

ANNUAL REPORT 2005



**Report and Financial Statements
for the year ended 31 December 2005**

Directors' Report

TO THE MEMBERS

The Directors of the Company are pleased to present their Report together with the Audited Accounts of the Company for the year ended December 31, 2005.

BUSINESS ACTIVITIES

Turnover during 2005 was Taka 1,608.6 million registering a growth of 19% over last year's turnover of Taka 1,351.8 million. Profit after tax was Taka 192.6 million – a growth of 32%. Earnings per Share (EPS) stood at Taka.287.66 against Taka 260.79 of 2004.

The following formulations were introduced during the year 2005:

Pharmaceutical Products

- | | |
|---------------------------|-------------------------------------|
| 1. Algin 5mg Injection | 10. Trucef 100mg Tablet |
| 2. Algin 50mg FC Tablet | 11. Trucef 200mg Tablet |
| 3. Becosules Capsule | 12. Trucef DPS |
| 4. Ceclofen 100mg Tablet | 13. Trucef |
| 5. Flontin Suspension | 14. Valzide 160 mg +12.5 mg. Tablet |
| 6. Levoking 250mg Tablet | 15. Valzide 80 mg +12.5mg Tablet |
| 7. Levoking 500 mg Tablet | 16. Relexid 200mg Tablet |
| 8. Orcef 200 mg Tablet | |
| 9. Orcef 400 mg Tablet | |

FINANCIAL RESULTS

The Directors take pleasure in reporting the following financial results of the Company for the year 2005:

	2005 Taka	2004 Taka	2003 Taka
Profit before tax	279,387,690	208,308,833	150,434,885
Less: Provision for tax	86,819,430	62,820,892	44,873,677
Net Profit after tax	192,568,260	145,487,941	105,561,208
Add: Un-appropriated profit brought forward	313,458,030	216,734,815	152,689,300
Profit available for appropriation	<u>506,026,290</u>	<u>362,222,756</u>	<u>258,250,508</u>

APPROPRIATION RECOMMENDED:

Tax holiday reserve	2,197,657	6,924,906	6,649,168
Dividend proposed:			
a) Cash dividend @ Taka 50/- per Share	33,471,850	27,893,200	23,244,350
b) Stock dividend (Bonus Share) in the ratio of one bonus share for every five (1:5) Shares held	13,388,740	11,157,280	9,297,740
	46,860,590	39,050,480	32,542,090
Dividend distribution tax @ 10% of cash dividend	-	2,769,320	2,324,435
Balance Un-appropriated profit carried forward	456,968,043	313,478,050	216,734,815
	<u>506,026,290</u>	<u>362,222,756</u>	<u>258,250,505</u>

DIVIDEND

While there is reasonable profit available for distribution, the investment pipeline is also rich. Hence the Directors deem it necessary to retain adequate funds to finance the capital expenditures for capacity building to sustain the growth of the company.

The Board of Directors is pleased to recommend a cash dividend of Taka 50 per ordinary share of Taka 100. This dividend will entail a payment of Taka 33,471,850. The Board of Directors also recommend for declaration of Stock Dividend (Bonus Shares) in the ratio of one Bonus Share for every five shares held (1:5) for which an amount of Taka 13,388,740 will have to be transferred to Share Capital Account. The appropriation, if approved by the shareholders at the Annual General Meeting of the Company, will absorb Taka 46,860,590.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year under review your Company paid Taka 380 million to the National Exchequer in the form of Corporate Income Tax, Dividend distribution Tax, Import Duties and Value Added Tax (VAT)

DIRECTORS

The Directors retiring by rotation under Articles 109, 115 and 116 of the Articles of Association of the Company are Mr. S H. Kabir, Dr. Sarwar Ali and Mr. Md. Ziaul Haque Khondker who, being eligible, offer themselves for re-election.

