

PRIVATE AND CONFIDENTIAL

AUDITOR'S REPORT
AND
AUDITED FINANCIAL STATEMENT
OF
ORION INFUSION LIMITED.
FOR THE YEAR ENDED JUNE 30, 2004

HABIB SARWAR & CO.
CHARTERED ACCOUNTANTS

Auditor's Report
To The Shareholders of Orion Infusion Limited

We have audited the accompanying balance sheet of the *Orion Infusion Limited* as of June 30, 2004 and the related Profit and Loss Account and Statement of Cash Flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope:

We conducted our 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 of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

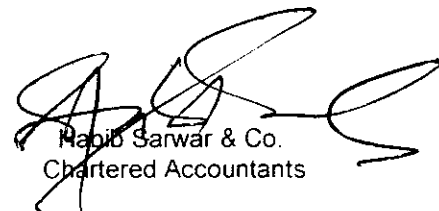
Opinion:

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as of June 30, 2004 and of the results of its operation and its cash flows for the year then ended and comply with the applicable sections of the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that.

- (a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof.
- (b) in our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books.
- (c) the company's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account and returns.
- (d) the expenditure incurred was for the purposes of the Company's business.

Place: Dhaka
Dated: October 28, 2004


Habib Sarwar & Co.
Chartered Accountants

ORION INFUSION LIMITED
BALANCE SHEET
AS AT JUNE 30, 2004

ASSETS	Notes	Amount in Taka 30.06.2004	Amount in Taka 30.06.2003
Non-Current Assets		360,292,059	282,402,881
Property, Plant & Equipment	14	264,467,064	156,725,237
Investment	15	95,824,995	124,745,734
Pre-Production Expenses	16	-	931,910
Current Assets		91,254,406	71,015,513
Inventories	17	44,036,877	30,932,924
Accounts Receivables	18	16,791,135	14,715,007
Inter Project Current Account	19	5,204,324	13,116,534
Advance, Deposit & Prepayments	20	20,132,387	9,026,618
Cash and Bank Balances	21	5,089,683	3,224,430
Total Assets		451,546,465	353,418,394
EQUITY AND LIABILITIES			
Capital and reserves		(37,124,233)	(41,087,336)
Issued Capital	22	203,597,600	203,597,600
Tax-holiday Reserve	23	-	4,156,589
Retained Earnings		(240,721,833)	(248,841,525)
Non-Current Liabilities			
Long Term Borrowings-Net of Current Maturity (Secured)	24	315,650,415	180,052,000
Current Liabilities		173,020,283	214,453,730
Short Term Borrowings - Secured	25	136,982,667	136,766,833
Long Term Borrowings-Current Maturity (Secured)	26	-	22,504,000
Creditors and Other Payables	27	15,649,489	27,119,019
Accrued Expenses	28	4,551,555	3,498,470
Dividend Payable	29	15,836,572	24,565,408
Total Liabilities and Shareholders' Equity		451,546,465	353,418,394
Contingent Liabilities	30	37,798,752	37,798,752
Accounting Policies	5	-	-

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


Managing Director


Director


Company Secretary

Place : Dhaka
Dated: October 28, 2004




Habib Sarwar & Co.
Chartered Accountants


ORION INFUSION LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Notes</u>	<u>Amount in Taka</u> <u>30.06.2004</u>	<u>Amount in Taka</u> <u>30.06.2003</u>
Net Sales Revenue	31	159,766,207	66,825,568
Cost of Goods Sold	32	<u>(102,764,066)</u>	<u>(48,924,408)</u>
Gross Profit		57,002,141	17,901,160
Operating Expenses		<u>(44,958,594)</u>	<u>(31,573,182)</u>
Administrative Expenses	33	<u>(9,222,754)</u>	<u>(7,730,336)</u>
Selling & Distribution Expenses	34	<u>(35,735,840)</u>	<u>(23,842,846)</u>
		12,043,547	(13,672,022)
Finance Cost	35	<u>(5,537,092)</u>	<u>(7,764,038)</u>
Profit/(Loss) from Operation		6,506,455	(21,436,060)
Add Other Income	36	<u>840,342</u>	<u>-</u>
Net Profit (Loss) for the year		7,346,797	(21,436,060)
Profit/(Loss) brought forward	37	<u>(248,068,630)</u>	<u>(227,405,465)</u>
Profit/(Loss) carried forward		<u><u>(240,721,833)</u></u>	<u><u>(248,841,525)</u></u>
Earnings Per Share	37	3.61	(10.53)
Number of shares used to compute EPS		<u><u>2,035,976</u></u>	<u><u>2,035,976</u></u>

