

ORION INFUSION LIMITED
TEJGAON INDUSTRIAL AREA, DHAKA

Auditors' Report and Audited Financial Statements
For the year ended June 30 2003

Habib Sarwar & Co.
Chartered Accountants
Eastern Commercial Complex
73 Kakrail, Chamber # 704
Dhaka - 1000.
Phone: 933 5974, 934 7421
E-mail: mhabib@bangla.net

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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 at June 30 2003 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, 2003 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.

Place : Dhaka
Dated : January 22, 2004


Habib Sarwar & Co.
Chartered Accountants

ORION INFUSION LIMITED
BALANCE SHEET
AS AT JUNE 30 2003

ASSETS

Non-Current Assets

Property, Plant & Equipment-(as per schedule)	14	156,725,237	163,623,850
Investment	15	124,745,734	124,745,734
Pre-Production Expenses	16	931,910	1,863,819

Current Assets

Inventories	17	30,932,924	67,769,429
Accounts Receivables	18	14,715,007	4,943,237
Inter Project Current Account	19	13,116,534	12,544,564
Advance, Deposit & Prepayments	20	9,026,618	9,809,058
Cash and Bank Balances	21	3,224,430	2,176,458

Total Assets

Amount in Taka
30.06.2003

282,402,881

156,725,237

124,745,734

931,910

71,015,513

30,932,924

14,715,007

13,116,534

9,026,618

3,224,430

353,418,394

387,476,149

EQUITY AND LIABILITIES

Capital and reserves

Issued Capital	22	203,597,600	203,597,600
Tax-holiday Reserve	23	4,156,589	4,156,589
Retained Earnings		(248,841,525)	(524,646,979)

(41,087,336)

(316,892,790)

203,597,600

4,156,589

(248,841,525)

(524,646,979)

Non-Current Liabilities

Long Term Borrowings-Net of Current Maturity (Secured)	24	180,052,000	-
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Current Liabilities

Short Term Borrowings - Secured	25	136,766,833	370,571,751
Long Term Borrowings-Current Maturity (Secured)	26	22,504,000	-
Creditors and Other Payables	27	27,119,019	291,051,317
Accrued Expenses	28	3,498,470	3,089,711
Dividend Payable	29	24,565,408	39,656,160

214,453,730

136,766,833

22,504,000

27,119,019

3,498,470

24,565,408

353,418,394

387,476,149

Total Liabilities and Shareholders' Equity

Contingent Liabilities

30 37,798,752 37,798,752

Accounting Policies

5

The annexed notes form an integral part of these Financial Statement.


Managing Director

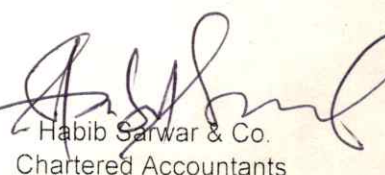

Director


Company Secretary

This is the Balance Sheet referred in our report of even date

Place : Dhaka
January 22, 2004




Habib Sarwar & Co.
Chartered Accountants

ORION INFUSION LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30 2003

	<u>Notes</u>	<u>Amount in Taka</u> <u>2002 - 2003</u>	<u>Amount in Taka</u> <u>2001 - 2002</u>
Revenue (Turnover) from Net Sales	31	66,825,568	45,624,741
Cost of Goods Sold	32	(48,924,408)	(36,986,928)
Gross Profit/(Loss)		17,901,160	8,637,813
Operating Expenses		(31,573,182)	(30,433,176)
Administrative Expenses	33	(7,730,336)	(10,613,442)
Selling & Distribution Expenses	34	(23,842,846)	(19,819,734)
Profit/(Loss) from Operation		(13,672,022)	(21,795,363)
Finance Cost	35	(7,764,038)	(95,095,576)
Net Profit/(Loss) for the Year		(21,436,060)	(116,890,939)
Profit/(Loss) brought forward	36	(227,405,465)	(407,756,040)
Profit/(Loss) carried forward		(248,841,525)	(524,646,979)
Earnings Per Share		(10.53)	(57.41)
Number of shares used to compute EPS		2,035,976	2,035,976

Figures in brackets indicate negative figure.

The annexed notes form an integral part of these Financial Statement.