AUDITORS

The Company's Auditors Messrs Rahman Rahman Huq Chartered Accountants retire at the thirty third Annual General Meeting and being eligible offer themselves for reappointment as Auditors for the year 2006 with re-fixation of their remuneration.

CAPITAL EXPENDITURE

The following capital expenditure made by the Company during the year amounted to Tk.145 million.

	<u>Taka in Millions</u>
Freehold Land	3.74
Plant and Machinery	15.03
Office Equipment, Furniture & Fixtures	2.85
Hormone Plant	<u>123.38</u>
	<u>145.00</u>

The entire investment was made from internally generated funds.

CONSOLIDATION OF ACCOUNTS

The Company is consistently following the code of International Accounting Standard as adopted by the Institute of Chartered Accountants of Bangladesh. According to Bangladesh Accounting Standard-27, (BAS-27) the Company has presented all the relevant consolidated financial statements with those of its subsidiaries.

ADDITIONAL STATEMENTS: as per SEC order no. SEC/CMRRCD/2006-158/Admin/02-08 dated 20th February 2006.

The Directors are pleased to recount on the following additional statements in respect of Report prepared under section 184 of the companies Act 1994.

- a) The financial statements prepared by the management of the Company for the year 2005 present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of accounts have been maintained by the company as required by applicable Laws, Rules and Standard.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that accounting estimates are based on reasonable and prudent judgments.
- d) In preparation of the financial statement, the International Accounting Standard, as applicable in Bangladesh has been followed and there has been no departure from the policies.
- e) The system of internal control and internal check are in effect and monitored properly.
- f) The company has sound and strong operational strengths to continue as a going concern. As such, there is no doubt of its continuity.
- g) There is no unusual deviation from last year in operating results to address.
- h) The key operating and financial data for preceding five years have been shown in the Financial Highlights.
- i) The Directors, have recommended a dividend of TK. 50 per share of TK. 100 each and Stock dividend (bonus share) in the ratio of one share for every 5 (five) shares are held (1:5).
- j) During the year four Board Meeting were held and attendance by each Director are given below :

Name		Meetings Attended
Mr. Syed Humayan Kabir	Chairman of the Board	4 (Four)
Mr. Syed S. Kaiser Kabir	Managing Director	4 (Four)
Mr. Sajida Humayan Kabir	Director	4 (Four)
Dr. Sarwar Ali	Director	4 (Four)
Mr. Md. Ziaul Haque Khondker	Director	2 {Two}
Mr. A. Hasanat Khan	Director	4 (Four)

- k) The pattern of Shareholding

- (i) Parent/ subsidiary/ associated companies:

The Shareholding information as of 31st December 2005 and other related information are set out in note- 4.

(ii) Directors:

1.	Mr. Syed Humayun Kabir	296 Shares
2.	Mr. Syed S. Kaiser Kabir	720 Shares
3.	Mr. Sajida Humayun Kabir	0
4.	Dr. Sarwar Ali	38 Shares
5.	Mr. Md. Ziaul Haque Khondker	0
6.	Mr. A. Hasanat Khan	0

Chief Financial Officer & Company Secretary:

Mr. Md. Shafiul Alam	1,202 Shares
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(iii) Executives:

1.	Mr. M. Alamgir Hossain	149 Shares
2.	Mr. Nurul Islam	15 Shares

(iv) Shareholders holding 10% or more voting interest:

1.	Sajida Foundation	341,412 Shares
2.	Business Research International Corp.	169,548 Shares
3.	ICB Unit Fund & First ICB Mutual Fund	68,782 Shares

STATUS OF COMPLAINACE

Status of compliance as stated in SEC Order No. SEC/CMRRCD/2006-158/Admin/02-08 dated 20th February 2006 is annexed.

PERSONNEL

The Directors record their appreciation for the contribution made by the employees to the operation of the Company.