Figures in brackets indicate negative figure.

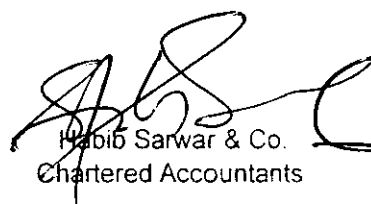
The accompanying notes form an integral part of the Financial Statements.


Managing Director


Director


Company Secretary

Place : Dhaka
Dated: October 28, 2004


Habib Sarwar & Co.
Chartered Accountants


ORION INFUSION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Notes</u>	<u>Amount in Taka</u> <u>30.06.2004</u>	<u>Amount in Taka</u> <u>30.06.2003</u>
Issued Capital	22	203,597,600	203,597,600
Tax-holiday Reserve	23	-	4,156,589
Retained Earnings :			
Net Accumulated Profit/(Loss) up-to June 30, 2003 (After Adjustment)	37	(248,068,630)	(227,405,465)
Net Profit/(Loss) for the year		7,346,797	(21,436,060)
Net Accumulated Profit/(Loss) up-to June 30, 2004 (Balance transferred to Balance Sheet)		(240,721,833)	(248,841,525)
Shareholders' Equity at the end of the year		(37,124,233)	(41,087,336)
Number of Ordinary Shares		2,035,976	2,035,976
Face Value Per Share		100.00	100.00
Shareholders' Equity Per Share		(18.23)	(20.18)

Figures in brackets indicate negative figure.

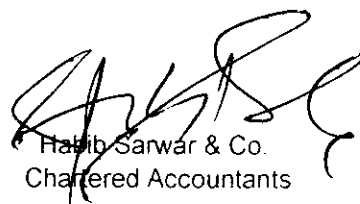
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Managing Director


Director


Company Secretary

Place : Dhaka
Dated: October 28, 2004


Habib Sarwar & Co.
Chartered Accountants

ORION INFUSION LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Notes</u>	Amount in Taka 30.06.2004	Amount in Taka 30.06.2003
Cash Flows from Operating Activities :			
Cash Received from Customers		157,690,079	57,053,798
Cash Paid to Suppliers and Employees		(189,758,159)	(37,964,612)
Cash Generated from Operation		(32,068,080)	19,089,186
Extraordinary income		840,342	
Income Tax Paid and Deducted at Source		(1,732,478)	(1,031,321)
Net Cash Generated from Operating Activities		(32,960,216)	18,057,865
Cash Flows from Investing Activities :			
Acquisition of Property, Plant & Equipment		(107,741,827)	(4,434,767)
Investment Returned		28,920,739	-
Net Cash Used in Investing Activities		(78,821,088)	(4,434,767)
Cash Flows from Financing Activities :			
Received from Associated Companies & Others		9,033,335	19,364,544
Dividend Paid & Written Off		(8,728,836)	(15,090,752)
Bank Loans Received / (Repaid)		113,310,249	(16,848,918)
Net Cash Used in Financing Activities		113,614,748	(12,575,126)
Net Increase /(Decrease) in Cash & Cash Equivalents		1,865,253	1,047,972
Cash & Cash Equivalents at the beginning of the year		3,224,430	2,176,458
Cash & Cash Equivalents at the End of the Year		5,089,683	3,224,430

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 28, 2004




Habib Sarwar & Co.
Chartered Accountants

ORION INFUSION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2004

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, 2004;
- (ii) Profit and Loss Account for the year ended June 30, 2004;
- (iii) Statement of Changes in Equity for the year ended June 30, 2004;
- (iv) Cash Flow Statements for the year ended June 30, 2004; and
- (v) Notes to the Financial Statements as at June 30, 2004.

