

**PRIVATE AND CONFIDENTIAL**

AUDITOR'S REPORT  
AND  
AUDITED FINANCIAL STATEMENT  
OF  
ORION INFUSION LIMITED.  
FOR THE YEAR ENDED JUNE 30, 2005

**HABIB SARWAR & CO.**  
CHARTERED ACCOUNTANTS

**AUDITOR'S REPORT TO THE SHAREHOLDERS  
OF  
ORION INFUSION LIMITED**

We have audited the annexed Balance Sheet of **ORION INFUSION LIMITED** as of June 30, 2005 and its Profit and Loss Account and Cash Flow Statement for the year then ended, together with the accompanying notes (01 to 42) prepared by the management of the Company.

**Respective Responsibilities of Directors and Auditors:**

The Directors are responsible for preparation and presentation of the financial statements. Our responsibilities, as independent auditors, are established by the Companies Act 1994, the Securities and Exchange Rules 1987 and the International Standards on Auditing adopted in Bangladesh is to form an independent opinion, based on our audit, on those financial statements.

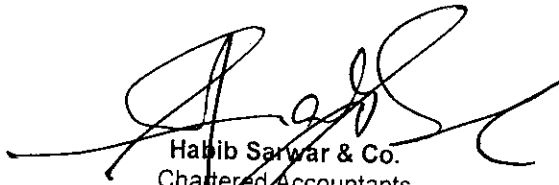
**Basis of Audit Opinion:**

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation.

**Opinion:**

- (a) In our opinion, the annexed Balance Sheet represents a true and fair view of the state of the Company's affairs as at June 30, 2005. The Profit and Loss Account and Cash Flow Statement represent the profit earned and cash flows for the year then ended and that these financial statements have been drawn up in accordance with the requirements of Companies Act 1994, Securities & Exchange Rules 1987 and other applicable laws and rules containing all the information in the manner required by the said relevant laws and rules and the International Accounting Standards (IASs) adopted by the ICAB;
- (b) our examination and checking of records, relevant books of accounts, registers, schedules and financial statements were sufficient to enable us to form an informed and assessed opinion on the authenticity and accuracy of the accounts and financial statements;
- (c) we have obtained all the information, explanations and documents as required by us;
- (d) the company's management has followed relevant provisions of laws and rules in managing the affairs of the company and maintaining the proper books of accounts, records and other statutory books;
- (e) the Balance Sheet and Profit and Loss Account are in agreement with the said books of accounts maintained by the company and examined by us while the Cash Flow Statement conforms with the presentation laid out in the IAS-7 (Cash Flow Statement); and
- (f) the expenditures incurred and payments were made for the purpose of the Company's business for the year.

Place: Dhaka  
Dated: October 22, 2005

  
**Habib Sarwar & Co.**  
Chartered Accountants  
Signed by: Md. Habibullah, FCA

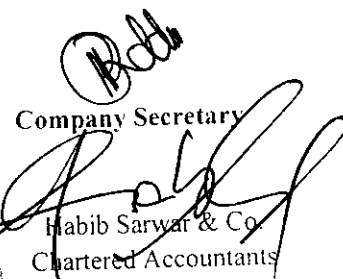
ORION INFUSION LIMITED  
BALANCE SHEET  
AS AT JUNE 30, 2005

