basis of measurement:

The financial statements have been prepared on the Historical Cost convention except for certain assets which are stated at revalued amount.

iii. Functional and presentational currency and level of precision:

These financial statements are prepared in Bangladesh Taka (Taka/Tk.), which is the company's functional currency. All financial information is presented in Taka currency and has been rounded to the nearest taka except where indicated otherwise.

iv. Use of estimates and judgments:

The preparation of financial statements requires management to make judgment, estimates and assumptions that affect the applicable accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognized in the period in which the estimates are 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 and other payables.

v. Reporting Period:

The financial year of the company cover one year from 01 July 2016 to 30 June 2017 and the amounts presented in the financial statements are not entirely comparable.

vi. Comparative Information:

Comparative information has been disclosed in respect of the previous year/period for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for the understanding of the current period financial statements.

vii. Presentation of Financial Statements:

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

viii. Regulatory Compliances:

As required Active Fine Chemicals Limited comply with the following major legal provision in addition to the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations:

The Income Tax Ordinance 1984
The Income Tax Rules 1984
The Value Added Tax Act 1991
The Value Added Tax Rules 1991

1.08 Significant Accounting Policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

i. Inventories:

Inventories are valued at the lower of cost or net realizable value as prescribed by **BAS- 2 Inventories**. The cost includes expenditure incurred for acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufacturing inventories and work-in-progress cost includes an appropriate share of production overheads based on normal operation capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion of sales and selling expenses.

At the end of the year physical verification of inventories was carried out by the company management and a certificate has been furnished to the auditors for their satisfaction. Item wise valuation is as follows:

Category of Inventory	Basis of Valuation
a) Raw Materials.	At Weighted Average Cost
b) Packing Materials.	At Weighted Average Cost
c) Work-in Process.	At Cost
d) Finished Goods.	At Cost or Net realizable value whichever is lower

ii. Statement of Cash Flows:

Statement of Cash flows has been prepared in accordance with **BAS-7 "Statement of Cash Flow**". Cash generated from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rule 1987 and as the benchmark treatment of BAS-7, whereby major classes of gross cash receipt and gross cash payments from operating activities are disclosed.

iii. Income Tax:

Income tax expenses comprise current and deferred tax. Income tax expense is recognized in statement of Profit or loss and other comprehensive income.

Provision for Tax for the year ended on 30.06.2017 has been made as per income tax ordinance, 1984 applying prevailing rates applicable on the net profit. Income tax assessment have been completed by the Deputy Commissioner of taxes up to the accounting year 2015 and income tax return has been submitted for the years ended 30th June 2016. The company filled appeals/writ petitions against tax assessment order for the years 2013-14, 2014-15 and 2015-16 of different levels of tax authorities to the appropriate tax authorities on different disputed issues.

Deferred Tax:

Deferred tax has been calculated according to **BAS-12** and due effect has been given in the financial statements.

iv. Property, Plant and Equipments:

Recognition and Measurement:

All property, plant, equipment is measured at cost or revaluation less accumulated depreciation less impairment loss, if any. The items of land, building, plant and machinery were revalued in the year 2009 by a firm of professional valuer GK Adjusters Limited on the basis of open market value. Details of revalued amount were as under:

Particulars	Amount
Land & Land Development	9,48,00,000/-
Building	1,05,70,000/-
Plant & Machinery	5,70,000/-
Gas Line Installation & Other Cons.	75,00,000/-
Total	**11,34,40,000/-**

Depreciation:

Depreciation has been charged on straight line method and depreciation is charged to manufacturing expense and administrative expense on prorate basis.

Depreciation is charged at the rate varying from 3% to 20% depending on the estimated useful lives of the assets. Depreciation is charged on additions made during the year from the date in which those assets are available for use according to BAS 16 Para 55. No depreciation is charged on land and land development. The rate of depreciation applied on straight line method for the current and comparative years are as follows:

Name of Assets	Depreciation Rate	Useful Life
Building	3%	34 Years
Plant & Machinery	10%	10 Years
Furniture & Fixture	10%	10 Years
Office Equipment	20%	05 Years
Lab Equipment	20%	05 Years
Motor Vehicle	20%	05 Years
Gas Line Installation & Other Construction	10%	10 Years

Subsequent Costs:

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

v. Impairment of Assets:

Financial Asset:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effects on these assets. However, no such conditions that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

Non financial Assets:

The carrying amounts of the entity's non financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. However, no such conditions that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

vi. Financial risk management :

Active Fine Chemicals Ltd's activities expose it to a variety of financial risk and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risk. Taking risk is core to the financial business, and operational risks are an inevitable consequence of being in business. Active Fine Chemicals Ltd's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on Active Fine Chemicals Ltd's financial performance.
Active Fine Chemicals Ltd's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risk and adherence to limits by means of reliable and up- to- date information systems. Active Fine Chemicals Ltd's regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices.

vii. Product Development Cost:

This leads to Research & Development Expenses and Development of Products that is definite to yield benefit to the company are capitalized and being amortized over 10 years from 2011 using straight line basis as decided by the Management.

viii. Investment in Shares:

As per requirements of Bangladesh Accounting Standards (BAS)-39, investment in shares falls either under "**at fair value through Statement of Profit or Loss & Other Comprehensive Income**" or under "available for sale" where any change in the fair value at the year end is taken to Statement of Comprehensive Income. Active Fine Chemical Limited recognizes its investment in shares as per BAS-39 and accounted for the required provision for diminution in Value of Investment in Share in the Statement of Profit or Loss & Other Comprehensive Income.

ix. Revenue Recognition:

In compliance with the requirements of **BAS-18 Revenue**, revenue from 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.

Sales price represents inclusive of VAT, but sales less VAT are recognized as "Revenue".

x. Employee Benefits: The company's employee benefits include the followings:

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

b) Workers' Profit Participation Fund: This represents 5% of net profit before tax after charging the contribution as per provision of the Bangladesh Labor (amendment) Act 2013 and is payable to workers as defined in said Law. The company regularly distributes 2/3 of 80% WPPF to its employees and balance the percentage is under process of utilisation as per provision of law.

xi. Foreign Currency Transactions:

Foreign Currencies are transacted into taka at the exchange rates ruling on the date of transactions in accordance with **BAS-21 "The effects of changes in foreign exchange rates".**

xii. Borrowing Cost/Finance Cost:

Finance cost comprises interest expenses on bank loan, finance lease, bank charge and other borrowings. All finance expenses are recognized in the profit or loss and other comprehensive income.

xiii. Related Party Transaction:

1) As per para 17 of BAS-24 Related Party Disclosure the Company shall disclose key management personnel compensation in total and for each of the following categories:

a) Short-term employee benefits:

Active Fine Chemicals Ltd. Provide Short term employee benefits such as wages, salaries and bonuses.

b) Post-employment benefits:

Active Fine Chemicals Ltd. has no post –employment benefit such as pensions, other retirement benefit, post –employment life insurance and post-employment medical care.

c) Other long-term benefits:

Active Fine Chemicals Ltd. has no other long-term benefits such as long-service leave or sabbatical leave, jubilee or other long-service benefits.

d) Termination benefits:

Active Fine Chemicals Ltd. has no termination benefits.

e) Share-based payments:

Active Fine Chemicals Ltd. has no share –based payment.

2) As per para 18 of BAS-24 Related Party Disclosure are as follows:

During the year there are no related party transactions except following transactions in the normal course of business. The name of the related parties and nature of these transaction have been set out in accordance with the provision of BAS 24: Related Party Disclosure.

Name of Related Party	Nature of Transactions	30.06.2017	30.06.2016
AFC Capital Ltd.	Investment	62,000,000	62,000,000
AFC Solvents Ltd.	Investment	50,000	50,000
AFC Agro Biotech Ltd.	Investment	60,050,000	60,050,000
AFC Agro Biology Ltd.	Investment	100,000	100,000
AFC Health Ltd.	Investment	123,774,000	123,774,000
AFC Health Ltd.	Share Money Deposit	36,026,000	36,026,000

b) Further AFC Agro Biotech Ltd. is one of the Raw materials supplier of Active Fine Chemicals Ltd. during this year Active Fine Chemicals Ltd. purchase product TK. 6,89,07,902/- from AFC Agro Biotech Ltd. and paid TK. 6,94,24,021/- against purchase after adjusting payable balance of TK. 40,60,434/- and balance payable to AFC Agro Biotech Ltd. as on 30th June, 2017 was TK. 35,44,315/-

c) Related party transaction took place during normal course of business with AFC Agro Biotech Ltd.

xiv. Earning per Share (EPS):

Earnings per Share (EPS) are calculated in accordance with the Bangladesh Accounting Standard **BAS-33 "Earning per Share".**

Basic earnings per share:

"Earnings per share" has been calculated by dividing the earning attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted Earnings per Share:

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

xv. Provisions:

Provisions were made considering risk and un-certainties at best estimate of the probable expenditure that would require to meet the current obligation on the Balance Sheet date.

xvi. Advance, Deposits and Prepayments:

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or charges to other related account heads such as property, plant and machinery, inventory or expenses. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to statement of profit or loss and other comprehensive income.

xvii. Cash and Cash equivalents:

Cash and Cash equivalents include cash in hand, cash at banks which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same. Cash in hand been verified by Management at the close of the year and a cash custody certificate was furnished to the auditors. The bank balances have been duly reconciled with respective bank statements.

xviii. Contingencies:

Contingencies arising from claims, litigation, assessment, fines, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

xix. Accounts Receivables:

Accounts receivables are initially recognized at cost which is the fair value of the consideration given for them. After initial recognition these are carried at cost, impairment losses due to uncollectible of any amount so recognized is written off, firstly against any provision available and then to the statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously provided for credited to the statement of profit or loss and other comprehensive income

xx. Segment Reporting:

As there is a single business and geographic segment within which the company operates as such no segment reporting is felt necessary.

xxi. General:

Previous year's figures have been regrouped / reclassified where considered necessary to conform to current year's presentation. Figures have been rounded off to the nearest taka, as the currency represented in these financial statements.