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) and Bangladesh Standards on Auditing (BSA) adopted 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 Bangladesh 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 Bangladesh Accounting Standards (BAS)

In preparing and presenting these financial statements, considering 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 represents 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 depreciation and the accumulated depreciation is under stated resulting 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, Machineries and Equipments	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 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 profit, but 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. 1,732,478 during the financial year as 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 under audit.

(l) Provision for Gratuity: Tk. 7,174,690

The company did not make any provision for gratuity until last year. During the year under audit the company has provided Tk. 1,131,820 for gratuity and an amount of Tk. 7,174,690 has been assessed as actual liability up to June 30 2004.

The company has an un-funded gratuity scheme, which covers all its permanent employees who meet eligibility requirements. No defined contribution plan has been made to meet the gratuity obligation as required by IAS-19.



(m) Employees' Provident Fund: Tk. 704,990

The company has provided the above amount during the year under audit.

(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) Tax Holiday Reserve Tk. 4,156,589

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. During the year under audit the company has adjusted the total amount in the prior year's adjustment account since no investment was made in the earlier years.

(p) Earnings per Share (EPS)

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

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.

(q) Foreign Currencies

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

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

(r) 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, 2004, 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, 2003 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 in 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.



ORION INFUSION LIMITED
SCHEDULE OF FIXED ASSETS
AS AT JUNE 30, 2004

4. Property, Plant & Equipment :Tk. **264,467,064**

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 30.06.2004
		Balance as on 01.07.2003	Addition	Adjustment	Total as on 30.06.2004	Balance as on 01.07.2003	Charged during the year	Adjustment	Accumulated Dep. as on 30.06.2004							
1	Land & Land Development	9,467,829	953,995		10,421,824		-		-		-				10,421,824	
2	Freehold Building	51,463,993	16,126,606		67,590,599		2.5%	12,636,842	1,689,765		14,326,607				53,263,992	
3	Leasehold Building	36,042,466	-		36,042,466		4%	12,027,140	1,441,699		13,468,839				22,573,627	
4	Plant & Machinery	150,822,086	93,058,654		243,880,740		5%	69,427,286	12,194,037		81,621,323				162,259,417	
5	PVC Bag Manufacturing	-	14,476,134		14,476,134		5%	-	723,807		723,807				13,752,327	
6	Furniture & Fixture	4,033,323	40,983		4,074,306		10%	3,220,317	407,431		3,627,748				446,558	
7	Office Equipment	1,098,041	225,375		1,323,416		10%	655,129	132,342		787,471				535,945	
8	Vehicles	2,754,203	-		2,754,203		20%	989,990	550,841		1,540,831				1,213,372	
	TOTAL	255,681,941	124,881,747		380,563,688			98,956,704	17,139,920		116,096,624				264,467,064	
	2002-2003 Total Taka	254,128,606	4,434,767	(2,881,432)	255,681,941			90,504,756	11,333,380	(2,881,432)	98,956,704				156,725,237	

14.01 Depreciation has been charged during the year as under:

	Factory	Admin.	Marketing	Total
1. Land	-	-	-	-
2. Freehold Building	1,689,765	-	-	1,689,765
3. Leasehold Building	-	1,315,897	125,802	1,441,699
4. Plant Machinery & Equipment	12,194,037	-	-	12,194,037
5. PVC bag manufacturing	723,807	-	-	723,807
6. Furniture & Fixture	75,659	203,145	128,627	407,431
7. Office Equipments	10,288	49,453	72,601	132,342
8. Vehicles	84,299	-	466,542	550,841
	14,777,855	1,568,495	793,571	17,139,920



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

b) During the year PVC Bag Manufacturing unit was transferred from investment account.

