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P R I V A T E  
A N D  
C O N F I D E N T I A L

**AUDITORS' REPORT  
&  
FINANCIAL STATEMENTS  
OF**

AUDITOR'S REPORT  
AND  
AUDITED FINANCIAL STATEMENT  
OF  
ORION INFUSION LIMITED.  
FOR THE YEAR ENDED JUNE 30 2006

**এ, মতীন এন্ড কোং**  
**A. MATIN & CO.**  
**CHARTERED ACCOUNTANTS**

91, KAKRAIL, (3RD FLOOR), FLAT NO.-08  
DHAKA- 1000, BANGLADESH.





এ, মতীন এন্ড কোং  
**A. MATIN & CO.**  
Chartered Accountants

PARTNERS : MR. A.K. ABDUL MATIN, M. COM, FCA, MR. NETAI CHAND TALUKDER, M. COM, FCA.,  
OFFICE : 91, KAKRAIL, (3RD FLOOR), FLAT NO-08, DHAKA-1000. PHONE : 8318191 (OFF). MOBILE : 011-99835489, 01713453596, E-mail : akmatin@bangla.net

## Auditors' Report

### To The Shareholders of Orion Infusion Limited

We have audited the financial statements of *Orion Infusion Limited* comprising of Balance Sheet as at June 30, 2006 and the profit and Loss Account, Statement of Changes in Equity and Cash Flow Statement for the year then ended and the related notes. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

In our opinion, the financial statements referred to above present a true and fair view, in all material respects, of the financial position of the Company at June 30, 2006 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 the Accounting Standards adopted by the ICAB.

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 29, 2006

  
A. Matin & Co.  
Chartered Accountants

**ORION INFUSION LIMITED**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2006**

	<u>Notes</u>	<u>Amount in Taka</u> <u>30.06.2006</u>	<u>Amount in Taka</u> <u>30.06.2005</u>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets:</b>		<b>363,623,433</b>	<b>344,147,713</b>
Property, Plant & Equipment	14	287,798,438	268,322,718
Investment	15	75,824,995	75,824,995
<b>Current Assets:</b>		<b>147,757,984</b>	<b>150,587,991</b>
Inventories	16	78,998,508	78,205,428
Accounts Receivables	17	33,825,550	32,779,422
Advance, Deposit & Prepayments	18	27,864,270	24,799,183
Cash and Cash Equivalents	19	7,069,656	14,803,958
<b>Profit &amp; Loss Account:</b>			
Accumulated Loss		224,684,799	229,338,988
<b>Total</b>		<b>736,066,216</b>	<b>724,074,692</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Share Capital</b>			
Issued Capital	20	203,597,600	203,597,600
<b>Non-Current Liabilities:</b>		<b>336,808,586</b>	<b>337,910,082</b>
Long Term Borrowings- Secured	21	327,316,776	329,119,862
Provision for Gratuity	22	9,491,810	8,790,220
<b>Current Liabilities:</b>		<b>195,660,030</b>	<b>182,567,010</b>
Short Term Borrowings - Secured	23	150,112,416	149,053,596
Inter Project Current Account	24	8,035,036	2,524,387
Creditors and Other Payables	25	24,444,391	14,657,229
Accrued Expenses	26	5,441,207	4,352,357
Dividend Payable	27	7,626,980	11,979,441
<b>Total</b>		<b>736,066,216</b>	<b>724,074,692</b>
<b>Contingent Liabilities</b>	28	37,798,752	37,798,752

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

  
Managing Director

  
Director

  
Company Secretary

Signed in terms of our report of even date annexed.