Managing Director

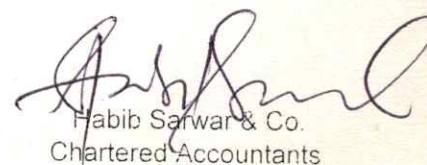

Director


Company Secretary

This is the Profit & Loss Account referred in our report of even date.

Place : Dhaka
January 22, 2004




Habib Sarwar & Co.
Chartered Accountants

ORION INFUSION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30 2003

	<u>Notes</u>	<u>Amount in Taka</u> <u>30.06.2003</u>	<u>Amount in Taka</u> <u>30.06.2002</u>
Issued Capital	22	203,597,600	203,597,600
Tax-holiday Reserve	23	4,156,589	4,156,589
Retained Earnings :			
Net Accumulated Profit/(Loss) up-to June 30, 2002 (After Adjustment)	36	(227,405,465)	(407,756,040)
Net Profit/(Loss) for the year		(21,436,060)	(116,890,939)
Net Accumulated Profit/(Loss) up-to June 30, 2003 (Balance transferred to Balance Sheet)		(248,841,525)	(524,646,979)
Shareholders ' Equity at the end of the year		(41,087,336)	(316,892,790)
Number of Ordinary Shares		2,035,976	2,035,976
Face Value Per Share		100.00	100.00
Shareholders' Equity Per Share		(20.18)	(155.65)

Figures in brackets indicate negative figure.

The annexed notes form an integral part of these Financial Statement.


Managing Director

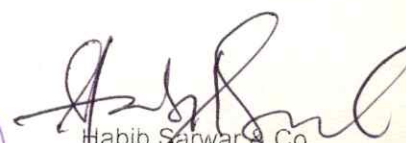

Director


Company Secretary

This is the statement of changes in equity referred in our report of even date.

Place : Dhaka
January 22, 2004




Habib Sarwar & Co.
Chartered Accountants

ORION INFUSION LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30 2003

	<u>Notes</u>	Amount in Taka 30.06.2003	Amount in Taka 30.06.2002
Cash Flows from Operating Activities :			
Cash Received from Customers		57,053,798	57,256,646
Cash Paid to Suppliers and Employees		(37,964,612)	(54,062,358)
Cash Generated from Operation		19,089,186	3,194,288
Income Tax Paid and Deducted at Source		(1,031,321)	(460,219)
Net Cash Generated from Operating Activities		18,057,865	2,734,069
Cash Flows from Investing Activities :			
Acquisition of Property, Plant & Equipment		(4,434,767)	(4,437,024)
Investment Returned		-	(10,783,015)
Net Cash Used in Investing Activities		(4,434,767)	(15,220,039)
Cash Flows from Financing Activities :			
Received from Associated Companies & Others		19,364,544	12,046,855
Dividend Paid & Written Off		(15,090,752)	(116,480)
Bank Loans Received / (Repaid)		(16,848,918)	1,711,562
Net Cash Used in Financing Activities		(12,575,126)	13,641,937
Net Increase /(Decrease) in Cash & Cash Equivalents		1,047,972	1,155,967
Cash & Cash Equivalents at the beginning of the year		2,176,458	1,020,491
Cash & Cash Equivalents at the End of the Year		3,224,430	2,176,458

Figures in brackets indicate negative figure.

The annexed notes form an integral part of these Financial Statement.


Managing Director

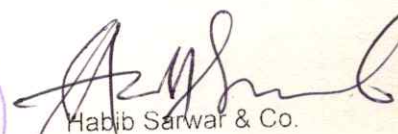

Director


Company Secretary

This is the cash flow statement referred in our report of even date.

Place : Dhaka
January 22, 2004




Habib Sarwar & Co.
Chartered Accountants

ORION INFUSION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30 2003

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 Injectables, and other allied products.

2. Components of the Financial Statements

- (i) Balance Sheet as at June 30, 2003;
- (ii) Profit and Loss Account for the year ended June 30, 2003;
- (iii) Statement of Changes in Equity for the year ended June 30, 2003;
- (iv) Cash Flow Statements for the year ended June 30, 2003; and
- (v) Notes to the Financial Statements as at June 30, 2003.

3. Basis of Presenting Financial Statements

The following underlying assumptions, measurement base, 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 Accounting Standards issued by the Institute of Chartered Accountants of Bangladesh (ICAB).