15. Investment :	Tk.	95,824,995	Amount in Taka 30.06.2004	Amount in Taka 30.06.2003
The amount consists of as follows :				
Orioplast Ltd.			-	28,920,739
Orion Mushroom Ltd.			95,824,995	95,824,995
			95,824,995	124,745,734

During the year, the investment in Orioplast Ltd. was settled by transferring Tk.14,476,134.00 for PVC bag Manufacturing to Fixed Assets and the rest amount has been paid off. Investment in Orion Mushroom Ltd. is made with the associated company which has been considered good by the directors.

16. Pre-Production Expenses:	Tk.	Nil	30.06.2004	30.06.2003
The amount consists of as follows :				
Share Issue Expenses			-	784,123
Pre Operating Expenses			-	147,787
			-	931,910

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.	44,036,877	30.06.2004	30.06.2003
The amount consists of as follows :				
Raw Materials (76,759 kg) (30.06.2003 - 70,948 kg)			7,804,220	5,071,442
Packing Materials			17,776,079	13,547,114
Work - in - process			1,467,431	1,294,314
Finished Products (2,52,976 units) (30.06.2003 - 1,48,863 units)			12,083,998	7,110,807
Promotional Materials			1,814,132	1,367,888
Spares & Associates			1,420,494	1,194,168
Chemicals			454,203	403,453
Printing & Stationery			1,216,320	943,738
			44,036,877	30,932,924

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.

18. Accounts Receivable :	Tk.	16,791,135	30.06.2004	30.06.2003
			16,791,135	14,715,007

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.

19. Inter Project Current Account : Tk.	5,204,324	30.06.2004	30.06.2003
Inter Project Current Account		5,204,324	13,116,534

The above amount is receivable from Orion Laboratories Ltd. The receivable amounts are considered good by the Directors.

20. Advance, Deposit & Prepayments :	Tk. 20,132,387	Amount in Taka <u>30.06.2004</u>	Amount in Taka <u>30.06.2003</u>
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The amount consists of as follows :

Advances :

Travel and Other Advances	585,528	531,308
Advance paid to Suppliers	3,604,968	-
Motor Cycle Advance	1,929,655	1,150,714
Security Service Advance	9,200	9,200
Advance Income Tax	5,582,270	3,849,792
Sub-Total:	<u>11,711,621</u>	<u>5,541,014</u>

Deposits :

VAT Deposit	480,624	512,433
Security Deposit	1,490,705	532,570
Earnest Money	13,000	46,216
L/C Margin Deposit	6,436,437	2,394,385
Sub-Total:	<u>8,420,766</u>	<u>3,485,604</u>
Grand Total:	<u><u>20,132,387</u></u>	<u><u>9,026,618</u></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.

21. Cash and Bank Balances :	Tk. 5,089,683	<u>30.06.2004</u>	<u>30.06.2003</u>
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The amount consists of as follows :

Cash in Hand	427,491	567,875
Cash at Bank	4,662,192	2,656,555
Total	<u><u>5,089,683</u></u>	<u><u>3,224,430</u></u>

Above amount was company's cash balance as on June 30, 2004. 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 manager accounts confirming the closing balance.

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

22. Issued Capital :	Tk.	203,597,600	<u>30.06.2004</u>	<u>30.06.2003</u>
<u>a) Authorized Capital :</u>				
10,000,000 Ordinary Shares of Taka 100/- each			<u>1,000,000,000</u>	<u>1,000,000,000</u>
<u>b) Issued, Subscribed and Paid up Capital:</u>				
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	30,06,2004 Holding(%)	30,06,2003 (Holding(%))
Less than 500 shares	8,106	524,074	25.74%	32.44%
501 to 5000 shares	310	280,402	13.77%	10.82%
5001 to 10000 shares	20	130,780	6.42%	5.41%
10001 to 20000 shares	8	125,600	6.17%	3.83%
20001 to above	7	975,120	47.89%	47.50%
TOTAL :	8,451	2,035,976	100%	100%

d) Composition of Shareholding :