		Amount (In Taka)	
		30th June 2017	30th June 2016
2.00	**Property, Plant & Equipment :**		
	Opening balance	2,611,095,476	2,157,199,901
	Add: Addition during the year	1,042,417,580	453,895,575
		3,653,513,056	**2,611,095,476**
	Less: Accumulated Depreciation	893,635,839	575,354,143
	Carrying Value	**2,759,877,217**	**2,035,741,333**
	Details have been shown in **Annexure-A**.		
3.00	**Product Development Cost:**		
	This consists of as follows:		
	Opening Balance	16,197,237	19,142,189
	Add: Addition During the year	-	-
		16,197,237	**19,142,189**
	Less: Written off @ 10%	2,944,952	2,944,952
	Total	**13,252,285**	**16,197,237**

This represents expenditure for Research & Development Expenses and Development of Products and is being amortised over 10 years as decided by the Management.

4.00	**Investment In Shares :**		
	This consists of as follows:		
	Investment in Shares:		
	Investment in Securities-Listed Company (Note-4.01)	70,916,000	156,798,311
	Investment in Securities-Un Listed Company (Note-4.01)	186,424,000	185,924,000
	Share money deposit with AFC Health Ltd.	36,026,000	36,026,000
	Total	**293,366,000**	**378,748,311**

4.01 Details of marketable securities are given below:

Name of Company	No. of Shares	30.06.2017			% of Share Holding	30.06.2016		
		Cost Value	Market Value	Unrealized gain / loss		Cost Value	Market Value	Unrealized gain / loss
Listed Co:								
AB Bank	253,125	-	-	-		6,029,438	3,974,063	(2,055,375)
UCBL	260,000	5,271,428	5,616,000	344,572		-	-	-
ONE BANK LTD.	250,000	5,040,091	5,250,000	209,909				
AFC Agro Biotech Ltd.(Bonus Share)*	3,110,590	-	-	92,774,248	4.10	-	92,774,248	92,774,248
Less:Adjustment of Bonus Share Valuation				(92,774,248)				
AFC Agro Biotech Ltd.	6,005,000	60,050,000	60,050,000	-	7.91	60,050,000	60,050,000	-
Sub Total	**9,878,715**	**70,361,519**	**70,916,000**	**554,482**		**66,079,438**	**156,798,311**	**90,718,873**

Shares of AFC Agro Biotech Ltd. has been shown at cost price and Bonus shares received against this investment has been shown above in quantity only as follows-

*Bonus shares 30th June, 2016	1,591,325
Bonus shares 30th June, 2017	1,519,265
Total No of share as at 30th June, 2017	**3,110,590**

Gain/(Loss) on Marketable Securities (Unrealized):

Unrealized Gain/(Loss) Position (Opening)	90,718,873
Less: Bonus Adjustment AFC Agro Biotech Shares (Previous years)	92,774,248
Unrealized Gain/(Loss) Position (Opening) after adjustment	(2,055,375)
Unrealized Gain/(Loss) Position (Closing)	554,482
Unrealized Gain/(Loss) on Marketable Securities during the year	**2,609,857**

Gain/(Loss) on Marketable Securities has been disclosed as per BAS-39

Name of Company	30.06.2017			% of Share Holding	30.06.2016		
	No. of Shares	Cost Value	Unrealized gain / loss		No. of Shares	Cost Value	Unrealized gain / loss
Un-Listed Co:							
Subscription for Shares:							
Advent Pharma ltd.	50,000	500,000					
AFC Capital Ltd.	620,000	62,000,000	-	47.69	620,000	62,000,000	-
AFC Solvents Ltd.	5,000	50,000	-	12.50	5,000	50,000	-
AFC Agro Biology Ltd.	10,000	100,000	-	1.06	10,000	100,000	-
AFC Health Ltd.	12,377,400	123,774,000	-	17.68	12,377,400	123,774,000	-
Sub Total	**13,062,400**	**186,424,000**	**-**		**13,012,400**	**185,924,000**	**-**

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5.00 Inventories :

The break-up is as follows:

Raw Materials	324,567,875	314,567,820
Packing Materials	22,956,780	29,987,450
Work in process	76,789,574	55,679,350
Finished goods	154,564,347	123,456,780
Total	**578,878,576**	**523,691,400**

The basis of valuation is stated in Note 1 (1.08.i)In view of innumerable items of inventory and diversified quantities, it is not practical to disclose quantities against each item of inventory.