ASSETS	Notes	Amount in Taka 30.06.2005	Amount in Taka 30.06.2004
<b>Non-Current Assets:</b>		<b>344,147,713</b>	<b>360,292,059</b>
Property, Plant & Equipment	14	268,322,718	264,467,064
Investment	15	75,824,995	95,824,995
<b>Current Assets:</b>		<b>150,587,991</b>	<b>91,254,406</b>
Inventories	16	78,205,428	44,036,877
Accounts Receivables	17	32,779,422	16,791,135
Inter Project Current Account		-	5,204,324
Advance, Deposit & Prepayments	18	24,799,183	20,132,387
Cash and Bank Balances	19	14,803,958	5,089,683
<b>Total Assets</b>		<b>494,735,704</b>	<b>451,546,465</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves:</b>		<b>(25,741,388)</b>	<b>(37,124,233)</b>
Issued Capital	20	203,597,600	203,597,600
Retained Earnings		(229,338,988)	(240,721,833)
<b>Non-Current Liabilities:</b>			
Long Term Borrowings- (Secured)	21	296,406,348	315,650,415
<b>Current Liabilities:</b>		<b>224,070,744</b>	<b>173,020,283</b>
Short Term Borrowings - Secured	22	149,053,596	136,982,667
Long Term Borrowings-Current Maturity (Secured)	23	32,713,514	-
Inter Project Current Account	24	2,524,387	-
Creditors and Other Payables	25	23,447,449	15,649,489
Accrued Expenses	26	4,352,357	4,551,555
Dividend Payable	27	11,979,441	15,836,572
<b>Total Liabilities and Shareholders' Equity</b>		<b>494,735,704</b>	<b>451,546,465</b>
<b>Contingent Liabilities</b>	28	<b>37,798,752</b>	<b>37,798,752</b>
Accounting Policies	5	-	-

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

  
Managing Director

  
Director

  
Company Secretary  
Habib Sarwar & Co.  
Chartered Accountants

Place : Dhaka  
Dated: October 22, 2005

**ORION INFUSION LIMITED**  
**PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Notes</u>	<u>Amount in Taka</u> <u>30.06.2005</u>	<u>Amount in Taka</u> <u>30.06.2004</u>
Revenue ( Turnover ) from net sales	29	249,846,035	159,766,207
Cost of Goods Sold	30	<u>(155,278,202)</u>	<u>(102,764,066)</u>
Gross Profit		94,567,833	57,002,141
<b>Operating Expenses</b>		<b>(67,200,531)</b>	<b>(44,958,594)</b>
Administrative Expenses	31	<u>(12,866,157)</u>	<u>(9,222,754)</u>
Selling & Distribution Expenses	32	<u>(54,334,374)</u>	<u>(35,735,840)</u>
		27,367,302	12,043,547
Financial Expenses	33	<u>(15,783,912)</u>	<u>(5,537,092)</u>
<b>Profit/(Loss) from Operation</b>		<b>11,583,390</b>	<b>6,506,455</b>
Non Operative Income	34	<u>735,937</u>	<u>840,342</u>
<b>Profit before W.P.P.F. for the year</b>		<b>12,319,327</b>	<b>7,346,797</b>
Contribute to Workers' Profit Participation Fund		586,635	-
<b>Net Profit before Income Tax</b>		<u>11,732,692</u>	<u>7,346,797</u>
Profit/(Loss) brought forward	35	<u>(241,071,680)</u>	<u>(248,068,630)</u>
<b>Profit/(Loss) carried forward</b>		<u><u>(229,338,988)</u></u>	<u><u>(240,721,833)</u></u>
Earnings Per Share		5.76	3.61
Number of Shares used to compute EPS		<u>2,035,976</u>	<u>2,035,976</u>

Figures in brackets indicate negative figure.  
The accompanying notes form an integral part of the Financial Statements.

  
Managing Director

  
Director

  
Company Secretary

  
Habib Sarwar & Co.  
Chartered Accountants

Place : Dhaka  
Dated: October 22,2005




**ORION INFUSION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Notes</u>	<u>Amount in Taka</u> <u>30.06.2005</u>	<u>Amount in Taka</u> <u>30.06.2004</u>
<b>Issued Capital</b>	21	203,597,600	203,597,600
<b>Retained Earnings :</b>			
Net Accumulated Profit (Loss) up-to June 30, 2004		(241,071,680)	(248,068,630)
Net Profit/(Loss) for the year		11,732,692	7,346,797
Net Accumulated Profit/(Loss) up-to June 30, 2005 (Balance transferred to Balance Sheet)		(229,338,988)	(240,721,833)
<b>Shareholders' Equity at the end of the year</b>		<u>(25,741,388)</u>	<u>(37,124,233)</u>
Number of Ordinary Shares		2,035,976	2,035,976
Face Value Per Share		100.00	100.00
Shareholders' Equity Per Share		(12.64)	(18.23)

Figures in brackets indicate negative figure.  
The accompanying notes form an integral part of the Financial Statements.