	Nos. of Shareholders	Number of Shares	% of Shareholding 30,06,2004	% of Shareholding 30,06,2003
Sponsors	6	960,000	47.15%	47.14%
Foreign Investors	2	2,080	0.10%	0.77%
Financial Institutions	5	190,680	9.37%	5.23%
General Public	8,438	883,216	43.38%	46.86%
	8,451	2,035,976	100%	100%



23. Tax-Holiday Reserve:	Tk.	Nil	<u>30.06.2004</u>	<u>30.06.2003</u>
			-	4,156,589

The amount was provided in the accounts when tax holiday benefit was in existence and as per the provision of Income Tax Ordinance, 1984. The company has already enjoyed Tax Holiday exemption up to February 28, 2000. The management has decided to adjust the amount in the prior years adjustment account during the year under audit.

24. Long Term Borrowing :	Tk.	315,650,415	<u>30.06.2004</u>	<u>30.06.2003</u>
<u>Agrani Bank, WASA Branch</u>			189,615,998	180,052,000
Interest Free Block Account			126,034,417	-
Project Loan			<u>315,650,415</u>	<u>180,052,000</u>

The company's liability with Agrani Bank as on June 30, 2004 was Tk. 189,615,998 and the bank has re-schedule the payment structure and the interest free long term loan (block account) is repayable within ten years starting from 2005 @ Tk. 6,320,534 on a quarterly basis.

During the year under audit the above project loan sanctioned by Agrani Bank, WASA branch as for procurement of machinery will be repayable within seven years from 2005. These loans are secured by mortgage on land and building and hypothecation of plant & machinery, raw and packing materials, work-in-process, finished stocks and book debt.

25. Short Term Borrowings (Secured) : Tk.	136,982,667	<u>30.06.2004</u>	<u>30.06.2003</u>
The amount consists of as follows :			
Name of the Bank			
Agrani Bank C.C. (P) - 543, WASA Branch		12,636,043	3,877,326
Agrani Bank C.C. (H) - 147, WASA Branch		122,209,215	132,066,362
LIM :			
Agrani Bank, WASA Branch,		2,137,409	823,145
		<u>136,982,667</u>	<u>136,766,833</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 debt.

26. Long Term Borrowing- Current Maturity (Secured) :Tk.	Nil	<u>30.06.2004</u>	<u>30.06.2003</u>
		-	22,504,000

Agrani bank has re-schedule the payment structure and this amount was included with the long term borrowings.

27. Creditors and Other Payables :	Tk.	15,649,489	<u>30.06.2004</u>	<u>30.06.2003</u>
This consists of as follows :				
Suppliers			8,444,740	5,086,699
Workers Participation / Welfare Funds			-	2,667,776
Provision for Gratuity			7,174,690	-
Employees Income Tax			30,059	68,749
Aviation Management Services (BD) Ltd. (An Associated Company)			-	19,295,795
			<u>15,649,489</u>	<u>27,119,019</u>

The individual balances are subject to confirmation. Since the company is running at a loss and the amount was not paid earlier so the workers participation fund amount was transferred to prior years adjustment account. The company did not make any provision for gratuity in the earlier years, during the year under audit an amount of Tk 7,174,690 was provided in the accounts.

28. Accrued Expenses :	Tk. 4,551,555	<u>30.06.2004</u>	<u>30.06.2003</u>
This consists of as follows :			
Gas and Electricity		1,223,406	332,858
Salary, Wages and Expenses payable to Employees		3,278,149	3,115,612
Audit Fee		50,000	50,000
		<u>4,551,555</u>	<u>3,498,470</u>

29. Dividend Payable :	Tk. 15,836,572	<u>30.06.2004</u>	<u>30.06.2003</u>
Dividend Payable		15,836,572	24,565,408

We were informed by the management that the company could not pay dividends within the statutory time limit of 60 days. 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.