Place : Dhaka  
Dated: October 29, 2006



  
A. Matin & Co  
Chartered Accountants

**ORION INFUSION LIMITED**  
**PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Notes</u>	<u>Amount in Taka</u> <u>30.06.2006</u>	<u>Amount in Taka</u> <u>30.06.2005</u>
Revenue ( Turnover ) from net sales	29	359,622,242	249,846,035
Cost of Goods Sold	30	(224,087,190)	(155,278,202)
<b>Gross Profit</b>		<b>135,535,052</b>	<b>94,567,833</b>
<b>Operating Expenses</b>		<b>(87,342,496)</b>	<b>(67,200,531)</b>
Administrative Expenses	31	(14,188,444)	(12,866,157)
Selling & Distribution Expenses	32	(73,154,052)	(54,334,374)
		<b>48,192,556</b>	<b>27,367,302</b>
Financial Expenses	33	(32,481,927)	(15,783,912)
<b>Profit from Operation</b>		<b>15,710,629</b>	<b>11,583,390</b>
Non Operative Income	34	391,697	735,937
<b>Profit before W.P.P.F. for the year</b>		<b>16,102,326</b>	<b>12,319,327</b>
Contribute to Workers' Profit Participation Fund		(766,777)	(586,635)
<b>Net Profit before Income Tax</b>		<b>15,335,549</b>	<b>11,732,692</b>
Profit/(Loss) brought forward	35	(240,020,348)	(241,071,680)
<b>Profit/(Loss) carried forward</b>		<b>(224,684,799)</b>	<b>(229,338,988)</b>
<b>Earnings Per Share</b>		<b>7.53</b>	<b>5.76</b>
<b>Number of Shares used to compute EPS</b>		<b>2,035,976</b>	<b>2,035,976</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 29, 2006



  
A. Matin & Co  
Chartered Accountants



**ORION INFUSION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Notes</u>	<u>Amount in Taka</u> <u>30.06.2006</u>	<u>Amount in Taka</u> <u>30.06.2005</u>
<b>Issued Capital</b>	20	203,597,600	203,597,600
<b>Retained Earnings :</b>			
Net Accumulated Profit/(Loss) up to June 30, 2005		(240,020,348)	(241,071,680)
Net Profit/(Loss) for the year		15,335,549	11,732,692
Net Accumulated Profit/(Loss) up to June 30, 2006 (Balance transferred to Balance Sheet)		(224,684,799)	(229,338,988)
<b>Shareholders' Equity at the end of the year</b>		<u>(21,087,199)</u>	<u>(25,741,388)</u>
Number of Ordinary Shares		2,035,976	2,035,976
Face Value Per Share		100.00	100.00
Shareholders' Equity Per Share		(10.36)	(12.64)

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 29, 2006

  
A. Matin & Co  
Chartered Accountants



**ORION INFUSION LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2006**

<u>Notes</u>	<u>Amount in Taka</u> <u>30.06.2006</u>	<u>Amount in Taka</u> <u>30.06.2005</u>
<b>Cash Flows from Operating Activities :</b>		
Cash received from Customers	358,576,114	233,857,748
Cash paid to Suppliers and Employees	(316,380,220)	(240,996,835)
<b>Cash Generated from Operation</b>	<b>42,195,894</b>	<b>(7,139,087)</b>
Other income	391,697	735,937
Income Tax - Deducted at Source	(3,255,652)	(2,667,797)
<b>Net Cash Generated/(Used) from Operating Activities</b>	<b>39,331,939</b>	<b>(9,070,947)</b>
<b>Cash Flows from Investing Activities :</b>		
Acquisition of Property, Plant & Equipment	(36,798,803)	(30,626,734)
Investment Liquidate (Net )	-	20,000,000
<b>Net Cash Received/(Used) in Investing Activities</b>	<b>(36,798,803)</b>	<b>(10,626,734)</b>
<b>Cash Flows from Financing Activities :</b>		
Received from Associated Companies	5,510,649	7,728,711
Dividend Paid	(15,033,821)	(3,857,131)
Bank Loans Received / (Repaid)	(744,266)	25,540,376
<b>Net Cash Received/(Used) in Financing Activities</b>	<b>(10,267,438)</b>	<b>29,411,956</b>
<b>Net Increase /(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(7,734,302)</b>	<b>9,714,275</b>
Cash & Cash Equivalents at the beginning of the year	14,803,958	5,089,683
<b>Cash &amp; Cash Equivalents at the End of the Year</b>	<b>7,069,656</b>	<b>14,803,958</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 29, 2006



  
A. Matin & Co  
Chartered Accountants

ORION INFUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
AS AT JUNE 30, 2006

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 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, 2006;
- (ii) Profit and Loss Account for the year ended June 30, 2006;
- (iii) Statement of Changes in Equity for the year ended June 30, 2006;
- (iv) Cash Flow Statements for the year ended June 30, 2006; and
- (v) Notes to the Financial Statements as at June 30, 2006.