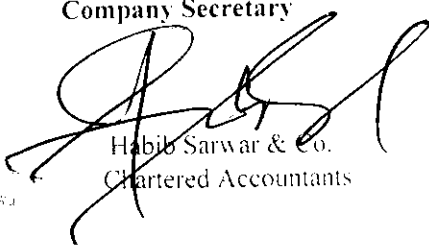
  
Managing Director

  
Director

  
Company Secretary

Place : Dhaka  
Dated: October 22, 2005



  
Habib Sarwar & Co.  
Chartered Accountants

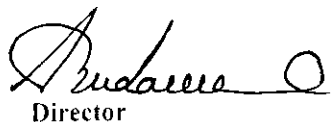
**ORION INFUSION LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2005**

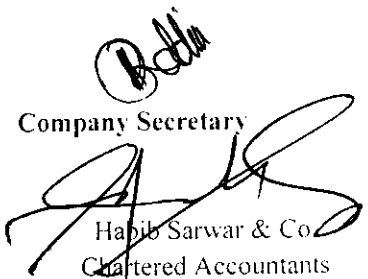
<u>Notes</u>	<u>Amount in Taka</u> <u>30.06.2005</u>	<u>Amount in Taka</u> <u>30.06.2004</u>
<b>Cash Flows from Operating Activities :</b>		
Cash received from Customers	233,857,748	157,690,079
Cash paid to Suppliers and Employees	(240,996,835)	(152,169,510)
<b>Cash Generated from Operation</b>	<b>(7,139,087)</b>	<b>5,520,569</b>
Other income	735,937	840,342
Income Tax Paid and Deducted at Source	(2,667,797)	(1,732,478)
<b>Net Cash Generated from Operating Activities</b>	<b>(9,070,947)</b>	<b>4,628,433</b>
<b>Cash Flows from Investing Activities :</b>		
Acquisition of Property, Plant & Equipment	(30,626,734)	(124,881,747)
Investment Liquidate (Net )	20,000,000	28,920,739
<b>Net Cash ( Used )/Received in Investing Activities</b>	<b>(10,626,734)</b>	<b>(95,961,008)</b>
<b>Cash Flows from Financing Activities :</b>		
Received/Payment to Associated Companies	7,728,711	(11,383,585)
Dividend Paid	(3,857,131)	(8,728,836)
Bank Loans Received / (Repaid)	25,540,376	113,310,249
<b>Net Cash Used in Financing Activities</b>	<b>29,411,956</b>	<b>93,197,828</b>
<b>Net Increase /(Decrease) in Cash &amp; Cash Equivalents</b>	<b>9,714,275</b>	<b>1,865,253</b>
Cash & Cash Equivalents at the beginning of the year	5,089,683	3,224,430
<b>Cash &amp; Cash Equivalents at the End of the Year</b>	<b>14,803,958</b>	<b>5,089,683</b>

Figures in brackets indicate negative figure.

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

  
Managing Director

  
Director

  
Company Secretary

Place : Dhaka  
Dated: October 22, 2005.



ORION INFUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
AS AT JUNE 30, 2005

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 under the entrepreneurship of the Orion Group. The other shareholders 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 owns an intravenous (I.V.) fluid project for producing life saving Indictable and other allied products.

2. **Components of the Financial Statements**

- (i) Balance Sheet as at June 30, 2005;
- (ii) Profit and Loss Account for the year ended June 30, 2005;
- (iii) Statement of Changes in Equity for the year ended June 30, 2005;
- (iv) Cash Flow Statements for the year ended June 30, 2005; and
- (v) Notes to the Financial Statements as at June 30, 2005.

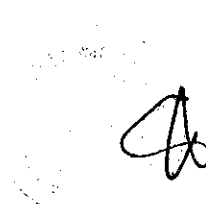
3. **Basis of Presenting Financial Statements**

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 preparing and presenting the financial statements, which have approved and authorized issue of these financial statements.

The preparation of financial statements in conformity with Bangladesh Accounting Standards requires the management to make estimates and assumptions that 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. Due to the inherent uncertainty involved in making estimates, actual result reported could differ from those estimated.