The Board of Directors are responsible for preparing and presenting the financial statements, who have approved and authorised issue of these financial statements.

The preparation of financial statements in conformity with international accounting standards requires 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 estimates.

4. Adoption of International Accounting Standards (IASs)

In preparing and presenting these financial statements, considering relevant for the significant accounting issues of the company, following IASs have been adopted by the company, which were issued by the ICAB, formulated in the light of the IASs originally issued by the International Accounting Standards Board and the conditions and practices prevailing in Bangladesh, and valid as on the balance sheet date:

IAS	1	Presentation of Financial Statements
IAS	2	Inventories
IAS	7	Cash Flow Statements



IAS	8	Net Profit or Loss for the period, Fundamental Errors and Changes in Accounting Policies.
IAS	10	Events after the Balance Sheet date
IAS	16	Property, Plant & Equipment
IAS	18	Revenue
IAS	21	The effects of Changes in Foreign Exchange Rates
IAS	23	Borrowing Costs
IAS	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 represents the local sales less 15% 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 includes 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.

The annual depreciation rates applicable to the principal categories are:

Freehold Building	2.5%
Leasehold Building	4%
Plant, Machineries and Equipments	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 the 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. The net result of the company during the year under audit is loss and has accumulated loss of the previous year, as such provision for income tax has not been made during the year. The company has paid an amount of Tk. **10,31,321** during the financial year as an advance income tax (AIT) at the time of import of materials.

(k) Workers' Participation / Welfare Funds

Contribution to workers participation/welfare funds was not made during the year due to unfavourable net result.

(l) 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.

(m) Tax Holiday Reserve

Tax holiday reserve @30% of the tax holiday profit was provided until June 30, 1997 to invest in the same undertaking or in any new industrial undertaking or in stocks and shares of public company or in government bonds or securities as per Income Tax Law.

(n) 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.

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.

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.

Diluted Earnings Per Share

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

(o) 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.

(p) Investment

Investments are stated at cost and the balances are subject to confirmation.

(q) Pre-Production Expenses

Share issue cost and pre-operating expenses are stated at cost less amortization at 10% per annum w.e.f. July 01, 1994 in its board of directors meeting held on July 25, 1994.

7. Concentrations

As of June 30, 2003, the Company does not have any significant concentration of business transacted 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 licences 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 where indicated otherwise



9. Comparative Information

Comparative information have been disclosed in respect of the year ended June 30, 2002 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, 2003 have been reclassified wherever considered necessary to ensure comparability with the current period.

10. Information by Industry Segments and Geographical Areas

Industry Segment Information

No mention is made because the company does not have any segment other than the manufacturing and sale of IV fluids and other allied products.

Geographic Segment Information

Not applicable as the company does not have any business unit abroad.

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.

ORION INFUSION LIMITED
SCHEDULE OF FIXED ASSETS
AS AT JUNE 30 2003

14. Property, Plant & Equipment : Tk. 156,725,237

Sl. No.	Particulars	C			O			Rate of Dep. (%)	D E P R E C I A T I O N			Written Down Value As On 30.06.2003
		Balance as on 01.07.2002	Addition	Adjustment	Total as on 30.06.2003	Charged during the year	Adjustment	Accumulated Dep. as on 30.06.2003	Balance as on 01.07.2002	Charged during the year	Adjustment	Written Down Value As On 30.06.2003
1	Land & Land Development	9,467,829	-	-	9,467,829	-	-	-	-	-	-	9,467,829
2	Freehold Building	50,795,687	668,306	-	51,463,993	1,286,600	-	12,636,842	11,350,242	1,286,600	-	38,827,151
3	Leasehold Building	36,042,466	-	-	36,042,466	1,441,699	-	12,027,140	10,585,441	1,441,699	-	24,015,326
4	Plant & Machinery	147,776,456	3,043,630	-	150,822,086	7,541,104	-	69,427,286	61,586,182	7,541,104	-	81,394,800
5	Furniture & Fixture	3,964,948	68,375	-	4,033,323	403,332	-	3,220,317	2,816,985	403,332	-	813,006
6	Office Equipment	1,002,041	96,000	-	1,098,041	109,804	-	655,129	545,325	109,804	-	442,912
7	Vehicles	5,064,887	558,456	2,869,140	2,754,203	550,841	2,869,140	989,990	3,308,289	550,841	2,869,140	1,764,213
8	Books	12,292	-	12,292	-	-	12,292	-	12,292	-	12,292	-
TOTAL		254,128,606	4,434,767	2,881,432	255,681,941	11,333,380	2,881,432	98,956,704	90,504,756	11,333,380	2,881,432	156,725,237
2001-2002 Total Taka		249,691,582	4,437,024	-	254,128,606	11,036,361	-	90,504,756	79,468,395	11,036,361	-	163,623,850