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 (VAT) aggregating to Tk.37,798,752. The Company has filed a Writ Appeal against such claim to the High Court Division.

31. Revenue (Turnover) from Net Sales:	Tk. 159,766,207	<u>30.06.2004</u>	<u>30.06.2003</u>
Net Sales		159,766,207	66,825,568

This represents sale of 2,864,412 units consisting of 22 products, as against 1,253,706 units in 2002-2003 of 19 products.

32. Cost of Goods Sold :	Tk. 102,764,066	<u>30.06.2004</u>	<u>30.06.2003</u>
The amount consists of as follows :			
Work in process-Opening		1,294,314	862,525
Raw Materials Consumed (Note 32.01)		13,979,543	5,569,963
Packing Materials Consumed (Note 32.02)		61,078,620	24,403,504
Re-agent Consumption		560,900	501,084
Work in process-Closing		(1,467,431)	(1,294,314)
Total Consumption		<u>75,445,946</u>	<u>30,042,762</u>
Manufacturing Overhead (Note 32.03)		32,291,310	21,320,595
Cost of Production		<u>107,737,256</u>	<u>51,363,357</u>
Finished Goods-Opening		7,110,808	4,671,859
Finished Goods-Closing		(12,083,998)	(7,110,808)
Cost of Goods Sold		<u>102,764,066</u>	<u>48,924,408</u>

32.01 Raw Materials Consumed :	Tk. 13,979,543	<u>30.06.2004</u>	<u>30.06.2003</u>
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The amount consists of as follows :

Opening Stock		5,071,442	52,329,480
Add : Purchase		16,712,321	8,982,215
Less : Inventory Adjustment		-	(50,670,290)
Less : Closing Stock (76,659 Kg.) (in 2003 : 70,948 Kg.) 30,2004		(7,804,220)	(5,071,442)
		<u>13,979,543</u>	<u>5,569,963</u>

32.02 Packing Materials Consumed : Tk. 61,078,620

30.06.2004 30.06.2003

The amount consists of as follows :

Opening Stock	13,547,114	9,341,600
Add : Purchase	65,307,585	29,674,343
Less : Inventory Adjustment	-	(1,065,325)
Less : Closing Stock 30,2004	<u>(17,776,079)</u>	<u>(13,547,114)</u>
	<u>61,078,620</u>	<u>24,403,504</u>

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.

32.03 Manufacturing Overhead : Tk. 32,291,310

30.06.2004 30.06.2003

The amount consists of as follows :

Wages, Allowances and Bonus (Note 32.03.01)	5,882,589	4,895,268
Gratuity & Provident Fund	369,671	-
Spare parts	38,904	925,206
Gas	2,901,101	1,605,803
Electricity	1,193,922	1,288,809
Fuel and Lubricant	815,392	470,977
Repair & Maintenance	1,900,958	1,072,663
Research, Test and Analysis Expenses	507,036	280,479
Factory Overhead Expenses	3,903,882	1,784,187
Depreciation (Note 14.01)	14,777,855	8,997,203
	<u>32,291,310</u>	<u>21,320,595</u>

32.03.01 Wages, Allowances and bonus: Tk. 5,882,589

	<u>30.06.2004</u>		<u>30.06.2003</u>	
	<u>Number</u>	<u>Taka</u>	<u>Number</u>	<u>Taka</u>
Employees drawing Tk.3,000 per month or above	39	3,608,836	26	1,975,256
Employee drawing less than Tk. 3,000 per month	72	2,273,753	78	2,920,012
	<u>111</u>	<u>5,882,589</u>	<u>104</u>	<u>4,895,268</u>

33. Administrative Expenses : Tk. 9,222,754

30.06.2004 30.06.2003

The amount consists of as follows :