**4. Adoption of Bangladesh Accounting Standards (BAS)**

In preparing and presenting these financial statements, considered relevant for the significant accounting issues of the company, following BAS have been adopted by the company, which were issued by the ICAB, formulated in the light of the BAS originally issued by the Bangladesh Accounting Standards Board 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:

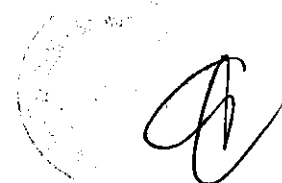
**(a) Recognition of Income**

Sales are accounted for on 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 off 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 a 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 charged 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 lesser 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 expensed 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 consistently except finished products stated at trade price without VAT. Costs comprise of expenditure incurred in the normal course of business in bringing 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.

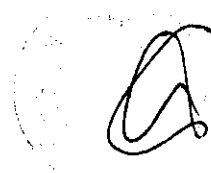
Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

**(g) Accounts Receivable**

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

**(h) Cash and Bank Balance**

Cash in hand and cash at banks have been considered as the 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 is a Publicly Traded Company as per the Income Tax Ordinance 1984. Income Tax assessment up to financial year 2003-2004 has already been finalized and there was no tax claim. Although the company has made profit during the year under audit but provision for income tax has not been made due to previous year's accumulated losses. Moreover, the company has paid Tk. 2,667,797 as advance income tax (AIT) during the financial year and the accumulated AIT paid on the closing date is Tk.8,250,067. Income tax assessment for the assessment year 2004-2005 has already been finalized and there is a claim of Tk.273,238.

**(k) Workers' Participation / Welfare Funds**

Contribution to workers profit participation/welfare fund has been made at 5% of the net profit after charging such contribution.

**(l) Provision for Gratuity: Tk. 1,615,530**

The company has an un-funded gratuity scheme, which covers all its permanent employees who meet eligibility requirements.

**(m) Employees' Provident Fund: Tk. 1,666,282**

The company has established a contributory provident Fund Scheme. The Fund is wholly administered by a Board of Trustee. No part of the Fund is included in the assets of the company.

**(n) Other corporate Debt, Accounts Payable, Trade and other Liabilities**

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

**(o) 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 has 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.

**(p) 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, 2005, 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 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, 2004 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, 2004 have been reclassified wherever considered necessary to ensure comparability with the current period.

**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 have any business abroad until this year.

**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.

**13. Reporting Period**

The financial statements of the company cover one calendar year from July 01 to June 30 next consistently.

A handwritten signature in black ink is written over a circular, faint stamp. The signature is stylized and appears to be the initials 'HS'.

**ORION INFUSION LIMITED**  
**SCHEDULE OF FIXED ASSETS**  
**AS AT JUNE 30, 2005**

14. Property, Plant & Equipment : TK. 268,322,718

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 30.06.2005
		Balance as on 01.07.2004	Balance as on 30.06.2005	Addition	Adjustment	Adjustment	Charged during the year			Adjustment	Accumulated Dep. as on 30.06.2005	
1	Land & Land Development	10,421,824	11,478,046	1,056,222	-	-	-	11,478,046	-	-	-	11,478,046
2	Freehold Building	67,590,599	80,086,691	12,496,092	-	-	-	80,086,691	2.5%	2,002,167	16,328,774	63,757,917
3	Leasehold Building	36,042,466	36,042,466	-	-	-	-	36,042,466	4%	1,441,699	14,910,538	21,131,928
4	Plant & Machinery	243,880,740	233,942,497	13,747,957	(23,686,200)	-	-	233,942,497	5%	21,145,122	79,080,243	154,862,254
5	PVC Bag Manufacturing	14,476,134	14,476,134	-	-	-	-	14,476,134	5%	723,807	1,447,614	13,028,520
6	Furniture & Fixture	4,074,306	6,495,879	2,421,573	-	-	-	6,495,879	10%	649,588	4,277,336	2,218,543
7	Office Equipment	1,323,416	1,878,056	554,640	-	-	-	1,878,056	10%	187,806	975,277	902,779
8	Vehicles	2,754,203	3,104,453	350,250	-	-	-	3,104,453	20%	620,892	2,161,723	942,731
	<b>TOTAL</b>	<b>380,563,688</b>	<b>387,504,222</b>	<b>30,626,734</b>	<b>(23,686,200)</b>	<b>-</b>	<b>-</b>	<b>387,504,222</b>		<b>26,771,080</b>	<b>119,181,504</b>	<b>268,322,718</b>
	<b>2003-2004 Total Taka</b>	<b>255,681,941</b>	<b>380,563,688</b>	<b>124,881,747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>380,563,688</b>		<b>17,139,920</b>	<b>116,096,624</b>	<b>264,467,064</b>

