

PRIVATE & CONFIDENTIAL

AUDITOR'S REPORT

AND

AUDITED FIANCIAL STATEMETNS

OF

ORION INFUSION LIMITED

FOR THE YEAR ENDED JUNE 30, 2009

Habib Sarwar & Co.  
*Chartered Accountants*  
Eastern Commercial Complex  
73 Kakrail, Chamber # 704  
Dhaka-1000  
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**Auditors' Report**  
To The Shareholders of Orion Infusion Limited

We have audited the financial statements of **Orion Infusion Limited** comprising of Balance Sheet as of June 30, 2009 and the Profit & Loss Account, Statement of Changes in Equity and Cash Flow Statement for the year then ended and the related notes thereto. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

**SCOPE**

We conducted our audits in accordance with Auditing Standards adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates and judgments made by the directors, as well as evaluating the overall financial statements presentation. We planned and performed the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We believe that our audits provide a reasonable basis for our opinion.


**OPINION:**

In our opinion, the financial statements referred to above prepared in accordance with Bangladesh Accounting Standards, gives a true and fair view, in all material respects, of the financial position of the Company as of June 30, 2009 and the results of its operation and its cash flows for the year then ended in conformity with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- (a) we have obtained all the information and explanation 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 accounts as required by law have been kept by the company so far as it appeared from our examination of those books;
- (c) the company's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts; and
- (d) the expenditures incurred were for the purpose of the Company's business.

Dhaka: October 28, 2009

  
Habib Sarwar & Co.  
Chartered Accountants

**Chittagong Office :** NIB House 32 Agrabad Commercial Area, Chittagong, Bangladesh.  
Phone : 031 2512275, 2512276, Fax : 88 031 2512277  
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ORION INFUSION LIMITED  
BALANCE SHEET  
AS AT JUNE 30, 2009

<u>ASSETS</u>	<u>Notes</u>	<u>Amount in Taka</u> <u>30.06.2009</u>	<u>Amount in Taka</u> <u>30.06.2008</u>
<b>Non-Current Assets:</b>		<b>478,985,030</b>	<b>329,550,600</b>
Property, Plant & Equipment	14	403,160,035	253,725,605
Investment	15	75,824,995	75,824,995
<b>Current Assets:</b>		<b>206,629,671</b>	<b>199,170,170</b>
Inventories	16	94,571,021	94,574,012
Account Receivables	17	44,080,075	48,739,179
Advances, Deposits & Prepayments	18	60,664,345	50,120,510
Cash and Cash Equivalents	19	7,314,230	5,736,469
<b>Total</b>		<b>685,614,701</b>	<b>528,720,770</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' Equity :</b>		<b>202,362,580</b>	<b>19,857,692</b>
Issued Capital	20	203,597,600	203,597,600
Revaluation Surplus		166,981,322	-
Accumulated Loss Carried Forward		(168,216,342)	(183,739,908)
<b>Non-Current Liabilities:</b>		<b>219,166,235</b>	<b>267,449,504</b>
Long Term Borrowings- Secured	21	181,085,352	237,871,947
Liabilities for other Finance	22	38,080,883	29,577,557
<b>Current Liabilities:</b>		<b>264,085,886</b>	<b>241,413,574</b>
Short Term Borrowings - Secured	23	153,993,015	152,256,842
Inter Company Current Account	24	49,769,082	46,422,872
Creditors and Other Payables	25	39,651,889	24,743,916
Accrued Expenses	26	11,207,554	9,788,272
Dividend Payable	27	9,464,346	8,201,672
<b>Total</b>		<b>685,614,701</b>	<b>528,720,770</b>
<b>Contingent Liabilities</b>	28	<b>37,798,752</b>	<b>37,798,752</b>

The accompanying notes form an integral part of these Financial Statements.

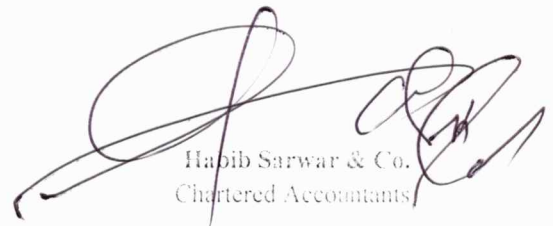
  
Managing Director

  
Director

  
Company Secretary

Signed in terms of our report of even date annexed.

Place : Dhaka  
Dated: October 28, 2009

  
Habib Sarwar & Co.  
Chartered Accountants





ORION INFUSION LIMITED  
PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2009

	Notes	Amount in Taka 2008-2009	Amount in Taka 2007-2008
Revenue ( Turnover ) from net sales	29	473,133,479	504,608,992
Cost of Goods Sold	30	(290,991,796)	(313,349,515)
Gross Profit		182,141,683	191,259,477
Operating Expenses		(124,836,160)	(119,626,046)
Administrative Expenses	31	(16,429,227)	(14,905,759)
Selling & Distribution Expenses	32	(108,406,933)	(104,720,287)
Profit from Operation		57,305,523	71,633,431
Financial Expenses	33	(30,045,914)	(32,110,221)
Non Operative Income	34	255,563	263,223
Profit before W.P.P.F. for the year		27,515,172	39,786,433
Contribution to Workers' Profit Participation Fund		(1,310,246)	(1,904,116)
Net Profit before Income Tax		26,204,926	37,882,317
Profit/(Loss) brought forward		(194,421,268)	(221,622,225)
Profit/(Loss) carried forward		(168,216,342)	(183,739,908)
Earnings Per Share (of Tk.100/- each)		12.87	18.61
Number of Shares used to compute EPS		2,035,976	2,035,976

Figures in brackets indicate negative figure.