14.01 Depreciation has been charged during the year as under:

	Factory	Admin.	Marketing	Total
1. Land	-	-	-	-
2. Freehold Building	1,286,600	-	-	1,286,600
3. Leasehold Building	-	1,315,897	125,802	1,441,699
4. Plant Machinery & Equipm.	7,541,104	-	-	7,541,104
5. Furniture & Fixture	74,911	201,110	127,311	403,332
6. Office Equipments	10,289	41,712	57,803	109,804
7. Vehicles	84,299	-	466,542	550,841
	8,997,203	1,558,719	777,458	11,333,380

- a) We have verified the additions of fixed assets purchased during the year.
b) The rate of depreciation should be charged as per the rate prescribed by the income tax ordinance 1984
c) Adjustments have been made in the accounts of the cost price of the vehicles and books and the accumulated depreciation of those fixed assets.

		Amount in Taka <u>30.06.2003</u>	Amount in Taka <u>30.06.2002</u>
15. Investment :	Tk. 124,745,734		

The amount consists of as follows :

Orioplast Ltd.	28,920,739	28,920,739
Orion Mushroom Ltd.	95,824,995	95,824,995
	<u>124,745,734</u>	<u>124,745,734</u>

The above amount is brought forward from the previous year. These investments are made with the Associated Companies and considered good by the Directors which is subject to confirmation.

16. Pre-Production Expenses:	Tk. 931,910	<u>30.06.2003</u>	<u>30.06.2002</u>
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The amount consists of as follows :

Share Issue Expenses	784,123	1,568,244
Pre Operating Expenses	147,787	295,575
	<u>931,910</u>	<u>1,863,819</u>

The amount is written off @10% per annum as per the decision made in its Board meeting held on July 25, 1994.

17. Inventories :	Tk. 30,932,924	<u>30.06.2003</u>	<u>30.06.2002</u>
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The amount consists of as follows :

Raw Materials (83,643 kg) (30.06.2002 - 24,573 kg)	5,071,442	52,329,480
Packing Materials	13,547,114	9,341,600
Work - in - process	1,294,314	862,525
Finished Products (148,863 units) (30.06.2002 - 92,456 units)	7,110,807	4,671,859
Promotional Materials	1,367,888	132,051
Spares & Associates	1,194,168	-
Chemicals	403,453	-
Printing & Stationery	943,738	431,914
	<u>30,932,924</u>	<u>67,769,429</u>

Physical inventory of the above stock & stores was conducted by the management at the end of the year. The management has valued the inventory items on the closing date and copy of inventory certificates were provided to us. The inventories are considered good by the Directors.

18. Accounts Receivable :	Tk. 14,715,007
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The amount consists of as follows :

The amount consists of as follows :

	30.06.2003		30.06.2002	
	<u>NOS.</u>	<u>Amount</u>	<u>NOS.</u>	<u>Amount</u>
Pharmacies	1,910	6,803,195	1,260	3,047,684
Hospitals	235	4,320,177	18	389,380
Clinics	377	3,591,635	60	1,506,173
	<u>2,522</u>	<u>14,715,007</u>	<u>1,338</u>	<u>4,943,237</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. Individual balances are subject to confirmation.

19. Inter Project Current Account : Tk.	13,116,534
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Inter Project Current Account

13,116,534 **1,25,44,564**

The above amount is receivable from Orion Laboratories Ltd. The receivable amounts are considered good by the Directors which has been reconciled on the closing date.

Habib Sarwar & Co.