14.01 Depreciation has been charged during the year 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 & Equipm.	21,145,122	-	-	21,145,122
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	620,892
	<b>24,279,211</b>	<b>1,572,478</b>	<b>919,391</b>	<b>26,771,080</b>

a) We have verified the additions of fixed assets purchased during the year.

b) During the year under audit special depreciation of Plant & Machinery Tk 8,263,687 has been charged on the assets, which are no longer in use, therefore, written off in the books of accounts.

c) Depreciation has been charged on the addition of the Fixed Assets.

<b>15. Investment :</b>	<b>Tk. 75,824,995</b>	<b>Amount in Taka</b>	<b>Amount in Taka</b>
		<b><u>30.06.2005</u></b>	<b><u>30.06.2004</u></b>
The amount consists of as follows :			
Investment in other companies		75,824,995	95,824,995
		<b><u>75,824,995</u></b>	<b><u>95,824,995</u></b>

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 has been considered good by the directors.

<b>16. Inventories :</b>	<b>Tk. 78,205,428</b>	<b><u>30.06.2005</u></b>	<b><u>30.06.2004</u></b>
The amount consists of as follows :			
Raw Materials ( 99,095 kg ) ( 30.06.2004 - 76,759 kg )		15,923,815	7,804,220
Packing Materials		22,021,290	17,776,079
Work - in - process		5,988,774	1,467,431
Finished Products ( 3,53,848 units ) ( 30.06.2004 - 2,52,976 units )		28,915,370	12,083,998
Promotional Materials		1,908,413	1,814,132
Spares & Associates		1,506,494	1,420,494
Chemicals		555,647	454,203
Printing & Stationery		1,385,625	1,216,320
		<b><u>78,205,428</u></b>	<b><u>44,036,877</u></b>

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

<b>17. Accounts Receivable :</b>	<b>Tk. 32,779,422</b>	<b><u>30.06.2005</u></b>	<b><u>30.06.2004</u></b>
		32,779,422	16,791,135

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. 24,799,183 Amount in Taka 30.06.2005 Amount in Taka 30.06.2004

The amount consists of as follows :

**Advances :**

Travel and Other Advances		760,782	585,528
Advance paid to Suppliers		3,258,060	3,604,968
Motor Cycle Advance		1,631,227	1,929,655
Security Service Advance		9,200	9,200
Advance Income Tax		8,250,067	5,582,270
	<b>Sub-Total:</b>	<u>13,909,336</u>	<u>11,711,621</u>

**Deposits :**

VAT Deposit		313,730	480,624
Security Deposit		1,574,705	1,490,705
Earnest Money		163,210	13,000
L/C Margin Deposit		8,838,202	6,436,437
	<b>Sub-Total:</b>	<u>10,889,847</u>	<u>8,420,766</u>
	<b>Grand Total:</b>	<u>24,799,183</u>	<u>20,132,387</u>

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. All the above balances are subject to confirmation.

**19. Cash and Bank Balances :** Tk. 14,803,958 30.06.2005 30.06.2004

The amount consists of as follows :

Cash in Hand		806,010	427,491
Cash at Bank		13,997,948	4,662,192
<b>Total</b>		<u>14,803,958</u>	<u>5,089,683</u>

Above amount was company's cash balance as on June 30, 2005. 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 signed by the management confirming the closing balance.

We have verified the bank statements/certificates issued by the respective banks which agreed with the accounts balance.