The accompanying notes form an integral part of these Financial Statements.

  
Managing Director

  
Director

  
Company Secretary

Signed in terms of our report of even date annexed.

Place : Dhaka  
Dated: October 28, 2009

  
Habib Sarwar & Co.  
Chartered Accountants



ORION INFUSION LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2009

	Notes	Amount in Taka 2008-2009	Amount in Taka 2007-2008
Share Capital	20	203,597,600	203,597,600
<b>Retained Earnings :</b>			
Net Accumulated Profit/(Loss) up to June 30, 2008		(183,739,908)	(221,622,225)
Net Profit/(Loss) for the year		26,204,926	37,882,317
Cash Dividend for the year (2007-2008)		(10,681,360)	-
Net Accumulated Profit/(Loss) up to June 30, 2009 (Balance transferred to Balance Sheet)		(168,216,342)	(183,739,908)
Revaluation Surplus on Property, Plant and Equipment		166,981,322	-
<b>Shareholders' Equity at the end of the year</b>		<b>202,362,580</b>	<b>19,857,692</b>
Number of Ordinary Shares		2,035,976	2,035,976
Shareholders' Equity Per Share		99.39	9.75

Figures in brackets indicate negative figure.

The accompanying notes form an integral part of these Financial Statements.

  
Managing Director

  
Director

  
Company Secretary

Signed in terms of our report of even date annexed.

Place : Dhaka  
Dated: October 28, 2009

  
Habib Sarwar & Co.  
Chartered Accountants



**ORION INFUSION LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Amount in Taka <u>2008-2009</u>	Amount in Taka <u>2007-2008</u>
<b>Cash Flows from Operating Activities :</b>		
Cash received from Customers	477,792,583	487,801,375
Cash paid to Suppliers and Employees	(407,988,737)	(439,263,173)
<b>Cash Generated from Operation</b>	<b>69,803,846</b>	<b>48,538,202</b>
Other income	255,563	263,223
Income Tax - Deducted at Source	(6,042,578)	(4,924,294)
<b>Net Cash Generated/(Used) from Operating Activities</b>	<b>64,016,831</b>	<b>43,877,131</b>
<b>Cash Flows from Investing Activities :</b>		
Acquisition of Property, Plant & Equipment	(1,316,172)	(765,171)
Investment Liquidate (Net )	-	-
<b>Net Cash Received/(Used) in Investing Activities</b>	<b>(1,316,172)</b>	<b>(765,171)</b>
<b>Cash Flows from Financing Activities :</b>		
Received from Associated Companies	3,346,210	163,597
Dividend Paid	(9,418,686)	(643,840)
Bank Loans Received / (Repaid)	(55,050,422)	(41,507,983)
<b>Net Cash Received/(Used) in Financing Activities</b>	<b>(61,122,898)</b>	<b>(41,988,226)</b>
<b>Net Increase /(Decrease) in Cash &amp; Cash Equivalents</b>	<b>1,577,761</b>	<b>1,123,734</b>
Cash & Cash Equivalents at the beginning of the year	5,736,469	4,612,735
<b>Cash &amp; Cash Equivalents at the End of the Year</b>	<b>7,314,230</b>	<b>5,736,469</b>

Figures in brackets indicate negative figure.

The accompanying notes form an integral part of these Financial Statements.

  
Managing Director

  
Director

  
Company Secretary

Signed in terms of our report of even date annexed.

Place : Dhaka  
Dated: October 28, 2009

  
Habib Sarwar & Co.  
Chartered Accountants



ORION INFUSION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

1. Statutory Background of the Company and Overview of Operational Activities:  
*Orion Infusion Limited* is a public limited company incorporated in Bangladesh on May 05, 1983 and is now operating under the control of the Orion Group. Other shareholders of the company are general public including financial institutions and foreign investors.

The shares of the company are listed both with the Dhaka and Chittagong Stock Exchanges of Bangladesh.

The registered office of the company is located at Orion House, 153-154, Tejgoan Industrial Area Dhaka-1208. The industrial units are located in Maikuli, Rupganj, Narayongonj.

The company also owns an intravenous (I.V.) fluid project for production of life saving Injectable and other allied products.

2. Components of the Financial Statements:
- (i) Balance Sheet as at June 30, 2009;
  - (ii) Profit and Loss Account for the year ended June 30, 2009;
  - (iii) Statement of Changes in Equity for the year ended June 30, 2009;
  - (iv) Cash Flow Statement for the year ended June 30, 2009; and
  - (v) Notes to the Financial Statements as at June 30, 2009.