Chartered Accountants

Amount in Taka
30.06.2003 Amount in Taka
30.06.2002

20. Advance, Deposit & Prepayments :Tk. 9,026,618

The amount consists of as follows :

Advances :

Travel and Other Advances	531,308	620,596
Motor Cycle Advance	1,150,714	-
Security Service Advance	9,200	9,200
Advance Income Tax	3,849,792	2,818,471
Sub-Total:	5,541,014	3,448,267

Deposits :

VAT Deposit	512,433	215,967
Lease Deposit	-	2,129,760
Security Deposit	532,570	884,650
Earnest Money	46,216	46,216
L/C Margin Deposit	2,394,385	2,984,198
Pratirakhya Sanchyapatra	-	100,000
Sub-Total:	3,485,604	6,360,791
Grand Total:	9,026,618	9,809,058

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.

30.06.2003 30.06.2002

21. Cash and Bank Balances : Tk. 3,224,430

The amount consists of as follows :

Cash in Hand 567,875 10,000

Cash at Bank :

<u>Name of the Bank & Branch</u>	<u>Account No.</u>		
Janata Bank, Motijheel Branch	A/C 001002689	108,327	371,658
Agrani Bank, WASA Branch	A/C 1006-7	322,038	4,146
Pubali Bank, Tejgaon Branch	A/C 879	6,151	6,271
National Bank, Mohakhali Branch	A/C 8766	892,851	545,370
Dhaka Bank, Banani Branch	A/C 1831	12,966	13,086
Agrani Bank, WASA Branch	STD 66-8	94,068	20,381
Rupali Bank, Karwan Bazaar Branch	A/C 10-707-6	63,438	198,851
Markentail Bank, Dilkusha Branch	A/C 11004753	11,803	231,977
Exim Bank, Motijheel Branch	A/C 11003275	9,700	9,920
The Oriental Bank, Motijheel Branch	A/C 22135	9,540	9,970
Sonali Bank, Tejgaon Branch	A/C 2765	109,084	-
Agrani Bank, Tejgaon Branch	A/C 33011429	19,798	-
Sub-Total:		1,659,764	1,411,630

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<u>Name of the Bank & Branch</u>	<u>Account No.</u>	<u>Amount in Taka</u> <u>30.06.2003</u>	<u>Amount in Taka</u> <u>30.06.2002</u>
National Bank, Barisal Branch	A/C 002858	54,610	2,569
National Bank, Bogra Branch	A/C 002744	206,067	82,420
National Bank, Chittagong Branch	A/C 002674	205,827	192,999
National Bank, Khulna Branch	A/C 000260	7,752	89,546
National Bank, Sylhet Branch	A/C 003102	70,887	39,649
National Bank, Mymensingh Branch	A/C 001299	121,503	113,353
National Bank, Rangpur Branch	A/C 003945	29,586	5,293
National Bank, Faridpur Branch	A/C 1233	2,243	127,352
Rupali Bank, Maizdee Branch	A/C 2139	30,694	101,647
Agrani Bank, Sylhet Branch	A/C 1874	657	-
Agrani Bank, Bogra Branch	A/C 1234	3,941	-
Agrani Bank, Barisal Branch	A/c 1803	695	-
Agrani Bank, Chittagong Branch	A/C 621	3,500	-
Agrani Bank, Mymensingh Branch	A/C 006068	1,113	-
Agrani Bank, Rangpur Branch	A/C 4406	3,038	-
Agrani Bank, Comilla Branch	A/C 5303	114,337	-
Agrani Bank, Faridpur Branch	A/C 007547	139,590	-
Agrani Bank, Maizdee Branch	A/C 001964	751	-
Sub-Total:		996,791	754,828
Grand Total:		3,224,430	2,176,458

We have verified the bank statements/certificate issued by the respective banks which was produced by the management. The respective balance agreed with the bank statements/certificate.

Above amount was company's cash balance as on June 30, 2003. Since our audit was post dated we could not physically verify the cash balance as on June 30, 2003, however, we have obtained cash certificate from the management confirming the closing balance.

	<u>30.06.2003</u>	<u>30.06.2002</u>
22. Issued Capital : Tk. 203,597,600		
a) Authorized Capital :		
10,000,000 Ordinary Shares of Taka 100/- each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
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.