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:

- 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 Bangladesh Accounting Standards (BAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

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	Net Profit or Loss for the period, Fundamental Errors and Changes in Accounting Policies.
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. **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 stated 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%

**(d) Promotional Expenses**

All cost associated for 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. 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.

**(g) Accounts 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) 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.

**(i) 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.

**(j) Income Taxes**

The company has made profit during the year (2005-2006) under audit but during the year under audit no provision for income tax has been made due to previous year's accumulated losses. Income tax assessment for the assessment year 2004-2005 has not yet been finalized. Moreover, the company paid Tk. 32,55,652 as advance income tax (AIT) during the financial year and the accumulated AIT as on the closing date 30.06.06 is Tk. 1,15,05,719.

**(k) Employees' Provident Fund:**

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

**(l) 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.

**(m) 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) Weighted Average Number of Ordinary Shares Outstanding during the year**

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days the specific shares is outstanding as a proportion of the total number of days in the period.

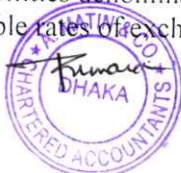
**iii) Diluted Earnings per Share**

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

**(n) 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.





**7. Concentrations**

As of June 30, 2006, 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.

**8. 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.

**9. Comparative Information**

Comparative information have been disclosed in respect of the year ended June 30, 2005 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, 2005 have been reclassified wherever considered necessary to ensure comparability with the current years figures.

**10. 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.

**11. 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).

**12. Historical Cost, Profit and Losses**

There was no revaluation of fixed assets in previous year and during the year under review. There was no factor like the differences between historical cost depreciation and depreciation on revalued amount, realization of revenue surplus on retirement or disposal of assets etc. Therefore, no separate note of historical cost, profit and loss has been presented in the report.

**13. 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, 2006

14. Property, Plant & Equipment : TK. 287,798,438

Sl. No.	Particulars	C		O		S	T	Rate of Dep. (%)	D E P R E C I A T I O N			Written Down Value As On 30.06.2006
		Balance as on 01.07.2005	Addition						Balance as on 01.07.2005	Charged during the year	Accumulated Dep. as on 30.06.2006	
1	Land & Land Development	11,478,046	-	-	-	-	11,478,046	-	-	-	-	11,478,046
2	Freehold Building	80,086,691	-	-	-	2.5%	80,086,691	2.5%	16,328,774	2,002,167	18,330,941	61,755,750
3	Leasehold Building	36,042,466	-	-	-	4%	36,042,466	4%	14,910,538	1,441,699	16,352,237	19,690,229
4	Plant & Machinery	233,942,497	34,850,646	-	-	5%	268,793,143	5%	79,080,243	11,697,125	90,777,368	178,015,775
5	PVC Bag Manufacturing	14,476,134	-	-	-	5%	14,476,134	5%	1,447,614	723,807	2,171,421	12,304,713
6	Furniture & Fixture	6,495,879	120,765	-	-	10%	6,616,644	10%	4,277,336	649,588	4,926,924	1,689,720
7	Office Equipment	1,878,056	1,827,392	-	-	10%	3,705,448	10%	975,277	187,806	1,163,083	2,542,365
8	Vehicles	3,104,453	-	-	-	20%	3,104,453	20%	2,161,722	620,891	2,782,613	321,840
	<b>TOTAL TAKA</b>	<b>387,504,222</b>	<b>36,798,803</b>				<b>424,303,025</b>		<b>119,181,504</b>	<b>17,323,083</b>	<b>136,504,587</b>	<b>287,798,438</b>