3. Basis of Presenting Financial Statements:

The following underlying assumptions, measurement bases, laws, rules, regulations and accounting pronouncements have been considered in preparing and presenting the financial statements:

- On going concern
- Accrual
- Historical cost convention
- Generally accepted accounting principles and practices in Bangladesh
- The Companies Act, 1994
- The Securities and Exchange Rules, 1987
- The Securities and Exchange Ordinance, 1969
- The Listing Regulations of Dhaka and Chittagong Stock Exchanges and
- The International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BAS)

The Board of Directors is responsible for preparation and presentation of the financial statements, approval and authorization for issuance of these financial statements.

The preparation of financial statements in conformity with Bangladesh Accounting Standards requires the management to make estimates and assumptions that also affect the reported amounts of revenues and expenses, assets and liabilities, and the disclosure of contingent assets and liabilities at the date of and during the reporting period.

4. Adoption of Bangladesh Accounting Standards (BAS):

In preparing and presenting these financial statements, significant accounting issues of the company, following BAS have been considered relevant and adopted by the company, which were issued by the ICAB, formulated in the light of the BAS and the conditions and practices prevailing in Bangladesh and valid as on the balance sheet date:

BAS	1	Presentation of Financial Statements
BAS	2	Inventories
BAS	7	Cash Flow Statements
BAS	8	Accounting Policies, Changes in Accounting Estimates and Errors.
BAS	10	Events after the Balance Sheet date





BAS	16	Property, Plant & Equipment
BAS	18	Revenue
BAS	21	The effects of Changes in Foreign Exchange Rates
BAS	23	Borrowing Costs
BAS	33	Earnings Per Share

5. Impact of Recently Issued Accounting Standards:  
There was no such impact on these financial statements as no new accounting standard was issued by the ICAB during the year under review.
6. Going concern:  
The company has foreseeable future plan to change the status and the existing condition of the company. Due to competitive market condition, global economic crisis, on going economic recession, considering all these factors, constant monitoring and the untiring effort of the management the financial position of the company should improve in the days to come, so it does not cast any significant doubt about the continuity of the business operation of the company as a going concern.
7. Risk & uncertainties for use of estimates in preparation of financial statements:  
The preparation of financial statements in conformity with the BAS requires management to make estimates & assumptions that affect the reported amounts of assets & liabilities & disclosure of contingent assets & liabilities at the date of the financial statements and revenue and expenses during the period reported. Actual results could differ from those estimates. Estimates are used for accounting of certain item such as long term contract, provision for doubtful debts accounts, depreciation and amortization, employee's benefits plans, taxes, resources & contingencies.
8. Critical Corporate Accounting Policies in Respect of Recognition and Valuation of Key Accounting Issues:

Following are the accounting policies relating to recognition and valuation of items in financial statements which are material and critical in determining the company's results of operations for the year and financial position as on the balance sheet date and are consistent with those adopted in the financial statements for the previous year:

(a) Recognition of Income:

Sales are taken into accounts for preparation of invoices along with delivery of goods and represent the local sales less VAT.

(b) Property, Plant and Equipment:

These are initially stated at cost of acquisition and subsequently stated at cost less accumulated depreciation. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes. In respect of major projects involving construction, related pre-operational expenses form part of the value of asset capitalized. Expenses capitalized also include pre-operational borrowing cost. Expenditure incurred after the assets have been put into operation, such as repairs & maintenance is normally charged as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the profit & loss account which is determined with reference to the net book value of the assets and the net sale proceeds.

(c) Depreciation:

Land and Building are not held on freehold basis rather mortgaged to the bank. Land is not depreciated considering the unlimited life. In respect of all other fixed assets, depreciation is provided using the straight-line method. The rate of depreciation is not applied as per the rate prescribed by the Income Tax Ordinance 1984, as a result current year's depreciation and the





accumulated depreciation is under rated resulting in reflection of under statement of loss in the income statement.

The annual depreciation rates applicable to the principal categories are:

Freehold Building	2.5%
Leasehold Building	4%
Plant & Machinery	5%
PVC bag Manufacturing	5%
Furniture and Fixture	10%
Office Equipments	10%
Vehicles	20%

No Depreciation is charged on addition during the year.

(d) Promotional Expenses:

All cost associated with product promotion are generally spent in the year in which they are incurred.

(e) Borrowing Costs:

Borrowing costs are charged as expenses for the year under review.

(f) Inventories:

Inventories are stated at lower of cost and net realizable value as prescribed by BAS 2 : inventories. The cost is calculated on weighted average method in a consistent manner. Costs comprise of expenditure incurred in the normal course of business in bringing out such inventories to its location and conditions. Where necessary, provision is made for obsolete, slow moving and defective inventories (if any) identified at the time of physical verification of inventories.

Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale effective.

We were informed by the management that Physical Inventory of stock & stores are being carried out by them on a quarterly basis and at the end of the year. However we could not conduct physical inventory at the end of the year due to logistical support and invitation on time. We have relied on the quantity and valuation of the management for which they have issued certificates. The valuation of closing stocks has been made by the management.