6.00 Advances, Deposits & Prepayments :

The break-up is as follows:

Advances:			
Tax Deducted at Sources	(Note 6.01)	32,459,416	21,671,062
Advance Income Tax at Import Stage	(Note 6.02)	54,703,681	39,045,952
Advance VAT	(Note 6.03)	41,921,730	31,619,066
Advance against Construction		14,755,450	11,075,250
Advances to Staff		1,679,574	1,956,679
Advance for Rent and others		6,563,900	7,481,900
Advance to C & F agents and others		3,636,688	1,036,300
Sub Total		**155,720,439**	**113,886,209**
Deposits:			
Security Money		3,515,496	4,071,911
L.C Margin		5,300,659	24,922,150
Sub Total		**8,816,155**	**28,994,061**
Prepayments :			
Prepayment to Parties		129,045,909	131,375,538
Sub Total		**129,045,909**	**131,375,538**
Total		**293,582,503**	**274,255,808**

a) This is considered good.

b) Employees advances of Tk. 16,79,574/- as shown above.

c) No amount was due from the Managing Director, Managing Agent, Directors, Managers.and Officers of the company and any of them severally with any other person except as stated in (b) above

d) No amount was due by the related party.

6.01 Tax Deduct at Sources:

The break-up is as follows:

Opening balance	21,671,062	19,741,057
Add: Deducted during the year	10,788,354	1,930,005
	32,459,416	**21,671,062**
Less: Adjust during the year	-	-
Total	**32,459,416**	**21,671,062**

6.02 Advance Income Tax at Import Stage:

The break-up is as follows:

Opening balance	39,045,952	31,535,689
Add: Paid during the year	15,657,729	7,510,263
	54,703,681	**39,045,952**
Less: Adjust during the year	-	-
Total	**54,703,681**	**39,045,952**

6.03 Advance VAT:

The break-up is as follows:		
Opening balance	31,619,066	27,714,176
Add:Paid during the year	61,386,341	32,098,800
	93,005,407	**59,812,976**
Less: Adjust during the year	51,083,677	28,193,910
Total	**41,921,730**	**31,619,066**

7.00	**Accounts Receivable :**	**835,911,748**	**770,785,057**
	Aging of accounts receivables		
	More than six months	271,556,577	73,206,636
	Less than six months	564,355,171	697,578,421
		835,911,748	**770,785,057**

This includes receivable of Tk. 18,270,751/- against Institutions & Tk. 817,640,997/- due from the local distributors of the pharmaceutical product of the company.

No amount was due from the Managing Director, Managing Agent, Directors, Managers and Officers of the company and any of them severally or jointly with any other person.This amount consider as good.

8.00	**Cash & Cash Equivalents :**		
	Cash in Hand	1,499,619	1,138,448
	Cash at Bank:	**777,133,647**	**766,272,884**
	Current Accounts	23,812,537	264,982,778
	SND Accounts	753,321,110	501,290,106
	Total	**778,633,266**	**767,411,332**

9.00 Share Capital :

This is made-up as follows:

Authorized:		
30,00,00,000 Ordinary Shares of Tk. 10 each	3,000,000,000	3,000,000,000
Issued and Paid-up Capital :		
A) By Cash:		
4,00,00,000 Ordinary Shares of Tk. 10 each	400,000,000	400,000,000
1,97,37,000 Ordinary Shares of Tk. 10 each (New Capital Raise Vide BSEC Letter No.SEC/ci/cplc(pvt.) -201/09/559 Dt. August,12 2014)	197,370,000	197,370,000
B) By Issue of Bonus Share:		
60,00,000 Ordinary Shares of Tk. 10 each (2010 Stock 15%)	60,000,000	60,000,000
92,00,000 Ordinary Shares of Tk. 10 each (2011 Stock 20%)	92,000,000	92,000,000
1,38,00,000 Ordinary Shares of Tk. 10 each (2012 Stock 25%)	138,000,000	138,000,000
1,38,00,000 Ordinary Shares of Tk. 10 each (2013 Stock 20%)	138,000,000	138,000,000
2,05,07,400 Ordinary Shares of Tk. 10 each (2014 Stock 20%)	205,074,000	205,074,000
3,69,13,320 Ordinary Shares of Tk. 10 each (2015-16 Stock 30%)	369,133,200	-
Total	**1,599,577,200**	**1,230,444,000**

Shareholding Position as on 30th June are as follows :

	Number of Shares	Number of Shares
Directors / Sponsors	19,221,592	14,685,840
Institutions	50,258,716	29,653,700
General Shareholders	90,477,412	78,704,860
Total	**159,957,720**	**123,044,400**

A distribution schedule of the above shares are given below as required by the Listing Rules:

Shareholdings	No. of Share holder	Numbers of Share	% of total Shareholding
Less than 500 shares	3,333	792,589.00	0.50
501 to 5000 shares	6,755	12,437,163.00	7.78
5,001 to 10,000 shares	921	7,093,368.00	4.43
10,001 to 20,000 shares	542	7,968,230.00	4.98
20,001 to 30,000 shares	190	4,763,090.00	2.98
30,001 to 40,000 shares	108	3,800,168.00	2.38
40,001 to 50,000 shares	92	4,320,780.00	2.70
50,001 to 1,00,000 shares	128	9,233,888.00	5.77
1,00,001 to 10,00,000 shares	134	40,336,308.00	25.22
Over 10,00,000 shares	20	69,212,136.00	43.27
	12,223	**159,957,720**	100.00