ACKNOWLEDGEMENT:

The Board wishes to thank the Shareholders, Officials of the Drug Administration and other Government officials, Doctors, Chemists, Medical Institutions, Bankers, the Securities and Exchange Commission, the Dhaka Stock Exchange Limited and all well-wishers for their continued support. By the grace of the Almighty, the Directors look forward to a bright future for the Company.

On behalf of the Board of Directors



Syed S. Kaiser Kabir
Managing Director
April 30, 2006



Director's Report

We created a new Company named Purnava in August 2004 to explore the prospects of entering into Fast Moving Consumer Goods (FMCG). However, since then we have decided to focus on our core business. Hence, Purnava at present has no commercial activities.

On behalf of the Board of Directors

A handwritten signature in blue ink, appearing to read "Syed S. Kaiser Kabir". The signature is fluid and cursive, with a prominent initial "S" and "K".

Syed S. Kaiser Kabir
Chairman

Auditors' Report
to
the shareholders
of
Renata Limited

We have audited the accompanying balance sheet of the Renata Limited as of 31 December 2005 and the related profit and loss account, statement of changes in equity and cash flow statement for the year then ended. We have also examined the attached consolidated balance sheet, profit and loss account, statement of changes in equity and cash flow statement of Renata Limited and its subsidiaries viz Renata Agro Industries Limited and Purnava Limited (collectively referred to as "Renata group") as of 31 December 2005. These financial statements are the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. 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 statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of the company's subsidiaries - Renata Agro Industries Limited and Purnava Limited, whose financial statements reflect total assets of Tk 187,000,022 and Tk 2,500,000 respectively as at 31 December 2005 and total revenue of Renata Agro Industries Limited of Tk 176,361,544 for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the company's subsidiaries, is based solely on the reports of the other auditors.

In our opinion, the financial statements of the company and the consolidated financial statements, drawn up on the consideration of the separate audit reports of the subsidiaries as at 31 December 2005, prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the company and of its subsidiaries, and the results of their operations and cash flows for the year then ended which comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these 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
- d) the expenditure incurred was for the purposes of the company's business.

Dhaka, 30 April 2006

Renata Limited
Balance Sheet as at 31 December 2005

<u>Sources of fund</u>	<u>Notes</u>	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Shareholders' equity:			
Share capital	4	66,943,700	55,786,400
Proposed bonus shares		13,388,700	11,157,300
Revaluation surplus	5	156,482,355	156,774,863
Tax holiday reserve		46,862,514	44,664,857
Unappropriated profit	6	456,968,084	313,458,030
		740,645,353	581,841,450
Deferred liability - staff gratuity	7	60,324,000	52,822,000
Deferred tax liability	8	55,975,450	57,663,916
		<u>856,944,803</u>	<u>692,327,366</u>
 <u>Applications of fund</u>			
Property, plant and equipment:	9		
At cost/revaluation		619,228,840	597,325,841
Less: Accumulated depreciation		219,989,057	194,770,823
		399,239,783	402,555,018
Capital work in-progress	10	139,891,546	10,683,181
Investment at cost	11	63,070,376	63,070,376
Current assets:			
Stocks and stores	12	388,384,007	361,664,208
Debtors	13	162,224,078	112,899,272
Advances, deposits and prepayments	14	32,294,635	28,141,978
Cash and bank balances	15	89,452,557	70,710,981
		672,355,277	573,416,439
Less: Current liabilities:			
Creditors of goods		16,645,268	3,653,923
Accrued expenses		65,951,508	39,594,897
Other finance	16	27,154,025	19,658,040
Short term bank loans	17	192,425,445	206,014,979
Provision for taxation	18	80,483,330	56,807,350
Unclaimed dividend		1,480,753	985,939
Proposed cash dividend		33,471,850	27,893,200
Dividend distribution tax		-	2,789,320
		417,612,179	357,397,648
Net current assets		<u>254,743,098</u>	<u>216,018,791</u>
		<u>856,944,803</u>	<u>692,327,366</u>

The accompanying notes 1 to 35 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

As per our annexed report of same date.