(g) Account Receivable:

These are carried forward in the accounts at original invoice amount, which represents net realizable value only. This is considered good and realizable, and therefore, no amount was written off as bad debt and even no debt was considered doubtful to provide for in the accounts.

(h) Confirmation of balances.

We have issued balance confirmation certificate to all the parties (Accounts receivable/ payable, debtors/ creditors) for confirming the balances held by them on the closing date. But till the date of writing this report we did not receive any letter of confirmation from them.

(i) Cash and Bank Balance:

Cash in hand and cash at banks have been considered as cash and cash equivalents for the preparation of these financial statements, which were held and available for use by the company without any restriction, and there was insignificant risk of changes in value of these current assets.

(j) Other Current Assets:

Other Current assets have a value on realization in the ordinary course of the company's business, which is at least equal to the amount at which they are stated in the balance sheet.



(k) Working Capital:

The company has total current assets of Taka 206,629,671.00 as against total Current Liabilities of Taka 264,085,886.00 and the ratio is 0.78:1 which is far beyond the standard ratio of 2:1. The company should improve the situation and maintain the standard current ratio.

(l) Long-term and Short-term borrowings.

The company has Long Term Loan of Tk. 181,085,352.00 from Agrani Bank, WASA Branch during the year as against Tk. 237,871,947.00 of last year which has been confirmed by the bank statement and balance confirmation certificate. Moreover, the company has Short Term Loan of Tk. 153,993,015.00 from Agrani Bank, WASA Branch during the year as against Tk. 152,256,842.00 of last year which has been confirmed by the bank statement and balance confirmation certificate.

(m) Income Taxes:

The company has made profit during the year (2008-2009) under audit but during the year under audit no provision for income tax has been made due to previous year's accumulated losses.

(n) Employees' Provident Fund:

The company has established a system of Contributory Provident Fund. A separate Board of Trustee is administering the Fund.

(o) Other Corporate Debt, Accounts Payable, Trade and other Liabilities:

These liabilities are carried forward in the accounts at the anticipated settlements amount in respect of goods and services received whether or not billed by the supplier.

(p) Earnings Per Share (EPS):

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

i) Basic Earnings:

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

ii) Diluted Earnings Per Share:

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

(q) Foreign Currencies:

Foreign Currency transactions are recorded at the applicable rates of exchange prevailing at the transaction date.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date.

(r) Cash Flow Statement:

The cash flow statement has been prepared in accordance with the requirements of BAS 7: Cash Flow Statements.

The cash generating from operating activities has been reported using the direct method as prescribed by the Securities and Exchange Rules 1987 and as the branch mark treatment of BAS : 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.



9. Revaluation of Fixed Assets:  
ATA Khan & Co.(AKCO) Chartered Accountants. 67, Motojheel C/A, Dhaka – 1000 have revalued the Land & Building of the company as on June 30, 2009 following "current cost method" showing total depreciated current cost at Taka 403,160,035.00 resulting in an revaluation surplus of Taka 166,981,322.00. We have received copy of the valuation report submitted by Ata Khan & Co., Chartered Accountants through the company management. Instead of verifying the details we have relied on Ata Khan & Co., Chartered Accountants and do not take any responsibility for such revaluation and creation of corresponding Revaluation Surplus.
10. Concentrations:  
As of June 30, 2009, the Company does not have any significant concentration of business transaction with a particular customer, supplier or lender that could, if suddenly eliminated, severely impact the company's operations. The company also does not have a concentration of available sources of labor, services, or licenses or other rights that could, if suddenly eliminated, severely impact the operations of the company.
11. Reporting Currency:  
The amount shown in these financial statements are presented in Bangladeshi Taka currency, which have been rounded off to the nearest Taka except indicated otherwise.
12. Comparative Information:  
Comparative information have been disclosed in respect of the year ended June 30, 2009 for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant to an understanding of the financial statements of the current period.
- Figures for the year ended June 30, 2008 have been reclassified wherever considered necessary to ensure comparability with the current years figures.
13. Information by Industry Segments and Geographical Areas:  
Industry Segment Information:  
The company did not have any segment other than the manufacturing and sale of IV fluids and other allied products.
- Geographic Segment Information:  
The company did not operate any business outside Bangladesh.
- 13.01 Recognized Gains and Losses:  
No gain or loss was directly dealt with through the shareholders' equity without being recognized in the profit and loss account.
- Therefore, net profit / (Loss) for the year is the total recognized gains/ (Loss).
- 13.02 Reporting Period:  
The financial statements of the company cover one year from July 01 to June 30.