20. Issued Capital : Tk. 203,597,600 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/- each 203,597,600 203,597,600

**c) Distribution Schedule:**

The distribution 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	30,06,2005 Holding(%)	30,06,2004 (Holding(%))
Up to 500 shares	8,065	348,536	17.12%	25.75%
501 to 5000 shares	126	100,410	4.93%	13.77%
5001 to 10000 shares	7	37,360	1.84%	6.42%
10001 to 20000 shares	6	87,030	4.27%	6.17%
20001 to above	8	1,462,640	71.84%	47.89%
<b>TOTAL :</b>	<b>8,212</b>	<b>2,035,976</b>	<b>100%</b>	<b>100%</b>

**d) Composition of Shareholding :**

	Nos. of Shareholders	Number of Shares	% of Shareholding 30,06,2005	% of Shareholding 30,06,2004
Sponsors	6	967,840	47.54%	47.54%
Foreign Investors	6	1,900	0.09%	0.10%
Financial Institutions	23	516,800	25.38%	9.37%
General Public	8,177	549,436	26.99%	42.99%
	<b>8,212</b>	<b>2,035,976</b>	<b>100%</b>	<b>100%</b>



<b>21. Long Term Borrowings ( Secured ) : Tk.</b>	<b>296,406,348</b>	<b><u>30.06.2005</u></b>	<b><u>30.06.2004</u></b>
<u>Agrani Bank , WASA Branch</u>			
Interest Free Block Account		175,034,766	189,615,998
Project Loan		121,371,582	126,034,417
		<u>296,406,348</u>	<u>315,650,415</u>

Project Loan will be repayable within 31st December 2010 & Interest Free Block Account within 30th June 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.

<b>22. Short Term Borrowings (Secured) : Tk.</b>	<b>149,053,596</b>	<b><u>30.06.2005</u></b>	<b><u>30.06.2004</u></b>
The amount consists of as follows :			
<b>Name of the Bank</b>			
Agrani Bank C.C. (P) - 543, WASA Branch		22,173,289	12,636,043
Agrani Bank C.C. (H) - 147, WASA Branch		123,449,538	122,209,215
<b>LIM :</b>			
Agrani Bank, WASA Branch,		3,430,769	2,137,409
		<u>149,053,596</u>	<u>136,982,667</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.

<b>23. Long Term Borrowings-Current Maturity ( Secured ) :Tk.</b>	<b>32,713,514</b>	<b><u>30.06.2005</u></b>	<b><u>30.06.2004</u></b>
The amount consists of as follows :			
<u>Agrani Bank , WASA Branch</u>			
Interest Free Blocked Account		14,586,232	-
Project Loan		18,127,282	-
		<u>32,713,514</u>	<u>-</u>

This represents the current portion of long term borrowing which is repayable within next twelve months.

<b>24. Inter Project Current Account: Tk.</b>	<b>(2,524,387)</b>	<b><u>30.06.2005</u></b>	<b><u>30.06.2004</u></b>
Inter Project Current Account		(2,524,387)	5,204,324

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>23,447,449</b>	<b><u>30.06.2005</u></b>	<b><u>30.06.2004</u></b>
This consists of as follows :			
Suppliers		13,650,693	8,444,740
Workers Profits Participation / Welfare Funds		936,482	-
Provision for Gratuity		8,790,220	7,174,690
Employees Income Tax		70,054	30,059
		<u>23,447,449</u>	<u>15,649,489</u>

The individual balances are subject to confirmation.



<b>26. Accrued Expenses :</b>	<b>Tk. 4,352,357</b>	<b><u>30.06.2005</u></b>	<b><u>30.06.2004</u></b>
This consists of as follows :			
Gas and Electricity		504,779	1,223,406
Salary, Wages and Expenses payable to Employees		3,797,578	3,278,149
Audit Fee		50,000	50,000
		<b><u>4,352,357</u></b>	<b><u>4,551,555</u></b>

<b>27. Dividend Payable :</b>	<b>Tk. 11,979,441</b>	<b><u>30.06.2005</u></b>	<b><u>30.06.2004</u></b>
Dividend Payable		11,979,441	15,836,572

**28. Contingent Liabilities :** **Tk. 37,798,752**

The balance is as per last account. Claim has been raised by the VAT authority against the company for Value Added Tax (VAT) aggregating to Tk.37,798,752. The Company has filed a Writ Appeal against such claim to the High Court Division.