<u>Range of holding in number of shares</u>	<u>No. of</u> <u>Shareholders</u>	<u>No. of</u> <u>Shares held</u>	<u>2003</u> <u>Holding(%)</u>	<u>2002</u> <u>(Holding(%)</u>
Less than 500 shares	8,610	660,412	32.44%	17.92%
501 to 5000 shares	282	220,304	10.82%	17.74%
5001 to 10000 shares	15	110,250	5.41%	8.94%
10001 to 20000 shares	6	78,050	3.83%	5.95%
20001 to above	7	966,960	47.50%	49.45%
TOTAL :	8,920	2,035,976	100%	100%

d) Composition of Shareholding :

	Nos. of Shareholders	Number of Shares	% of Shareholding 2002-2003	% of Shareholding 2001-2002
Sponsors	6	960,000	47.14%	47.56%
Foreign Investors	2	15,580	0.77%	0.76%
Financial Institutions	4	106,540	5.23%	5.47%
General Public	8,908	953,856	46.86%	46.21%
	8,920	2,035,976	100%	100%

23. Tax-Holiday Reserve: Tk.

The amount is being carried forward from the previous year. The amount has been provided as per the provision of Income Tax Ordinance, 1984. The company has already enjoyed Tax Holiday exemption up to February 28, 2000.

30.06.2003 30.06.2002
4,156,589 4,156,589

24. Long Term Borrowing- Net of Current Maturity (Secured) : Tk.

180,052,000

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

The tenure of the overdraft facilities from Agrani Bank has expired and subsequently renewed after reclassification forgoing the overdue loan during the period under audit.

On September 11, 2002 Agrani Bank refixed the liability at Tk. 202,556,000 and transferred the amount to interest free long term loan (Blocked Account), repayable within June 30, 2012 in quarterly installments of Tk. 5,626,000 w.e.f September 30, 2003. Subsequently the company fulfilled all the terms & conditions of the bank.

30.06.2003 30.06.2002

25. Short Term Borrowings (Secured) : Tk. **136,766,833**

The amount consists of as follows :

Name of the Bank

Agrani Bank C.C. (P) - 543, WASA Branch	3,877,326	3,160,565
Agrani Bank C.C. (H) - 14, WASA Branch	132,066,362	292,333,204
Janata Bank, C.C. (P) -12, Corporate Branch	-	60,508,796
LIM : Agrani Bank, WASA Branch, 69/03	823,145	8,182,720
LTR : Mercantile Bank Ltd. Main Branch	-	6,386,466
	136,766,833	370,571,751

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 debt.

The tenure of the overdraft facilities from Janata Bank has expired and subsequently renewed, reclassified after forgoing the overdue loan, which has already been paid by the company

26. Long Term Borrowing- Current Maturity (Secured) : Tk. **22,504,000**

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

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		Amount in Taka 30.06.2003	Amount in Taka 30.06.2002
27. Creditors and Other Payables :	Tk. 27,119,019		
This consists of as follows :			
Suppliers		5,086,699	5,542,027
Workers Participation / Welfare Funds		2,667,776	2,667,776
Employees Income Tax		68,749	-
Provision for interest on Bank Loans		-	282,841,514
Aviation Management Services (BD) Ltd. (An Associated Company)		19,295,795	-
		27,119,019	291,051,317

On re-fixation of the company's liabilities to Agrani Bank & Jariata Bank as explained in Note 24 & 25 the provision for Interest on Bank Loan which was provided in the accounts earlier would no longer be payable by the company to the banks, therefore, the amount of Tk. 282,841,514 written back and adjusted during the year in the "Prior Years' Adjustments" account.

All the other Individual balances are subject to confirmation.

		30.06.2003	30.06.2002
28. Accrued Expenses :	Tk. 3,498,470		
This consists of as follows :			
Gas and Electricity		332,858	314,897
Salary, Wages and Expenses payable to Employees		3,115,612	2,724,814
Audit Fee		50,000	50,000
		3,498,470	3,089,711
		30.06.2003	30.06.2002

29. Dividend Payable :	Tk. 24,565,408	24,565,408	39,656,160
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The company could not pay dividends within the statutory time limit of 60 days as the banks did not renew the overdraft facilities, forcing the company to slow down production and to defer payments as informed by the management of the company. The Shareholders in their 14th Annual General Meeting held on July 27, 2001 agreed to defer payments of dividend for the year ended June 30, 1995 and 1996 up to June 30, 2005.

Sponsor Directors decided not to take the outstanding dividends for the financial year 1994-1995, as such the dividend amounting to Tk.14,400,000 would no longer be payable by the company, the amount has been written back and adjusted in the "prior years adjustment" account.