10.00 Share Premium:

The break-up is as follows:		
Opening balance	986,850,000	986,850,000
Add:Received during the year	-	
Total	**986,850,000**	**986,850,000**

11.00 Retained Earnings:

This is made-up as follows:		
Opening Balance	906,129,184	493,374,800
Cash Dividend	(61,522,200)	(61,522,200)
Stock Dividend	(369,133,200)	(205,074,000)
Revaluation Surplus Adjustment	720,919	1,184,611
Net Profit after Tax	553,889,147	678,165,973
Transfer From Tax Holiday Reserve	186,749,543	-
Total	**1,216,833,393**	**906,129,184**

12.00 Revaluation Surplus :

This is made-up as follows:		
Opening Balance	108,267,661	109,452,272
Add: Addition during the year	-	-
	108,267,661	109,452,272
Less: Adjustment during the year (**Note 12.01**)	720,919	1,184,611
Total	**107,546,742**	**108,267,661**

12.01 Adjustment During the Year :

Details are presented below:

Particulars	Revaluation Surplus	Depreciation Adjustment	Revaluation Surplus
Land & Land Development	94,800,000	-	94,800,000
Building	8,940,668	268,220	8,672,448
Plant & Machinery	319,751	31,975	287,776
Gas Line Installation & Other Cons.	4,207,242	420,724	3,786,518
Total	**108,267,661**	**720,919**	**107,546,742**

13.00 Gain on Marketable Securities (Unrealized):

This is made-up as follows:

Opening Balance	90,718,873	-
Add: Addition during the year	2,609,857	90,718,873
	93,328,730	**90,718,873**
Less: Adjustment during the year	(92,774,248)	**-**
Total	**554,482**	**90,718,873**

14.00 Tax Holiday Reserve:

This is made-up as follows:

Opening Balance	186,749,543	186,749,543
Add: Addition during the year	-	-
Less: Transferred to retained earning	(186,749,543)	
Total	**-**	**186,749,543**

Tax holiday reserve was created using appropriate rate (40%) of income as prescribed in the Income Tax Ordinance 1984. The Company was granted tax holiday by the National Board of revenue for a period of five years from 01.05.2009 to 30.04.2014. As the tax holiday period of the company expired and required investement has been made the balance of the tax holiday reserve has been transferred to retained earning.

15.00 Deferred Tax Liability:

This is made-up as follows:

Opening Balance	64,699,780	37,952,999
Add: Provision made	38,134,083	26,746,781
	102,833,863	64,699,780
Less: Adjustment during the year	-	-
Total	**102,833,863**	**64,699,780**

This represents provision is made for deferred income tax to pay future income tax liability for temporary differences.

16.00 Long Term Loan-Secured:

This is made-up as follows:

Loan from Bank:		
Bangladesh Development Bank Ltd. **(Note 16.01)**	1,170,620	26,617,017
Total	**1,170,620**	**26,617,017**

16.01 Bangladesh Development Bank Ltd.:

The details of above bank accounts are appended below:

Nature	: Balancing & Expansion
Sanction Limit	: Tk.14.49 Crore
Period	: 5 years 6 months
Interest Rate	: 14% (variable)

17.00 Short term Loans :

This consists of as follows:

Loan from Bank :		
Janata Bank Ltd. A/c No. 010237004755 **(Note 17.01)**	361,488,253	257,624,375
NRB Bank Ltd. A/C No.1245 (O/D)	41,474,488	41,514,555
Brac Bank Ltd. A/C No.2001to 2005	152,877,418	-
IPDC Finance Ltd. A/c No. 0412	2,370,210	-
IDLC Finance Ltd. A/c No. 1024	6,296,919	-
IDLC Finance Ltd. A/c No. 1021	1,144,793	
NRB Bank Ltd. A/C No.11234 (LATR)	243,213,495	272,678,950
Total	**808,865,576**	**571,817,880**

17.01 Janata Bank A/c # 010237004755 :

The details of above bank accounts are appended below:

Nature	: CC (HYPO)
Sanction Limit	: Tk.35.00 Crore
Expiry date	: 27/02/2018
Interest Rate	: 13% (variable)
Renewal Status	: Renewed
Security	: 342 Decimal land at Muktarpur in Munshigonj District & Ending inventory.