ORION INFUSION LIMITED  
SCHEDULE OF FIXED ASSETS  
AS AT JUNE 30, 2009

14. Property, Plant & Equipment : TK. 403,160,035

Sl. No.	Particulars	C Balance as on 01.07.2008	O Addition		S Total as on 30.06.2009	T Rate of Dep. (%)	D E P R E C I A T I O N			Historical Cost WDV as on 30.06.2009	Revaluation Surplus	Current Cost WDV as on 30.06.2009
							Balance as on 01.07.2008	Charged during the year	Accumulated Dep. as on 30.06.2009			
1	Land & Land Development	11,478,046	-	-	11,478,046	-	-	-	-	11,478,046	118,021,954	129,500,000
2	Freehold & Leasehold Building	116,129,157	-	-	116,129,157	2.5%-4%	41,570,910	3,443,866	45,014,776	71,114,381	48,959,368	120,073,749
3	Plant & Machinery	271,714,036	1,068,209	-	272,782,245	5%	117,782,130	13,585,702	131,367,832	141,414,413	-	141,414,413
4	PVC Bag Manufacturing	14,476,134	-	-	14,476,134	5%	3,619,035	723,807	4,342,842	10,133,292	-	10,133,292
5	Furniture & Fixture	7,022,231	13,990	-	7,036,221	10%	6,279,019	702,223	6,981,242	54,979	-	54,979
6	Office Equipment	4,074,658	233,973	-	4,308,631	10%	1,917,563	407,466	2,325,029	1,983,602	-	1,983,602
7	Vehicles	3,104,453	-	-	3,104,453	20%	3,104,453	-	3,104,453	-	-	-
	<b>TOTAL TAKA</b>	<b>427,998,715</b>	<b>1,316,172</b>	<b>1,316,172</b>	<b>429,314,887</b>		<b>174,273,110</b>	<b>18,863,064</b>	<b>193,136,174</b>	<b>236,178,713</b>	<b>166,981,322</b>	<b>403,160,035</b>

14.01 Depreciation charged during the year are as under:

	Factory	Admin.	Marketing	Total
1. Freehold Building & Leasehold Building	2,002,167	1,311,947	129,752	3,443,866
2. Plant & Machinery	13,585,702	-	-	13,585,702
3. PVC Bag Manufacturing	723,807	-	-	723,807
4. Furniture & Fixture	316,630	197,014	188,579	702,223
5. Office Equipments	73,246	99,098	235,122	407,466
	<b>16,701,552</b>	<b>1,608,059</b>	<b>553,453</b>	<b>18,863,064</b>



<b>15. Investment :</b>	<b>Tk.</b>	<b>75,824,995</b>	<b>Amount in Taka</b> <b>30.06.2009</b>	<b>Amount in Taka</b> <b>30.06.2008</b>
The amount consists as follows :				
Investment in other companies			75,824,995	75,824,995
			<u>75,824,995</u>	<u>75,824,995</u>

The above investment amount includes Tk 16,825,396 for acquiring of new shares of ICB Islamic Bank, leaving the rest amount in Orion Mushroom Ltd. which have been considered good by the Directors.

<b>16. Inventories :</b>	<b>Tk.</b>	<b>94,571,021</b>	<b>30.06.2009</b>	<b>30.06.2008</b>
The amount consists as follows :				
Raw Materials (1,09,434 kg ) ( 30.06.2008 - 1,10,025 kg )			37,543,829	38,048,215
Packing Materials			15,672,824	15,875,788
Work - in - process			1,574,646	6,794,212
Finished Products ( 6,52,039 units ) ( 30.06.2008 - 4,81,326 units )			37,621,537	31,845,510
Promotional Materials			946,056	1,311,187
Spares & Associates			251,168	245,638
Chemicals			122,513	110,646
Printing & Stationery			838,448	342,816
			<u>94,571,021</u>	<u>94,574,012</u>

Physical inventory of the above stock & stores was conducted by the management. The valuation of inventory was done and certified by the management. The inventories are considered good by the Directors.

<b>17. Account Receivables :</b>	<b>Tk.</b>	<b>44,080,075</b>	<b>30.06.2009</b>	<b>30.06.2008</b>
			<u>44,080,075</u>	<u>48,739,179</u>

These are unsecured but considered good by the Directors. No amount was due by the Directors, Managing Agent, and other officers of the company and any of them severally or jointly liable with other person. The individual balances are subject to confirmation.



18. Advance, Deposit & Prepayments :	Tk.	60,664,345	Amount in Taka 30.06.2009	Amount in Taka 30.06.2008
The amount consists as follows :				
<b>Advances :</b>				
Travel and Other Advances			1,246,811	892,485
Advance paid to Suppliers			6,556,615	4,150,658
Motor Cycle Advance			3,398,715	3,860,500
Security Service Advance			9,200	9,200
Advance Income Tax			26,262,912	20,220,334
	<b>Sub-Total:</b>		<b>37,474,253</b>	<b>29,133,177</b>
<b>Deposits :</b>				
VAT Deposit			88,149	122,278
Security Deposit			1,620,145	1,617,285
Earnest Money			174,145	49,000
L/C Margin Deposit			21,307,653	19,198,770
	<b>Sub-Total:</b>		<b>23,190,092</b>	<b>20,987,333</b>
	<b>Grand Total:</b>		<b>60,664,345</b>	<b>50,120,510</b>

The receivables are unsecured but considered good by the Directors. No amount was due by the Directors, Managing Agent, Managers and any other officers of the company and any of them severally or jointly liable with any other person except Motor cycle advance, travel and other advance. All the above balances are subject to confirmation.