30. Contingent Liabilities :	Tk. 37,798,752
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The balance is as per last account. Claim raised by the VAT authority against the company for Value Added Tax

		30.06.2003	30.06.2002
31. Revenue (Turnover) from Net Sales : Tk.	66,825,568		
Net Sales		66,825,568	45,624,741

This represents sale of 12,53,706 units consisting of 19 products, as against 8,38,170 units in 2001-2002 of 18 products.

		30.06.2003	30.06.2002
32. Cost of Goods Sold :	Tk. 48,924,408		

The amount consists of as follows :

Work in process-Opening		862,525	1,561,929
Raw Materials Consumed (Note 32.01)		5,569,963	2,284,355
Packing Materials Consumed (Note 32.02)		24,403,504	14,286,637
Re-agent Consumption		501,084	486,582
Work in process-Closing		(1,294,314)	(862,525)
Total Consumption		30,042,762	17,756,978
Manufacturing Overhead (Note 32.03)		21,320,595	19,155,746
Cost of Production		51,363,357	36,912,724
Finished Goods-Opening		4,671,859	4,746,063
Finished Goods-Closing		(7,110,808)	(4,671,859)
Cost of Goods Sold		48,924,408	36,986,928

		Amount in Taka <u>30.06.2003</u>	Amount in Taka <u>30.06.2002</u>
32.01 Raw Materials Consumed :	Tk. 5,569,963		
The amount consists of as follows :			
Opening Stock		52,329,480	51,608,678
Add : Purchase		8,982,215	3,005,157
Less : Inventory Adjustment		(50,670,290)	-
Less : Closing Stock (83,643 Kg.) (in 2002 : 24,573 Kg.)		(5,071,442)	(52,329,480)
		<u>5,569,963</u>	<u>2,284,355</u>

The above amount of inventory was adjusted in the books of accounts during the year under audit which is being carried forward since 1996-1997 due to the fact that those inventory items are no more usable. The decision was taken by the management of the company in this regard.

		<u>30.06.2003</u>	<u>30.06.2002</u>
32.02 Packing Materials Consumed :	Tk. 24,403,504		
The amount consists of as follows :			
Opening Stock		9,341,600	13,265,136
Add : Purchase		29,674,343	10,363,101
Less : Inventory Adjustment		(1,065,325)	-
Less : Closing Stock		(13,547,114)	(9,341,600)
		<u>24,403,504</u>	<u>14,286,637</u>

The above amount of inventory was adjusted in the books of accounts during the year under audit which is being carried forward since 1996-1997 due to the fact that those inventory items are no more usable. The decision was taken by the management of the company in this regard.

		<u>30.06.2003</u>	<u>30.06.2002</u>
32.03 Manufacturing Overhead :	Tk. 21,320,595		
The amount consists of as follows :			
Wages, Allowances and Bonus (Note 32.03.01)		4,895,268	4,363,364
Spare parts		925,206	816,177
Gas		1,605,803	1,435,412
Electricity		1,288,809	1,091,343
Fuel and Lubricant		470,977	293,555
Repair & Maintenance		1,072,663	1,002,800
Research, Test and Analysis Expenses		280,479	197,534
Factory Overhead Expenses		1,784,187	1,296,746
Depreciation (Note 14.01)		8,997,203	8,658,815
		<u>21,320,595</u>	<u>19,155,746</u>

32.03.01 Wages, Allowances and bonus : Tk. 4,895,268

	<u>2002-2003</u>		<u>2001-2002</u>	
	Number	Taka	Number	Taka
Employees drawing Tk.3,000 per month or above	26	1,975,256	18	1,467,082
Employee drawing less than Tk. 3,000 per month	78	2,920,012	89	2,896,282
	<u>104</u>	<u>4,895,268</u>	<u>107</u>	<u>4,363,364</u>

33. Administrative Expenses :	Tk.	7,730,336	Amount in Taka 30.06.2003	Amount in Taka 30.06.2002
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The amount consists of as follows :