18.00 Long Term Loan-Current Portion:

This represents current portion of long term loans from financial institutions which are repayable within next 12 months from July 2017 and consists of the followings :

Loan from Bank:		
Bangladesh Development Bank Ltd.	16,122,178	3,550,609
Total	**16,122,178**	**3,550,609**

19.00 Provision for Current Tax:

The break-up is as follows:

Opening balance	394,310,342	261,058,602
Add: Addition During the year	145,565,952	133,251,740
	539,876,294	**394,310,342**
Less: Payment during the year	-	-
Total	**539,876,294**	**394,310,342**

20.00 Liabilities for Expenses & Services :

The break-up is as follows:

Salary & Remuneration	5,781,309	5,972,310
Utility Bill	1,525,435	1,405,124
Source Tax-Salary	-	64,116
Audit Fees	350,000	189,750
AGM expenses	1,000,000	1,200,000
	8,656,744	**8,831,300**
Add: Accounts Payable & L C Payable	80,932,276	143,528,074
Total	**89,589,020**	**152,359,374**

This represents amount payable to regular suppliers of raw materials, packing materials, promotional materials etc. All suppliers were paid on a regular basis.

21.00 Liabilities for Other Finance :

This is made-up as follows:

Contribution to WPPF	**(Note:21.01)**	61,871,210	32,898,211
Dividend payable	**(Note:21.02)**	21,811,017	11,418,004
Total		**83,682,227**	**44,316,215**

21.01 Contribution to WPPF:

The break-up is as follows:

Opening balance	32,898,211	18,073,598
Add: Addition during the year	36,879,459	14,824,613
	69,777,670	**32,898,211**
Less: Payment during the year	7,906,460	-
Total	**61,871,210**	**32,898,211**

This represents 5% of net profit before tax after charging the contribution as per provisions of the Companies Profit (Workers' Participation) Act,1968 and is payable to workers as defined in the said Act.

21.02	**Dividend Payable :**		
	The break-up is as follows:		
	Opening balance	11,418,004	11,576,114
	Add: Addition during the year	61,522,200	-
		72,940,204	**11,576,114**
	Less: Payment during the year	51,129,187	158,110
	Total	**21,811,017**	**11,418,004**
22.00	**Net Turnover :**		
	This is made-up as follows:		
	Local Sales	2,114,823,734	1,888,643,950
	Export	14,108,933	4,892,710
	Total	**2,128,932,667**	**1,893,536,660**
23.00	**Cost of Goods Sold :**		
	This is arrived as follows:		
	Opening W I P	55,679,350	38,967,894
	Raw Material consumed **(Note:23.01)**	754,831,760	805,388,698
	Packing Material consumed **(Note:23.02)**	61,268,379	45,995,653
	Less: Closing W I P	76,789,574	55,679,350
	Total Consumed	**794,989,915**	**834,672,895**
	Add: Factory Overhead (**Note:23.03)**	369,461,219	263,534,747
	Cost of Production	**1,164,451,134**	**1,098,207,642**
	Add: Opening Finished Goods	123,456,780	81,875,678
	Finished Goods Available	**1,287,907,914**	**1,180,083,320**
	Less: Closing Finished Goods	154,564,347	123,456,780
	Less: Stock Damage	423,765	301,115
	Less: Cost of Sample	1,134,580	727,440
	Cost of Goods Sold	**1,131,785,222**	**1,055,597,985**
23.01	**Raw Material Consumed :**		
	The break-up is as follows:		
	Opening Raw Materials	314,567,820	224,577,854
	Add: Purchase Raw Materials	764,831,815	895,378,664
	Less: Closing Raw Materials	324,567,875	314,567,820
	Total	**754,831,760**	**805,388,698**
23.02	**Packing Material Consumed :**		
	The break-up is as follows:		
	Opening Packing Materials	29,987,450	20,878,291
	Add: Purchase Packing Materials	54,237,709	55,104,812
	Less: Closing Packing Materials	22,956,780	29,987,450
	Total	**61,268,379**	**45,995,653**
23.03	**Factory Overhead :**		
	This consists of as follows:		
	Car Maintenance	605,197	143,847
	Carrying Exp.	547,870	498,690
	Depreciation	270,539,442	183,734,929
	Donation	156,290	8,500
	Entertainment Expenses	2,714,932	744,863
	Fuel, Patrol & Lubricant	836,427	894,752
	Rent	2,762,709	2,198,754
	Insurance Premium	4,305,472	4,045,429
	Lab Materials	773,490	1,331,561
	Medical Exp	18,908	125,587

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Municipal Tax	237,013	139,529
Other Expenses	618,648	270,603
Printing & Stationery Expenses	1,862,895	1,591,632
Repair & Maintenance Expenses	2,978,241	2,529,607
Research & Development Exp.	21,715,589	8,804,404
Salary & Allowance	42,807,763	42,580,685
Stock Damage	423,765	301,115
Training Fees	3,000	-
Telephone & Postage Exp.	285,951	305,486
Traveling & Conveyance Expenses	813,029	598,733
Uniform Purchase	186,744	220,130
Utility Bill	14,267,844	12,465,911
Total	**369,461,219**	**263,534,747**

24.00 Administrative Expenses:

This consists of as follows:

Audit Fees	350,000	189,750
Bank Charge	1,192,265	555,697
Books & periodicals	74,575	79,972
Car Maintenance	403,159	746,339
Depreciation	47,742,254	32,423,811
Director Remuneration & Fee	1,612,500	1,255,000
Donation	160,000	90,000
AGM Expenses	1,000,000	1,200,000
Entertainment Expenses	1,886,892	1,787,686
Fuel, Patrol & Lubricant	1,265,619	871,527
Legal Expenses	307,610	19,000
Medical Exp.	-	4,100
News Paper Bill	24,794	13,634
Rent	4,184,686	4,159,877
Other Expenses	173,568	179,858
Printing & Stationery Expenses	1,330,516	1,368,874
Product Development Cost (Written off)	2,944,952	2,944,952
Repair & Maintenance Expenses	243,460	736,975
Registration & Renewal	1,386,747	891,720
Regulatory Fees	2,862,956	4,001,760
Salary & Allowance	19,266,293	14,550,497
Telephone & Postage Expenses	503,900	580,667
Traveling & Conveyance Expenses	1,758,097	1,584,103
Training Fees	114,286	32,800
Web Development	31,995	969,017
Utility Bill	1,303,085	75,000
Total	**92,124,209**	**71,312,616**

25.00 Selling & Distribution Expenses:

This is made-up as follows:

Advertisement Exp.	1,189,140	914,640
Car Maintenance	790,843	504,338
Carrying Charge	146,145	205,308
Director Remuneration & Fee	1,612,500	1,255,000
Entertainment Expenses	1,718,885	1,350,913
Export Expenses	1,271,403	396,117
Fuel, Patrol & Lubricant	855,655	780,103
Marketing & Promotional Exp.	8,646,469	4,631,290

News Paper Bill	20,682	12,465
Other Expenses	149,137	117,361
Rent	2,441,120	2,872,530
Printing & Stationery Expenses	1,060,670	661,685
Repair & Maintenance Expenses	11,150	134,048
Salary & Allowance	18,281,937	14,611,963
Sample cost	1,134,580	727,440
Telephone & Postage Expenses	553,009	466,122
Traveling & Conveyance Expenses	1,788,602	766,129
Utility Bill	1,175,757	944,650
Total	**42,847,684**	**31,352,102**

26.00 Finance Cost:

This is made-up as follows:

Interest on C C Hypo JBL A/c.	40,160,752	36,409,347
Interest on LATR NRB A/c.	36,751,830	25,117,112
Interest on Loan BDBL A/c.	2,705,193	4,757,119
Interest on Loan Brac Bank A/c.	7,727,459	-
Interest on Loan NRB Bank O/D A/c.	6,028,631	4,298,217
IPDC Finance Ltd. A/c No. 0412	175,062	-
IDLC Finance Ltd. A/c No. 1024	1,047,294	581,090
IDLC Finance Ltd. A/c No. 1021	202,111	141,762
IDLC Finance Ltd. A/c No. 205	1,479,445	120,908
Total	**96,277,777**	**71,425,555**

27.00 Other Income:

This is made-up as follows:

Sale of Scrap	506,855	922,473
Bank Interest	6,073,935	7,479,247
Realised gain on Sale of Share	1,990,075	550,987
	8,570,865	**8,952,707**

28.00 Earning per share (EPS):

The computation is given below:

Surplus for the year	553,889,147	480,764,440
Number of share outstanding during the Year	159,957,720	159,957,720
Earning Per Share (Restead)	**3.46**	**3.01**

28.01 Number of shares is calculated below :

Opening balance of outstanding number of shares	123,044,400
Bonus Share-2015-16	36,913,320
Total	**159,957,720**

29.00 Capital Expenditure Commitment :

There was no material capital expenditure authorized by the Board but not contracted for at 30th June 2017.

30.00 Claim not acknowledged as Debt :

There was no claim against the company not acknowledged as debt as on 30th June 2017.

31.00 Un-availed credit Facilities :

There was no credit facility available to the company under any contract, other than trade credit available in the ordinary course of business and not availed of as on 30th June 2017.

32.00 Number of Employees :

The number of employees engaged for the whole year who received a total remuneration of Tk.3,000/- and above per month was 301 for the whole year.

33.00 Contingent liability :

There has been no contingent liabilities to the company except some negligible letter of credits in the ordinary course of business.

34.00 Related party Transaction :

a) During the year there are no related party transactions except following transaction, in the normal course of business. The name of the related parties and nature of these transaction have been set out in accordance with the provision of BAS 24: Related Party Disclosure.