Dhaka, 30 April 2006

Auditors

Renata Limited

Profit and Loss Account for the year ended 31 December 2005

	Notes	2005			2004
		Non-tax holiday	Tax holiday	Total	Total
		Unit 1 & 2	Unit 3		
		Taka	Schedule-A Taka	Taka	Taka
Turnover	19	1,535,985,743	72,570,096	1,608,555,839	1,351,797,184
Cost of goods sold	20	(772,535,952)	(56,661,484)	(829,197,436)	(697,413,608)
Gross profit		763,449,791	15,908,612	779,358,403	654,383,576
Other income	21	16,957,354	-	16,957,354	7,676,622
		780,407,145	15,908,612	796,315,757	662,060,198
Operating expenses:					
Administrative, selling and distribution expenses	22	(478,827,482)	(529,600)	(479,357,082)	(417,069,271)
Operating profit		301,579,663	15,379,012	316,958,675	244,990,927
Non-operating expenses (net)	23	(22,826,562)	(1,090,000)	(23,916,562)	(26,266,652)
		278,753,101	14,289,012	293,042,113	218,724,275
Contribution to WPPF		(12,973,993)	(680,430)	(13,654,423)	(10,415,442)
Profit before tax		265,779,108	13,608,582	279,387,690	208,308,833
Tax expenses:					
Current tax	18	(85,567,896)	(2,596,622)	(88,164,518)	(59,322,757)
Deferred tax		1,345,089	-	1,345,089	(3,498,135)
		(84,222,807)	(2,596,622)	(86,819,429)	(62,820,892)
Profit after tax		181,556,301	11,011,960	192,568,261	145,487,941
Unappropriated profit brought forward				313,458,030	216,734,815
Profit available for appropriation				506,026,291	362,222,756
Appropriation:					
Tax holiday reserve				(2,197,657)	(6,924,906)
Proposed bonus shares (1 share for 5 shares held)				(13,388,700)	(11,157,300)
Proposed cash dividend (Tk 50 per share)				(33,471,850)	(27,893,200)
Dividend distribution tax				-	(2,789,320)
				(49,058,207)	(48,764,726)
Unappropriated profit carried forward				456,968,084	313,458,030
Basic earnings per share (par value Tk 100) - Note 24				287.66	260.79

The accompanying notes 1 to 35 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

As per our annexed report of same date.

Dhaka, 30 April 2006

Auditors

Renata Limited

Statement of changes in equity for the year ended 31 December 2005

	<u>Share capital</u> Taka	<u>Proposed bonus shares</u> Taka	<u>Revaluation surplus</u> Taka	<u>Tax holiday reserve</u> Taka	<u>Unappropriated profit</u> Taka	<u>Total</u> Taka
Balance at 31 December 2003	46,488,700	9,297,740	157,410,748	37,739,951	216,734,815	467,671,954
Bonus shares issued	9,297,700	(9,297,700)	-	-	-	-
Depreciation adjustment on revaluation surplus	-	-	(635,885)	-	-	(635,885)
Deferred tax on revaluation surplus	-	-	-	-	-	-
Net profit after tax for the year	-	-	-	-	145,487,941	145,487,941
Tax holiday reserve	-	-	-	6,924,906	(6,924,906)	-
Proposed bonus shares	-	11,157,300	-	-	(11,157,300)	-
Proposed cash dividend	-	(40)	-	-	(27,893,200)	(27,893,240)
Dividend distribution tax	-	-	-	-	(2,789,320)	(2,789,320)
Balance at 31 December 2004	55,786,400	11,157,300	156,774,863	44,664,857	313,458,030	581,841,450
Bonus shares	11,157,300	(11,157,300)	-	-	-	-
Deferred tax on revaluation surplus	-	-	343,377	-	-	343,377
Depreciation adjustment on revaluation surplus	-	-	(635,885)	-	-	(635,885)
Net profit after tax for the year	-	-	-	-	192,568,261	192,568,261
Tax holiday reserve	-	-	-	2,197,657	(2,197,657)	-
Proposed bonus shares	-	13,388,700	-	-	(13,388,700)	-
Proposed cash dividend	-	-	-	-	(33,471,850)	(33,471,850)
Balance at 31 December 2005	66,943,700	13,388,700	156,482,355	46,862,514	456,968,084	740,645,353