19. Cash and Cash Equivalents :	Tk.	7,314,230	30.06.2009	30.06.2008
The amount consists as follows :				
Cash in Hand/Imprest Cash			958,262	860,611
Cash at Bank			6,355,968	4,875,858
			<b>7,314,230</b>	<b>5,736,469</b>

Above amount was company's cash balance as on June 30, 2009. Since our audit was post dated we could not physically verify the cash balance on the closing date, however, we have obtained cash custody certificate duly signed by the management confirming the balance held by them on the closing date.

We have verified the bank statements/certificates issued by the respective banks which are found in agreement with the book balance. Moreover bank reconciliation was done where necessary.





20. Share Capital :

a) Authorized Capital :

10,000,000 Ordinary Shares of Taka 100/- each

Amount in Taka 30.06.2009	Amount in Taka 30.06.2008
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1,000,000,000	1,000,000,000
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b) Issued, Subscribed and Paid-up Capital: Tk. 203,597,600

2,035,976 Ordinary Shares of Taka 100/- each

203,597,600	203,597,600
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c) Distribution Schedule:

The detailed schedule showing the number of shareholders and their shareholding in percentage has been disclosed below as a requirement of the Regulation 37 (3) of Dhaka Stock Exchange and Chittagong Stock Exchange.

Range of holding in number of shares	No. of Shareholders	No. of Shares held	30.06.2009 Holding(%)	30.06.2008 (Holding(%))
Up to 500 shares	7,003	310,936	15.27%	15.23%
501 to 5,000 shares	111	84,890	4.17%	4.32%
5,001 to 10,000 shares	7	48,930	2.41%	2.76%
10,001 to 20,000 shares	8	112,910	5.55%	4.51%
20,001 to above	11	1,478,310	72.60%	73.18%
	<b>7,140</b>	<b>2,035,976</b>	<b>100%</b>	<b>100%</b>

d) Composition of Shareholding :

	Nos. of Shareholders	Number of Shares	% of Shareholding 30.06.2009	% of Shareholding 30.06.2008
Sponsors	6	967,840	47.54%	47.54%
Foreign Investors	6	1,060	0.05%	0.07%
Financial Institutions	47	578,660	28.42%	35.03%
General Public	7,081	488,416	23.99%	17.36%
	<b>7,140</b>	<b>2,035,976</b>	<b>100%</b>	<b>100%</b>



21. Long Term Borrowings ( Secured ) : Tk.	181,085,352	Amount in Taka 30.06.2009	Amount in Taka 30.06.2008
<u>Agrani Bank , WASA Branch</u>			
Project Loan		78,778,876	106,647,461
Interest Free Block Account		102,306,476	131,224,486
		<u>181,085,352</u>	<u>237,871,947</u>

Project Loan is repayable within December 31, 2010 & Interest Free Block Account within June 30, 2012. This loan is secured by mortgage on land and building and hypothecation of plant & machinery, raw and packing materials, work-in-process, finished stocks and book debts respectively.

22. Liabilities for Other Finance : Tk.	38,080,883	30.06.2009	30.06.2008
Gratuity		6,961,255	7,525,735
Contributory Provident Fund		31,119,628	22,051,822
		<u>38,080,883</u>	<u>29,577,557</u>

The company has above approved contributory provident fund scheme, which covers all its employees who meet eligibility requirements.

We have observed that the company management has taken loan amounting to Tk. 31,119,628 from Provident Fund Account and considered good by the Directors.

23. Short Term Borrowings (Secured) : Tk.	153,993,015	30.06.2009	30.06.2008
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The amount consists as follows :

Pledge & Hypothecation :

Agrani Bank C.C. (Pledge) - 543, WASA Branch	9,914,168	14,244,127
Agrani Bank C.C. (Hypothecation) - 147, WASA Branch	124,119,338	124,191,151

LIM :

Agrani Bank, WASA Branch,	19,959,509	13,821,564
	<u>153,993,015</u>	<u>152,256,842</u>

These loans are secured by mortgage on land and building, hypothecation of plant and machinery, raw and packing materials, work-in-process, finished stocks and book debts respectively.

24. Inter Company Current Account: Tk.	49,769,082	30.06.2009	30.06.2008
Inter Company Current Account		49,769,082	46,422,872

The above amount is payable to Orion Laboratories Ltd. The payable amount is considered good by the Directors.

25. Creditors and Other Payables: Tk.	39,651,889	30.06.2009	30.06.2008
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This consists as follows :

Suppliers	33,550,116	20,336,124
Workers Profits Participation Fund	5,604,818	4,294,572
Employees Income Tax	496,955	113,220
	<u>39,651,889</u>	<u>24,743,916</u>

The individual balances are subject to confirmation.