Name of Related Party	Nature of Transactions	30.06.2017	30.06.2016
AFC Capital Ltd.	Investment	62,000,000	62,000,000
AFC Solvents Ltd.	Investment	50,000	50,000
AFC Agro Biotech Ltd.	Investment	60,050,000	60,050,000
AFC Agro Biology Ltd.	Investment	100,000	100,000
AFC Health Ltd.	Investment	123,774,000	123,774,000
AFC Health Ltd.	Share Money Deposit	36,026,000	36,026,000

b) Further AFC Agro Biotech Ltd. is one of the supplier of Active Fine Chemicals Ltd. during this year Active Fine Chemicals Ltd. purchase product TK. 6,89,07,902/- from AFC Agro Biotech Ltd. and paid TK. 6,94,24,021/- against purchase after adjusting payable balance of TK. 40,60,434/- and balance payable to AFC Agro Biotech Ltd. as on 30th June, 2017 was TK. 35,44,315/-.

c) Related party transaction took place during normal course of business with AFC Agro Biotech Ltd.

d) As per para 17 of BAS-24 Related Party Disclosure key management personnel compensation are as follows:

Sl	Particulars	Factory		Admin		Selling	
		Persons	Amount	Persons	Amount	Persons	Amount
01	Workers	97	10,904,598				
02	Officers	75	21,564,389	42	11,386,496	31	9,272,767
03	Managers	16	9,746,575	10	7,233,979	10	8,012,743
04	Others	7	592,201	5	645,818	8	996,427
		195	**42,807,763**	**57**	**19,266,293**	**49**	**18,281,937**

35.00 Events after the balance sheet date :

Date of Authorization:

(a) The Board of Directors of Active Fine Chemicals Limited authorized these Financial Statements for the year ended 2017 in its 156th Board Meeting held on 26th October 2017.

(b) The Board of Directors at the 156th Board Meeting held on 26th October 2017 recommended 25% stock dividend. This will be considered for approval by the shareholders at the 12th Annual General Meeting (AGM).

(c) There has been no significant event other than above & normal activities between the financial year closing date and Financial Statement signing date.

ACTIVE FINE CHEMICALS LTD.
Schedule of Fixed Assets
As at 30th June 2017

Annexure-A

Sl. No.	Particulars	COST				Rate	DEPRECIATION			Written Down Value
		Opening Balance	Addition during the year	Disposal during the year	Total		Opening Balance	Charged during the year	Total	
1	Land & Land Development	253,613,899	11,065,900	-	264,679,799	0%	-	-	-	264,679,799
2	Factory Building	564,970,723	36,767,425	-	601,738,148	3%	50,158,781	17,500,633	67,659,414	534,078,734
3	Plant & Machinery	1,110,796,831	835,292,043	-	1,946,088,874	10%	280,479,973	146,636,923	427,116,896	1,518,971,978
4	Furniture & Fixture	30,468,641	5,311,712	-	35,780,353	10%	8,993,478	3,312,450	12,305,928	23,474,425
5	Office Equipment	20,450,337	2,984,725	-	23,435,062	20%	13,258,300	4,388,540	17,646,840	5,788,222
6	Laboratory Equipment	576,235,669	148,269,775	-	724,505,444	20%	194,995,394	136,281,473	331,276,867	393,228,577
7	Motor vehicle	44,331,400	2,726,000	-	47,057,400	20%	20,581,430	9,138,880	29,720,310	17,337,090
8	Gas Line Installation & Other Cons.	10,227,976	-	-	10,227,976	10%	6,886,787	1,022,798	7,909,585	2,318,391
	Total	**2,611,095,476**	**1,042,417,580**	**-**	**3,653,513,056**		**575,354,143**	**318,281,696**	**893,635,839**	**2,759,877,217**

Note:
Allocation of depreciation charged during the year:

Head of Accounts	Proporation	Amount
Manufacturing Expenses	85%	270,539,442
Administrative Expenses	15%	47,742,254
	100%	**318,281,696**

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Revenue Stamp

ACTIVE FINE CHEMICALS LIMITED

Proxy Form

I/We……
of……
being a Member of Active Fine Chemicals Limited, hereby appoint
Mr./Mrs……
Of……
as my proxy in my/our absence to attend and vote for me/us and on my/our behalf at the **12th Annual General Meeting** of the Company to be held on Thursday, 14th December, 2017 and at any adjournment thereof.

As witness my hand this …… Day of December 2017
Signature of Proxy ……..
Signature of Member……..
Register Folio of Member

Note: The proxy form duly completed must be deposited at the Company's Share Office, Tanaka Tower (2nd Floor), 42/1/Gha, Segun Bagicha, Dhaka-1000, not later than 48 hours before the time fixed for the meeting.

Attendance Slip

Name of Member / Proxy……

Register Folio No./BO ID of Member

I/We here by record my/our presence at the **12th Annual General Meeting of Active Fine Chemicals Limited** on Thursday, 14th December, 2017 at 10.00 A.M. at Institution of Diploma Engineers, Bangladesh, 160/A Kakril VIP Road, Dhaka-1000.

Signature of Proxy……

Signature of Member……

Note: Shareholders attending the meeting in person or by proxy are requested to deposit the attendance slip duly filled in at the entrance of the meeting hall. Seats in the auditorium are reserved only for the shareholders/proxies.

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