<b>29. Revenue (Turnover) from Net Sales :</b>	<b>Tk. 249,846,035</b>	<b><u>30.06.2005</u></b>	<b><u>30.06.2004</u></b>
Net Sales		249,846,035	159,766,207

This represents sale of 49,88,201 units consisting of 25 products, as against 28,64,412 units in 2003-2004 of 22 products.

<b>30. Cost of Goods Sold :</b>	<b>Tk. 155,278,202</b>	<b><u>30.06.2005</u></b>	<b><u>30.06.2004</u></b>
The amount consists of as follows :			
Work in process-Opening		1,467,431	1,294,314
Raw Materials Consumed (Note 30.01)		24,160,112	13,979,543
Packing Materials Consumed (Note 30.02)		98,564,264	61,078,620
Re-agent Consumption		669,869	560,900
Work in process-Closing		(5,988,774)	(1,467,431)
<b>Total Consumption</b>		<b><u>118,872,902</u></b>	<b><u>75,445,946</u></b>
Manufacturing Overhead (Note 30.03)		53,236,672	32,291,310
<b>Cost of Production</b>		<b><u>172,109,574</u></b>	<b><u>107,737,256</u></b>
Finished Goods-Opening		12,083,998	7,110,808
Finished Goods-Closing		(28,915,370)	(12,083,998)
<b>Cost of Goods Sold</b>		<b><u>155,278,202</u></b>	<b><u>102,764,066</u></b>

<b>30.01 Raw Materials Consumed :</b>	<b>Tk. 24,160,112</b>	<b><u>30.06.2005</u></b>	<b><u>30.06.2004</u></b>
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The amount consists of as follows :

Opening Stock		7,804,220	5,071,442
Add : Purchase		32,279,707	16,712,321
Less : Closing Stock ( 99,095 Kg.) ( in 2004 : 76.759 Kg.)		(15,923,815)	(7,804,220)
		<b><u>24,160,112</u></b>	<b><u>13,979,543</u></b>



**30.02 Packing Materials Consumed : Tk. 98,564,264** 30.06.2005      30.06.2004

The amount consists of as follows :

Opening Stock	17,776,079	13,547,114
Add : Purchase	102,809,475	65,307,585
Less : Closing Stock	(22,021,290)	(17,776,079)
	<b>98,564,264</b>	<b>61,078,620</b>

Particulars 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. 53,236,672** 30.06.2005      30.06.2004

The amount consists of as follows :

Wages, Allowances and Bonus (Note 30.03.01)	10,055,942	6,131,364
Gratuity & Provident Fund	691,344	369,671
Spare parts	2,075,018	38,904
Gas	5,553,713	2,901,101
Electricity	336,986	1,193,922
Fuel and Lubricant	651,679	815,392
Repair & Maintenance	3,076,578	1,900,958
Research, Test and Analysis Expenses	868,302	507,036
Nitrogen Gas	1,243,228	-
Travelling & Conveyance	283,405	269,643
Entertainment	79,387	179,304
Workers Food Expenses	1,660,793	1,209,869
Washing & Cleaning	122,103	86,085
Misc. Expenses	147,974	383,121
Fees & Taxes	80,235	17,007
Telephone, Postage & Courier	229,881	185,505
Insurance	959,711	761,925
Carriage Inwards	101,367	116,322
Printing & Stationery	739,815	446,326
Depreciation (Note 14.01)	24,279,211	14,777,855
	<b>53,236,672</b>	<b>32,291,310</b>

**30.03.01 Wages, Allowances and Bonus: Tk. 10,055,942**

	30.06.2005		30.06.2004	
	Number	Taka	Number	Taka
Employees drawing Tk.3,000 per month or above	60	5,475,067	40	3,708,836
Employee drawing less than Tk. 3,000 per month	181	4,580,790	75	2,422,528
	<b>241</b>	<b>10,055,942</b>	<b>115</b>	<b>6,131,364</b>