<b>26. Accrued Expenses :</b>	<b>Tk.</b>	<b>11,207,554</b>	<b>Amount in Taka 30.06.2009</b>	<b>Amount in Taka 30.06.2008</b>
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This consists as follows :

Gas and Electricity & Others			1,955,042	946,570
Salary and Wages payable to Employees			9,202,512	8,791,702
Audit Fee			50,000	50,000
			<u>11,207,554</u>	<u>9,788,272</u>

<b>27. Dividend Payable :</b>	<b>Tk.</b>	<b>9,464,346</b>	<b>30.06.2009</b>	<b>30.06.2008</b>
Dividend Payable			<u>9,464,346</u>	<u>8,201,672</u>

The Payable amount is considered good by the directors.

<b>28. Contingent Liabilities :</b>	<b>Tk.</b>	<b>37,798,752</b>
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The balance is as per last account. The above claim has been raised by the VAT authority against the company for Value Added Tax (VAT) amounting to Tk.37,798,752. In this respect the Company filed a Writ Appeal against the said claim to the High Court Division which is awaiting final decision.

<b>29. Revenue (Turnover) from Net Sales :Tk.</b>	<b>473,133,479</b>	<b>2008-2009</b>	<b>2007-2008</b>
Net Sales		<u>473,133,479</u>	<u>504,608,992</u>

This represents sale of 69,25,385 units consisting of 37 products, as against 76,18,223 units in 2007-2008 of 37 products.

<b>30. Cost of Goods Sold :</b>	<b>Tk.</b>	<b>290,991,796</b>	<b>2008-2009</b>	<b>2007-2008</b>
The amount consists as follows :				
Work in process-Opening			6,794,212	8,975,581
Raw Materials Consumed (Note 30.01)			55,290,554	49,114,049
Packing Materials Consumed (Note 30.02)			172,728,282	194,918,089
Re-agent Consumption			245,452	328,520
Work in process-Closing			(1,574,646)	(6,794,212)
<b>Total Consumption</b>			<u>233,483,854</u>	<u>246,542,027</u>
Manufacturing Overhead (Note 30.03)			63,283,969	58,441,363
<b>Cost of Production</b>			<u>296,767,823</u>	<u>304,983,390</u>
Finished Goods-Opening			31,845,510	40,211,635
Finished Goods-Closing			(37,621,537)	(31,845,510)
<b>Cost of Goods Sold</b>			<u>290,991,796</u>	<u>313,349,515</u>

<b>30.01 Raw Materials Consumed :</b>	<b>Tk.</b>	<b>55,290,554</b>	<b>2008-2009</b>	<b>2007-2008</b>
The amount consists as follows :				
Opening Stock			38,048,215	26,328,635
Add : Purchase			54,786,168	60,833,629
Less : Closing Stock (1,09,434 Kg.) ( in 2008 : 1,10,025 Kg.)			(37,543,829)	(38,048,215)
			<u>55,290,554</u>	<u>49,114,049</u>





**30.02 Packing Materials Consumed : Tk. 172,728,282**

The amount consists as follows :

	Amount in Taka 2008-2009	Amount in Taka 2007-2008
Opening Stock	15,875,788	14,788,078
Add : Purchase	172,525,318	196,005,799
Less : Closing Stock	(15,672,824)	(15,875,788)
	<b>172,728,282</b>	<b>194,918,089</b>

Details in respect of quantity of packing materials as well as value of each items of packing materials are not given as the number of items as well as classes of items are numerous.

**30.03 Manufacturing Overhead : Tk. 63,283,969**

The amount consists as follows :

	2008-2009	2007-2008
Wages, Allowances and Bonus (Note 30.03.01)	21,075,388	17,052,930
Contributory Provident Fund	675,524	640,697
Spare parts	2,286,564	2,227,582
Gas	5,797,191	5,168,981
Electricity	306,624	306,024
Fuel and Lubricant	1,365,872	1,343,038
Security Guard Expenses	831,576	742,017
Repair & Maintenance	3,440,384	3,567,984
Research, Test and Analysis Expenses	1,974,454	1,489,382
Nitrogen Gas	2,130,375	2,359,597
Travelling & Conveyance	313,266	455,415
Entertainment	35,936	168,776
Workers Food Expenses	3,012,661	2,969,116
Washing & Cleaning	2,200	30,051
Misc. Expenses	621,738	386,854
Fees & Taxes	77,094	140,799
Telephone, Postage & Courier	280,545	222,952
Insurance Premium	1,016,111	1,016,111
Carriage Inwards	45,877	49,746
Printing & Stationery	1,293,037	1,442,925
Depreciation (Note 14.01)	16,701,552	16,660,386
	<b>63,283,969</b>	<b>58,441,363</b>

**30.03.01 Wages, Allowances and Bonus: Tk. 21,075,388**

	2008-2009		2007-2008	
	Number	Taka	Number	Taka
Employees drawing Tk.3,000 per month or above	208	18,328,964	206	15,455,821
Employee drawing less than Tk. 3,000 per month	114	2,746,424	89	1,597,109
	<b>322</b>	<b>21,075,388</b>	<b>295</b>	<b>17,052,930</b>

**31. Administrative Expenses : Tk. 16,429,227**

The amount consists as follows :