Salaries, Allowances and Bonus (Note 33.01)	2,468,707	2,298,082
Postage, Telephone and Telegram	288,742	228,698
Printing & Stationery	44,764	45,179
Fuel & Vehicle Maintenance	316,871	44,553
Share Issue Expenses written off (Note 16)	784,121	784,121
Pre-Operating Expenses written off (Note 16)	147,788	147,788
Advertisement & Publicity	8,880	6,925
Traveling & Conveyance	243,744	283,590
Security Guard Expenses	135,600	135,600
Bank Charges & Commission	236,436	174,174
News Paper & Periodicals	2,410	2,350
Legal & Other Fees	290,200	156,739
Entertainment	4,029	3,306
Audit Fee	50,000	50,000
Rent, Rates and Taxes	15,995	15,065
Lease Rent	-	3,169,750
Sundry Expenses	483,577	398,396
Insurance	560,761	291,580
Depreciation (Note 14.01)	1,558,719	2,377,546
A.G.M. Expenses	88,992	-
	7,730,336	10,613,442

Audit fee has been provided in the accounts, and except the audit fee no other fees is payable to the auditors.

33.01 Salary, Allowances and Bonus : Tk. 2,468,707

	2003		2002	
	Number	Taka	Number	Taka
Employee drawing Tk. 3,000 per month or above.	27	2,265,740	25	2,199,046
Employees drawing less than Tk. 3,000 per month	6	202,967	3	99,036
	33	2,468,707	28	2,298,082

34. Selling and Distribution Expenses : Tk. 23,842,846

The amount consists of as follows :

Salary, Allowances and Bonus (Note 34.01)	1,201,211	940,618
Carrying and Delivery Expenses	3,396,165	3,100,166
Sales Force Expenses	13,852,599	11,596,319
Postage, Telephone and Telegram	338,475	241,508
Conference Expenses	437,055	420,805
Other Selling Expenses	1,018,654	974,428
Product Sample	968,255	570,309
Promotional Expenses (Pad & Literature)	649,161	638,746
Depreciation (Note 14.01)	777,458	-
Sales Discount to Retailers	1,203,813	1,336,835
	23,842,846	19,819,734

34.01 Salary, Allowances and Bonus : Tk.

1,201,211

	2003		2002	
	Number	Taka	Number	Taka
Employees drawing Tk. 3,000 per month or above	8	1,169,575	4	880,138
Employees drawing less than Tk. 3,000 per month	1	31,636	2	60,480
	<u>9</u>	<u>1,201,211</u>	<u>6</u>	<u>940,618</u>

35. Financial Expenses : Tk. 7,764,038

The amount consists of as follows :

	Amount in Taka 30.06.2003	Amount in Taka 30.06.2002
Interest on Cash Credits	7,040,944	92,203,495
Interest on LTR / LIM	723,094	2,892,081
	<u>7,764,038</u>	<u>95,095,576</u>

36. Prior Years Adjustment : Tk. (227,405,465)

Net Accumulated Profit/(Loss) as on June 30, 2002		(524,646,979)
Add: Bank Liability & Interest Provision (After Adjusting Obsolete Stock)	282,841,514	
Dividend Payable to Sponsor Directors portion	14,400,000	297,241,514
Net Accumulated Profit/(Loss) up-to June 30, 2002 (After Adjustment)		<u>(227,405,465)</u>



37. Production Capacity, Actual Production in 2002-2003 and Reason of Excess / (Shortfall) :

Item	Production Capacity		Actual Production		Capacity Utilized		Reason
	2002-2003	2001-2002	2002-2003	2001-2002	2002-2003	2001-2002	
Intravenous Fluids and Injections	4.2	4.2	1.3	0.858	40%	20.42%	Shortage of working capital compels the company to slow down its production and other activities.

38. Claims not Acknowledged as debt :

There was no claim against the company not acknowledged as debt as on 30.06.2003 except those mentioned in the report.

39. 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.

40. Commission, Brokerage or Discount Against Sales :

No commission, brokerage or discount was paid against sales other than disclosed in Note-34

41. Foreign Exchange Earned :

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

42. Payment in Foreign Currencies :

The company has two foreign shareholders having 15,580 shares on the Balance Sheet date. No dividend was paid or remitted to those shareholders during the year.

43. Unavailed Credit Facilities :

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

44. Dividend Subject to Tax Deduction at Source :

Since the company did not make any profit during the year under audit, so no dividend was declared and paid to the shareholders. As such, deduction of income tax at source was not necessary.

45. 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

Place : Dhaka
January 22, 2004