Salaries, Allowances and Bonus (Note 33.01)	3,466,680	2,468,707
Gratuity & Provident Fund	260,524	-
Postage, Telephone and Telegram	330,552	288,742
Printing & Stationery	36,091	44,764
Fuel & Vehicle Maintenance	335,641	316,871
Share Issue Expenses written off (Note 16)	784,123	784,121
Pre-Operating Expenses written off (Note 16)	147,767	147,788
Advertisement & Publicity	-	8,880
Traveling & Conveyance	359,490	243,744
Security Guard Expenses	-	135,600
Bank Charges & Commission	424,142	236,436
News Paper & Periodicals	4,167	2,410
Legal & Other Fees	405,000	290,200
Entertainment	8,468	4,029
Audit Fee	50,000	50,000
Rent, Rates and Taxes	87,260	15,995
Sundry Expenses	695,354	483,577
Insurance	259,000	560,761
Depreciation (Note 14.01)	1,568,495	1,558,719
A.G.M. Expenses	-	88,992
	<u>9,222,754</u>	<u>7,730,336</u>

33.01 Salary, Allowances and Bonus : Tk. 3,466,680

	30.06.2004		30.06.2003	
	Number	Taka	Number	Taka
Employee drawing Tk. 3,000 per month or above.	31	3,433,540	27	2,265,740
Employees drawing less than Tk. 3,000 per month	1	33,140	6	202,967
	32	3,466,680	33	2,468,707

34. Selling and Distribution Expenses : Tk. 35,735,840

The amount consists of as follows :

Salary, Allowances and Bonus (Note 34.01)	2,314,170	1,201,211
Gratuity & Provident Fund	1,203,133	-
Carrying and Delivery Expenses	5,912,822	3,396,165
Sales Force Expenses	18,356,430	13,852,599
Postage, Telephone and Telegram	540,219	338,475
Conference Expenses	490,120	437,055
Other Selling Expenses	1,624,261	1,018,654
Product Sample	2,070,569	968,255
Promotional Expenses (Pad & Literature)	1,020,942	649,161
Depreciation (Note 14.01)	793,571	777,458
Sales Discount to Retailers	1,409,603	1,203,813
	35,735,840	23,842,846

34.01 Salary, Allowance and Bonus : Tk. 2,314,170

	30.06.2004		30.06.2003	
	Number	Taka	Number	Taka
Employees drawing Tk. 3,000 per month or above	15	2,275,570	8	1,169,575
Employees drawing less than Tk. 3,000 per month	1	38,600	1	31,636
	16	2,314,170	9	1,201,211

35. Financial Expenses : Tk. 5,537,092

Financial Expenses represent Interest on Cash Credit & Others	5,537,092	7,764,038
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36. Other Income : Tk. 840,342

Rejected Items at factory	840,342	-
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During the year the company has sold miscellaneous scrap & rejected items.

37 . Prior Years Adjustment : Tk. (248,068,630)

Net Accumulated Profit/(Loss) as on June 30, 2003	(248,841,525)
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Add: Tax-Holiday Reserve	4,156,589
Workers Participations/Welfare Funds	2,667,776
Provision for Gratuity	(6,051,470)
	772,895

Net Accumulated Profit/(Loss) up-to June 30, 2004 (After Adjustment)	(248,068,630)
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38. Production Capacity, Actual Production in 2003-2004 and Reason of Excess / (Shortfall) :

Quantity in million

Item	Production Capacity		Actual Production		Capacity Utilized	
	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003
Intravenous Fluids and Injections	7.2	4.2	2.97	1.3	41.25 %	31.19 %

39. Claims not Acknowledged as debt :

There was no claim against the company which is not acknowledged as debt as on 30.06.2004 except those mentioned in the report.

40. 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.

41. Commission or Brokerage Against Sales :

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

42. Foreign Exchange Earned :

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

43. 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.

44. Dividend Subject to Tax Deduction at Source :

Although the company has made some profit during the year under audit, but due to inadequate profit for distribution of the dividend and accumulated loss the management has decided not to make any provision for the dividend during the year under audit. So, 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