14.01 Depreciation charged during the year are as under:

	Factory	Admin.	Marketing	Total
1. Freehold Building	2,002,167	-	-	2,002,167
2. Leasehold Building	-	1,315,897	125,802	1,441,699
3. Plant & Machinery	11,697,125	-	-	11,697,125
4. PVC Bag Manufacturing	723,807	-	-	723,807
5. Furniture & Fixture	288,335	203,104	158,149	649,588
6. Office Equipments	35,512	53,477	98,817	187,806
7. Vehicles	84,268	-	536,623	620,891
	<b>14,831,214</b>	<b>1,572,478</b>	<b>919,391</b>	<b>17,323,083</b>

a) We have verified the additions of fixed assets purchased during the year and found the same in order.  
b) Depreciation has not been charged on the addition of the Fixed Assets.





15. Investment :	Tk.	75,824,995	Amount in Taka <u>30.06.2006</u>	Amount in Taka <u>30.06.2005</u>
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The amount consists of 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 Oriental Bank Ltd, leaving the rest amount in Orion Mashroom Ltd. which have been considered good by the Directors.

16. Inventories :	Tk.	78,998,508	<u>30.06.2006</u>	<u>30.06.2005</u>
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The amount consists of as follows :

Raw Materials ( 111,486 kg ) ( 30.06.2005 - 99,095 kg )		17,436,533	15,923,815
Packing Materials		11,995,564	22,021,290
Work - in - process		4,424,687	5,988,774
Finished Products ( 523,612 units ) ( 30.06.2005 - 353,848 units )		41,883,996	28,915,370
Promotional Materials		1,285,091	1,908,413
Spares & Associates		587,013	1,506,494
Chemicals		112,463	555,647
Printing & Stationery		1,273,161	1,385,625
		<u>78,998,508</u>	<u>78,205,428</u>

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

17. Accounts Receivable :	Tk.	33,825,550	<u>30.06.2006</u>	<u>30.06.2005</u>
			<u>33,825,550</u>	<u>32,779,422</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.

18. Advance, Deposit & Prepayments :	Tk.	27,864,270	Amount in Taka <u>30.06.2006</u>	Amount in Taka <u>30.06.2005</u>
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The amount consists of as follows :

**Advances :**

Travel and Other Advances	534,875	760,782
Advance paid to Suppliers	1,627,741	3,258,060
Motor Cycle Advance	1,347,116	1,631,227
Security Service Advance	9,200	9,200
Advance Income Tax	11,505,719	8,250,067
<b>Sub-Total:</b>	<b>15,024,651</b>	<b>13,909,336</b>

**Deposits :**

VAT Deposit	926,207	313,730
Security Deposit	1,576,926	1,574,705
Earnest Money	138,020	163,210
L/C Margin Deposit	10,198,466	8,838,202
<b>Sub-Total:</b>	<b>12,839,619</b>	<b>10,889,847</b>
<b>Grand Total:</b>	<b>27,864,270</b>	<b>24,799,183</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.	7,069,656	<u>30.06.2006</u>	<u>30.06.2005</u>
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The amount consists of as follows :

Cash in Hand	1,347,531	806,010
Cash at Bank	5,722,125	13,997,948
	<b>7,069,656</b>	<b>14,803,958</b>

Above amount was company's cash balance as on June 30, 2006. 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.