Renata Limited

Cash flow statement for the year ended 31 December 2005

	<u>2005</u>	<u>2004</u>
	<u>Taka</u>	<u>Taka</u>
A. Cash flows from operating activities:		
Collection from customers and other income	1,836,005,683	1,563,365,046
Payment of VAT	(243,974,768)	(207,944,797)
Payment to suppliers and employees	<u>(1,292,169,955)</u>	<u>(1,189,842,753)</u>
<i>Cash generated from operation</i>	299,860,960	165,577,496
Financing cost	(23,916,562)	(26,417,268)
Payment of tax	<u>(64,488,538)</u>	<u>(48,129,584)</u>
<i>Net cash from operating activities</i>	<u>211,455,860</u>	<u>91,030,644</u>
B. Cash flows from investing activities:		
Purchase of property, plant and equipment	(151,986,364)	(89,370,581)
Investment in shares	-	(2,499,900)
Sale proceeds of property, plant and equipment	<u>260,000</u>	<u>269,375</u>
<i>Net cash used in investing activities</i>	<u>(151,726,364)</u>	<u>(91,601,106)</u>
C. Cash flows from financing activities:		
Medium term loan repaid	-	(10,000,000)
Dividend paid	<u>(27,398,386)</u>	<u>(23,081,044)</u>
<i>Net cash from financing activities</i>	<u>(27,398,386)</u>	<u>(33,081,044)</u>
D. Net cash outflows for the year (A+B+C)	32,331,110	(33,651,506)
E. Opening cash and cash equivalents	(135,303,998)	(101,652,492)
F. Closing cash and cash equivalents (D+E) (Note 25)	<u><u>(102,972,888)</u></u>	<u><u>(135,303,998)</u></u>

Renata Limited

Notes to the financial statements for the year ended 31 December 2005

1 Introduction

Renata Limited is a public limited company incorporated in Bangladesh under the Companies Act 1913 with an authorised capital of Tk 100,000,000 divided into 1,000,000 ordinary shares of Tk 100 each out of which paid up capital is Tk 66,943,700 divided into 669,437 ordinary shares of Tk 100 each. The shares of the company are publicly traded on the floor of Dhaka Stock Exchange Limited.

2 Nature of business

The company manufactures and sells various pharmaceutical, animal health, animal nutritional, oral saline and other medical products in the local and foreign markets.

3 Accounting policies

3.1 Basis of accounting

The financial statements have been prepared under the historical cost convention as modified to include revaluation of certain fixed assets. These financial statements have been prepared in accordance with applicable Bangladesh Accounting Standards issued by the Institute of Chartered Accountants of Bangladesh and where relevant with presentational requirements of the law.

3.2 Consolidation procedure

The company prepared consolidated financial statements for 2005 applying Bangladesh Accounting Standard 27. Figures used in the consolidated financial statements are based on the audited financial statements of Renata Agro Industries Ltd. and Purnava Limited audited by other firm of auditors.

3.3 Taxation

The company qualifies as a “Publicly Traded Company” and accordingly the rate of income tax applied for the year is 30% with applicable rebate on dividend declared. The applicable tax rate will be confirmed by the Finance Act 2006.

3.3.1 Deferred tax

The company recognises deferred tax in accordance with the provision of BAS 12. Deferred tax arises due to temporary difference deductible or taxable for the events or transaction recognised in the profit and loss account resulting in deferred tax asset or deferred tax liability. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount/reported amount in the financial statement. Deferred tax asset or liability is the amount of income tax payable or recoverable in future period(s) recognised in the current period. The deferred tax asset/income or liability/expenses does not create a legal liability/recoverability to and from the income tax authority. This is recognised for book purpose as equalisation item presented in the financial statements to show the retained earnings as a consistent reflection of the business events.

