



## **BEXIMCO PHARMACEUTICALS LTD.**

### **News Release**

**June 2, 2005**

#### **BEXIMCO GOES GLOBAL TO GET UK MILLIONS FOR PHARMA £ 27 MILLION SCHEME TO PUT NAME ON AIM OF LONDON STOCK EXCHANGE**

DHAKA, June 2, 2005: In an ambitious expansion scheme, a top Beximco company today (Thursday) unveiled plans to raise UK £ 27 million - nearly 315 crore taka - through an instrument called global depository receipt (GDR) from the United Kingdom . The stock is ready for launch next month.

Beximco Pharmaceuticals, which is merging with sister concern, Beximco Infusions, plans to use the new money to add new manufacturing lines, new processes and repay foreign currency loans.

And the company expects higher returns on shareholders' investment with profitability and cash flow expected to increase significantly by around 44 percent in future years.

"This will enable foreign investors to acquire and trade in such securities abroad and give the issuing company access to major international capital markets," said Beximco Group Deputy Chairman Salman F Rahman, who made the formal announcement today.

Salman said Beximco Pharma through the issuance will integrate itself with the global capital market. "The boat of integration began sailing two decades ago, but we have been nowhere near it. Let's try and see if we can catch up a bit."

Of the UK£ 27 million, UK£ 18.8 million will be spent for balancing, modernisation, rehabilitation and expansion (BMRE) of Beximco Pharma relating to OSD lines, Vaccine Filling, Packaging and Cold Chain Stabilisation and Anti-retro viral (AIDS) plant, while the remaining amount will be used to deal with, in part, the foreign currency loans and fund raising costs.

Shareholders of Beximco Pharmaceuticals at the 29 th annual general meeting (AGMs) today gave the go ahead. Earlier, the board of directors of the company also gave its clearance.

The company will now apply to the Bangladesh regulatory body, the Securities and Exchange Commission (SEC), for necessary approval. The pharmaceutical giant from Bangladesh plans to list its GDRs on the Alternative Investment Market (AIM) of London Stock Exchange (LSE).

The company has already appointed a UK-based renowned firm, Libertas Capital Group Plc, to act as its Nominated Adviser and Broker. A top UK Legal Adviser and one of the

Big Four UK Chartered Accountancy firms has been hired as Reporting Accountant for due diligence in the UK. As per public issue practices in the UK , book building method will be applied for the issue of GDRs and for determining the issue price.

Meanwhile, shareholders of Beximco Pharmaceuticals and Beximco Infusions at extraordinary general meetings (EGMs) today gave the go ahead to the already-announced merger.

A High Court ruling exactly a month ago ordered the EGMs to get shareholders' approval for what was billed ambitious 'amalgamation scheme', merging two of the biggest such companies in Bangladesh -- Beximco Pharmaceuticals and Beximco Infusions.

The companies had gone to the High Court seeking directive on the planned merger.

Both Beximco companies had been mulling over the merger seeking to create a competitive edge as external interest in Bangladesh 's pharmaceutical products grew in recent years.

Commenting on the issue, Beximco Pharma CEO Nazmul Hassan with the increase in cash flow Beximco Pharma is expected to generate Tk 500 crore turnover each year by year 2010.

He said foreign investors' interest to invest in Bangladesh indicates the investment-friendly environment and policies presently prevailing in the country.

Salman F Rahman said in the 1990s, the compounded annual growth rate of GDR trading volume was 30 percent globally. In addition an estimated 1.5 billion GDRs valued at \$20-\$25 billion are traded on an average on the over-the-counter exchange and European markets every year.

" India has the distinction of having the largest number of GDR issues by any country. Reliance Industries Limited made the first issue worth US\$ 150 million in May 1992," the Beximco deputy chairman said and added to explain: "Following the issue, the depository receipt concept gained popularity with a total of 60 Indian companies going for GDR issue raising over US\$ 6.5 billion."

Bangladesh , Pakistan and Sri Lanka , however, could not tap the world capital market in that way, he said.