**20. Share Capital :**

30.06.2005

30.06.2004

**a) Authorized Capital :**

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

1,000,000,000

1,000,000,000

**b) Issued, Subscribed and Paid-up Capital:**

2,035,976 Ordinary Shares of Taka 100/- e Tk. **203,597,600**

203,597,600

203,597,600

**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	30.06.2006 Holding(%)	30.06.2005 (Holding(%))
Up to 500 shares	6,957	309,436	15.20%	17.12%
501 to 5,000 shares	103	78,420	3.85%	4.93%
5,001 to 10,000 shares	9	61,840	3.04%	1.84%
10,001 to 20,000 shares	7	103,370	5.08%	4.27%
20,001 to above	9	1,482,910	72.84%	71.84%
	<u>7,085</u>	<u>2,035,976</u>	<u>100%</u>	<u>100%</u>

**d) Composition of Shareholding :**

	Nos. of Shareholders	Number of Shares	% of Shareholding 30.06.2006	% of Shareholding 30.06.2005
Sponsors	6	967,840	47.54%	47.54%
Foreign Investors	6	1,480	0.07%	0.09%
Financial Institutions	40	647,160	31.79%	25.38%
General Public	7,033	419,496	20.60%	26.99%
	<u>7,085</u>	<u>2,035,976</u>	<u>100%</u>	<u>100%</u>

<b>21. Long Term Borrowings ( Secured ) : Tk.</b>	<b>327,316,776</b>	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>
<u>Agrani Bank , WASA Branch</u>			
Project Loan		144,498,872	139,498,864
Interest Free Block Account		182,817,904	189,620,998
		<b><u>327,316,776</u></b>	<b><u>329,119,862</u></b>

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.

<b>22. Provision for Gratuity : Tk. 9,491,810</b>	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>
	9,491,810	8,790,220

The Company is following gratuity scheme, which covers all its permanent employees who meet eligibility requirements. The Company has determined an amount of Tk. 9,491,810 as actual liabilities up to 30.06.2006.

<b>23. Short Term Borrowings (Secured) : Tk.</b>	<b>150,112,416</b>	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>
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The amount consists of as follows :

**Pledge & Hypothecation :**

Agrani Bank C.C. (Pledge) - 543, WASA Branch	16,216,832	22,173,289
Agrani Bank C.C. (Hypothecation) - 147, WASA Branch	123,555,017	123,449,538

**LIM :**

Agrani Bank, WASA Branch,	10,340,567	3,430,769
	<b><u>150,112,416</u></b>	<b><u>149,053,596</u></b>

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.

<b>24. Inter Project Current Account: Tk.</b>	<b>8,035,036</b>	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>
Inter Project Current Account		8,035,036	2,524,387

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

<b>25. Creditors and Other Payables: Tk.</b>	<b>24,444,391</b>	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>
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This consists of as follows :

Suppliers	22,723,479	13,650,693
Workers Profits Participation Fund	1,703,259	936,482
Employees Income Tax	17,653	70,054
	<b><u>24,444,391</u></b>	<b><u>14,657,229</u></b>

The individual balances are subject to confirmation.

<b>26. Accrued Expenses :</b>	<b>Tk.</b>	<b>5,441,207</b>	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>
This consists of as follows :				
Gas and Electricity			959,441	504,779
Salary and Wages payable to Employees			4,431,766	3,797,578
Audit Fee			50,000	50,000
			<b><u>5,441,207</u></b>	<b><u>4,352,357</u></b>

<b>27. Dividend Payable :</b>	<b>Tk.</b>	<b>7,626,980</b>	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>
Dividend Payable			7,626,980	11,979,441

The Company has declared cash dividend of Tk. 10 per share out of the profit for the year ended June30,2005.  
The sponsors directors agreed to forego their portion of the dividend.

<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 :</b>	<b>Tk.</b>	<b>359,622,242</b>	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>
Net Sales			359,622,242	249,846,035

This represents sale of 58,65,641 units consisting of 32 products, as against 49,88,201 units in 2004-2005 of 25 products.