	Amount in Taka 2008-2009	Amount in Taka 2007-2008
Salaries, Allowances and Bonus (Note 31.01)	7,845,910	6,639,041
Contributory Provident Fund	295,785	280,400
Postage, Telephone and Telegram	472,122	676,389
Printing & Stationery	542,373	795,085
Fuel & Vehicle Maintenance	505,312	949,869
Advertisement & Publicity	456,292	-
Travelling & Conveyance	1,044,012	798,862
Repair & Maintenance	36,875	43,239
Bank Charges & Commission	1,088,850	945,937
News Paper & Periodicals	2,991	2,957
Software Consultancy	420,000	365,000
Entertainment	89,677	32,395
Audit Fee	50,000	50,000
Rent, Rates and Taxes	287,673	272,494
Sundry Expenses	791,871	989,638
Insurance Premium	37,823	463,710
A.G.M. Expenses	853,602	-
Depreciation (Note 14.01)	1,608,059	1,600,743
	<u>16,429,227</u>	<u>14,905,759</u>

**31.01 Salary, Allowances and Bonus : Tk. 7,845,910**

	2008-2009		2007-2008	
	Number	Taka	Number	Taka
Employees drawing Tk. 3,000 per month or above.	46	7,649,313	37	6,473,144
Employees drawing less than Tk. 3,000 per month	8	196,597	7	165,897
	<u>54</u>	<u>7,845,910</u>	<u>44</u>	<u>6,639,041</u>

**32. Selling and Distribution Expenses : Tk. 108,406,933**

The amount consists as follows :

	2008-2009	2007-2008
Salary, Allowances and Bonus (Note 32.01)	63,925,727	54,122,915
Contributory Provident Fund	2,453,944	2,230,924
Carrying and Delivery Expenses	12,909,190	14,526,131
Sales Force TA/DA Expenses	11,469,923	13,518,180
Postage, Telephone and Telegram	1,904,581	2,106,631
Training & Conference Expenses	1,220,470	1,874,681
Other Expenses	1,332,868	1,546,304
Office Rent-Depot	2,250,331	1,983,077
Printing & Stationery	1,477,595	1,803,578
Product Development Expenses	120,355	106,970
Fuel & Vehicle Maintenance	1,246,915	1,535,908
Travelling & Conveyance	1,099,377	1,162,878
Product Sample	2,112,505	2,661,905
Promotional Expenses (Pad & Literature)	3,650,940	4,251,660
Sales Discount to Retailers	678,759	742,530
Depreciation (Note 14.01)	553,453	546,015
	<u>108,406,933</u>	<u>104,720,287</u>



**32.01 Salary, Allowances and Bonus : Tk. 63,925,727**

	2008-2009		2007-2008	
	Nos	Taka	Nos	Taka
Employees drawing Tk. 3,000 per month or above	480	63,095,120	471	53,006,157
Employees drawing less than Tk. 3,000 per month	40	830,607	50	1,116,758
	<u>520</u>	<u>63,925,727</u>	<u>521</u>	<u>54,122,915</u>

**33. Financial Expenses : Tk. 3,00,45,914**

	2008-2009	2007-2008
Interest on Cash Credit & Others	<u>30,045,914</u>	<u>32,110,221</u>

Financial Expenses represent Interest on Cash Credit & Others.

**34. Non Operative Income : Tk. 2,55,563**

	2008-2009	2007-2008
Sale of Wastage Materials	<u>255,563</u>	<u>263,223</u>

During the year under audit the company has sold miscellaneous wastage materials & rejected items amounting to Tk. 2,48,075 and earned Bank interest Tk. 7,488 respectively and accounted for accordingly.



**35. Production Capacity, Actual Production in 2008-2009 and Reason of Excess / (Shortfall) :**

Quantity in million

Items	Production Capacity		Actual Production		Capacity Utilized	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Intravenous Fluids and Injections	12.00	12.00	6.93	7.61	57.75%	63.41%

**36. Claims not acknowledged as debt :**

There was no claim against the company as on 30.06.2009 except those mentioned in the report.

**37. Payments/Perquisites to Directors and Managing Directors :**

No compensation was allowed to the Managing Director, no fee was paid to any Directors, or no amount was paid to any Directors for any special services.

**38. Commission or Brokerage Against Sales :**

No commission or brokerage was paid against sales other than the disclosure in Note-32

**39. Foreign Exchange Earned :**

During the year under audit, the company did not earn any foreign currency since there was no export sale.

**40. Credit Facilities :**

The credit facilities which was extended by different banks to the company was availed of by the company during the year under audit.

**41. Current Ratio :**

From the analysis of the financial statements it is observed that the prevailing current ratio of the company is 0.78 : 1 which is far below the standard ration of 2:1. We recommend that in order to maintain the working capital the standard ratio 2:1 should be maintained. The company management should take appropriate measures to increase the current assets and to decrease the current liabilities.

**42. Post Balance Sheet Events :**

No material events occurring after balance sheet date came to our notice which could affect the values in the financial statements.

  
Managing Director

  
Director

  
Company Secretary