<b>31. Administrative Expenses :</b>	<b>Tk.</b>	<b>12,866,157</b>	<u><b>30.06.2005</b></u>	<u><b>30.06.2004</b></u>
The amount consists of as follows :				
Salaries, Allowances and Bonus (Note 31.01)			5,482,806	3,466,680
Gratuity & Provident Fund			398,645	260,524
Postage, Telephone and Telegram			397,652	330,552
Printing & Stationery			360,978	36,091
Fuel & Vehicle Maintenance			596,657	335,641
Share Issue Expenses written off			-	784,123
Pre-Operating Expenses written off			-	147,767
Advertisement & Publicity			317,713	-
Travelling & Conveyance			133,536	359,490
Repair & Maintenance			506,411	-
Bank Charges & Commission			539,988	424,142
News Paper & Periodicals			10,095	4,167
Software Consultancy & Other Fees			582,175	405,000
Entertainment			12,414	8,468
Audit Fee			50,000	50,000
Rent, Rates and Taxes			137,949	87,260
Sundry Expenses			909,549	695,354
Insurance			465,883	259,000
Depreciation (Note 14.01)			1,572,478	1,568,495
A.G.M. Expenses			391,228	-
			<u><b>12,866,157</b></u>	<u><b>9,222,754</b></u>

**31.01 Salary, Allowances and Bonus : Tk.**

**5,482,806**

	30.06.2005		30.06.2004	
	Number	Taka	Number	Taka
Employees drawing Tk. 3,000 per month or above.	35	5,030,593	31	3,433,540
Employees drawing less than Tk. 3,000 per month	9	452,213	1	33,140
	<u><b>44</b></u>	<u><b>5,482,806</b></u>	<u><b>32</b></u>	<u><b>3,466,680</b></u>

**32. Selling and Distribution Expenses : Tk.**

**54,334,374**

The amount consists of as follows :			<u><b>30.06.2005</b></u>	<u><b>30.06.2004</b></u>
Salary, Allowances and Bonus (Note 32.01)			25,033,326	15,724,234
Gratuity & Provident Fund			2,191,823	1,203,133
Carrying and Delivery Expenses			8,613,884	5,912,822
Sales Force Expenses			7,695,348	4,946,366
Postage, Telephone and Telegram			898,018	540,219
Training & Conference Expenses			715,415	490,120
Other Expenses			229,215	95,774
Office Rent-Depot			1,086,000	830,000
Printing & Stationery			208,264	190,580
Product Development Expenses			210,961	124,388
Fuel & Vehicle Maintenance			430,181	309,594
Travelling & Conveyance			176,820	73,925
Product Sample			2,695,784	2,070,569
Promotional Expenses (Pad & Literature)			1,507,566	1,020,942
Depreciation (Note 14.01)			919,391	793,571
Sales Discount to Retailers			1,722,378	1,409,603
			<u><b>54,334,374</b></u>	<u><b>35,735,840</b></u>

**32.01 Salary, Allowances and Bonus : Tk. 25,033,326**

	30.06.2005		30.06.2004	
	Nos	Taka	Nos	Taka
Employees drawing Tk. 3,000 per month or above	297	24,010,797	162	14,141,054
Employees drawing less than Tk. 3,000 per month	50	1,022,529	45	1,583,180
	<b>347</b>	<b>25,033,326</b>	<b>207</b>	<b>15,724,234</b>

**33. Financial Expenses : Tk. 15,783,912**

	30.06.2005	30.06.2004
Interest on Cash Credit & Others	15,783,912	5,537,092

Financial Expenses represent Interest on Cash Credit & Others.

**34. Non Operative Income : Tk. 735,937**

	30.06.2005	30.06.2004
Rejected Items at factory	735,937	840,342

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

**35. Prior Years Adjustment : Tk. (349,847)**

Net accumulated profit/(Loss) as on June 30, 2004	(240,721,833)
Workers profit participation/Welfare Fund	(349,847)
	<u>(241,071,680)</u>

**36. Production Capacity, Actual Production in 2004-2005 and Reason of Excess / (Shortfall) :**

Quantity in million

Item	Production Capacity		Actual Production		Capacity Utilized	
	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004
Intravenous Fluids and Injections	7.2	7.2	5.09	2.97	70.69%	41.25%

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

There was no claim against the company which is not acknowledged as debt as on 30.06.2005 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 disclosed in Note-32

**40. Foreign Exchange Earned :**

During the year under audit, the company did not earn any foreign currency.

**41. Unavailed Credit Facilities :**

The credit facilities which was extended by different banks to the company was availed 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