<b>30. Cost of Goods Sold :</b>	<b>Tk.</b>	<b>224,087,190</b>	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>
The amount consists of as follows :				
Work in process-Opening			5,988,774	1,467,431
Raw Materials Consumed (Note 30.01)			35,063,169	24,160,112
Packing Materials Consumed (Note 30.02)			146,977,610	98,564,264
Re-agent Consumption			388,179	669,869
Work in process-Closing			(4,424,687)	(5,988,774)
<b>Total Consumption</b>			<b><u>183,993,045</u></b>	<b><u>118,872,902</u></b>
Manufacturing Overhead (Note 30.03)			53,062,771	53,236,672
<b>Cost of Production</b>			<b><u>237,055,816</u></b>	<b><u>172,109,574</u></b>
Finished Goods-Opening			28,915,370	12,083,998
Finished Goods-Closing			(41,883,996)	(28,915,370)
<b>Cost of Goods Sold</b>			<b><u>224,087,190</u></b>	<b><u>155,278,202</u></b>

<b>30.01 Raw Materials Consumed :</b>	<b>Tk.</b>	<b>35,063,169</b>	<b><u>30.06.2006</u></b>	<b><u>30.06.2005</u></b>
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The amount consists of as follows :

Opening Stock			15,923,815	7,804,220
Add : Purchase			36,575,887	32,279,707
Less : Closing Stock ( 111,486 Kg.) ( in 2005 : 99,095 Kg.)			(17,436,533)	(15,923,815)
			<b><u>35,063,169</u></b>	<b><u>24,160,112</u></b>



30.02 Packing Materials Consumed : Tk. 146,977,610

The amount consists of as follows :

	30.06.2006	30.06.2005
Opening Stock	22,021,290	17,776,079
Add : Purchase	136,951,884	102,809,475
Less : Closing Stock	(11,995,564)	(22,021,290)
	<u>146,977,610</u>	<u>98,564,264</u>

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. 53,062,771

The amount consists of as follows :

	30.06.2006	30.06.2005
Wages, Allowances and Bonus (Note 30.03.01)	13,732,956	10,055,942
Gratuity & Provident Fund	686,129	691,344
Spare parts	2,203,179	2,075,018
Gas	5,051,322	5,553,713
Electricity	380,434	336,986
Fuel and Lubricant	1,071,629	651,679
Security Guard Expenses	638,647	-
Contract Manufacturing Expenses/(Toll Charge)	1,423,744	-
Repair & Maintenance	3,523,100	3,076,578
Research, Test and Analysis Expenses	1,001,142	868,302
Nitrogen Gas	2,684,441	1,243,228
Travelling & Conveyance	433,865	283,405
Entertainment	43,502	79,387
Workers Food Expenses	2,052,289	1,660,793
Washing & Cleaning	288,186	122,103
Misc. Expenses	282,233	147,974
Fees & Taxes	153,110	80,235
Telephone, Postage & Courier	214,773	229,881
Insurance	1,016,111	959,711
Carriage Inwards	83,367	101,367
Printing & Stationery	1,267,398	739,815
Depreciation (Note 14.01)	14,831,214	24,279,211
	<u>53,062,771</u>	<u>53,236,672</u>

30.03.01 Wages, Allowances and Bonus: Tk. 13,732,956

Employees drawing Tk.3,000  
per month or above

Employee drawing less than  
Tk. 3,000 per month

30.06.2006		30.06.2005	
Number	Taka	Number	Taka
78	7,378,419	60	5,475,067
218	6,354,537	181	4,580,875
<u>296</u>	<u>13,732,956</u>	<u>241</u>	<u>10,055,942</u>

31. Administrative Expenses :	Tk.	14,188,444	30.06.2006	30.06.2005
The amount consists of as follows :				
Salaries, Allowances and Bonus (Note 31.01)			5,638,409	5,482,806
Gratuity & Provident Fund			428,885	398,645
Postage, Telephone and Telegram			483,258	397,652
Printing & Stationery			490,992	360,978
Fuel & Vehicle Maintenance			739,453	596,657
Advertisement & Publicity			395,685	317,713
Travelling & Conveyance			417,663	133,536
Repair & Maintenance			623,340	506,411
Bank Charges & Commission			906,229	539,988
News Paper & Periodicals			15,888	10,095
Software Consultancy			260,000	582,175
Entertainment			75,087	12,414
Audit Fee			50,000	50,000
Rent, Rates and Taxes			235,325	137,949
Sundry Expenses			1,072,112	909,549
Insurance			389,462	465,883
A.G.M. Expenses			394,178	391,228
Depreciation (Note 14.01)			1,572,478	1,572,478
			<u>14,188,444</u>	<u>12,866,157</u>

**31.01 Salary, Allowances and Bonus : Tk. 5,638,409**

	30.06.2006		30.06.2005	
	Number	Taka	Number	Taka
Employees drawing Tk. 3,000 per month or above.	36	5,472,709	35	5,030,593
Employees drawing less than Tk. 3,000 per month	5	165,700	9	452,213
	<u>41</u>	<u>5,638,409</u>	<u>44</u>	<u>5,482,806</u>

32. Selling and Distribution Expenses : Tk.	73,154,052	30.06.2006	30.06.2005
The amount consists of as follows :			
Salary, Allowances and Bonus (Note 32.01)		37,002,267	25,033,326
Gratuity & Provident Fund		2,340,682	2,191,823
Carrying and Delivery Expenses		10,498,138	8,613,884
Sales Force Expenses		8,576,389	7,695,348
Postage, Telephone and Telegram		1,311,798	898,018
Training & Conference Expenses		1,179,917	715,415
Other Expenses		649,681	229,215
Office Rent-Depot		1,242,750	1,086,000
Printing & Stationery		594,919	208,264
Product Development Expenses		318,586	210,961
Fuel & Vehicle Maintenance		859,016	430,181
Travelling & Conveyance		499,469	176,820
Product Sample		3,335,685	2,695,784
Promotional Expenses (Pad & Literature)		3,082,678	1,507,566
Sales Discount to Retailers		742,686	1,722,378
Depreciation (Note 14.01)		919,391	919,391
		<u>73,154,052</u>	<u>54,334,374</u>



**32.01 Salary, Allowances and Bonus : Tk. 37,002,267**

	30.06.2006		30.06.2005	
	Nos	Taka	Nos	Taka
Employees drawing Tk. 3,000 per month or above	412	34,555,865	297	24,010,797
Employees drawing less than Tk. 3,000 per month	84	2,446,402	50	1,022,529
	<b>496</b>	<b>37,002,267</b>	<b>347</b>	<b>25,033,326</b>

**33. Financial Expenses : Tk. 32,481,927**

	<u>30.06.2006</u>	<u>30.06.2005</u>
Interest on Cash Credit & Others	<u>32,481,927</u>	<u>15,783,912</u>

Financial Expenses represent Interest on Cash Credit & Others.

**34. Non Operative Income : Tk. 391,697**

	<u>30.06.2006</u>	<u>30.06.2005</u>
Rejected Items at factory	<u>391,697</u>	<u>735,937</u>

During the year the company has sold miscellaneous scrap & rejected items.

**35. Profit & Loss Account : Tk. (240,020,348)**

The break- up of profit and loss accounts is stated as under :

	<u>30.06.2006</u>	<u>30.06.2005</u>
Net accumulated profit/(Loss) as on June 30, 2005	(229,338,988)	(240,721,833)
Workers Profit Participation Fund	-	(349,847)
Prior years adjustment made towards proposed dividend for 2004-2005	<u>(10,681,360)</u>	<u>-</u>
	<u>(240,020,348)</u>	<u>(241,071,680)</u>



**36. Production Capacity, Actual Production in 2005-2006 and Reason of Excess / (Shortfall) :**

Quantity in million

Item	Production Capacity		Actual Production		Capacity Utilized	
	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005
Intravenous Fluids and Injections	10.48	7.2	6.03	5.09	57.54%	70.69%

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

There was no claim against the company as on 30.06.2006 except those mentioned in the report.

**38. 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.

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

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

**40. Foreign Exchange Earned :**

During the year under audit, the company did not earn any foreign currency as there was no export took place during the during the period under audit.

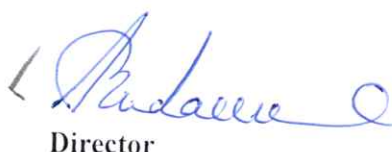
**41. Credit Facilities :**

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

**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