3.3.2 Tax holiday units

The tax holiday period on unit 3 (ORS unit project) expired on May 2005. As such the operating results of unit 3 is entitled to five months tax holiday from 1 January to 31 May 2005. The operating results of remaining seven months from 1 June to 31 December 2005 is taxable.

3.4 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or revaluation less accumulated depreciation. Freehold land and buildings were revalued during the year ended 31 December 1995 by a firm of professional valuers.

Depreciation is charged on all other fixed assets on straight-line basis and over the following periods except freehold:

Building	33.3 years
Machinery and equipment	5 - 20 years
Automobiles and trucks	4 years
Office equipment	8 - 10 years
Furniture and fixtures	20 years

Gains and losses on disposal or retirement of assets are credited or charged to the results of operation.

3.5 Investment

Investments are classified as long term assets as these are intended to be held for more than one year from the balance sheet date and are stated at cost.

3.6 Stocks

Stocks are valued at lower of cost and net realisable value except for goods in transits which are valued at cost.

Cost of active materials, raw materials and packing materials are valued at by using FIFO formula.

Cost of work-in-progress and finished stocks are arrived at by using FIFO cost formula including allocation of manufacturing overheads related to bringing the inventories to their present condition. The company uses standard cost method for measurement of cost of finished goods.

3.7 Trade and other receivables

Trade and other receivables are stated net of provisions for amounts estimated to be doubtful of recovery.

3.8 Provisions

A provision is recognised in the balance sheet when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.9 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances. For the purpose of the presenting cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

3.10 Provision for gratuity

The company operates an unfunded gratuity scheme, provision for which is made annually covering all its permanent employees as per gratuity rules of the company.

3.11 Revenue recognition

Turnover comprises of sales recognised on the basis of invoices raised and goods delivered. Revenue from sale of goods is recognised in the profit and loss account when significant risk and reward of ownership have been transferred to the buyer.

3.12 Foreign currency

Transactions in foreign currencies are translated to Bangladesh Taka at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Bangladesh Taka at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

4 Share capital

	<u>2005</u>	<u>2004</u>
	<u>Taka</u>	<u>Taka</u>
Authorised:		
<u>1,000,000</u> Ordinary shares of Taka 100 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up:		
129,426 Ordinary shares of Taka 100 each issued for cash	12,942,600	12,942,600
172,449 Ordinary shares of Taka 100 each issued for consideration other than cash	17,244,900	17,244,900
367,562 Ordinary shares (2004: 255,989) of Taka 100 each issued as fully paid bonus shares	<u>36,756,200</u>	<u>25,598,900</u>
<u>669,437</u>	<u>66,943,700</u>	<u>55,786,400</u>

The shares are listed in the Dhaka Stock Exchange Limited and quoted at Tk 3,000.00 per share at 31 December 2005

At 31 December 2005 share holding position of the company was as follows:

	Number of <u>shares</u>	Face value <u>Taka</u>	% of total <u>holding</u>
Sajida Foundation	341,412	34,141,200	51.00
Business Research International Corp. Inc.	169,548	16,954,800	25.33
ICB Unit Fund	64,216	6,421,600	9.60
First ICB Mutual Fund	4,566	456,600	0.68
Shadharan Bima Corporation	29,289	2,928,900	4.37
Other local shareholders	<u>60,406</u>	<u>6,040,600</u>	<u>9.02</u>
	<u>669,437</u>	<u>66,943,700</u>	<u>100.00</u>

Classification of shareholders by holdings:

<u>Holdings</u>	<u>2005</u>		<u>2004</u>	
	Number <u>of holders</u>	% of total <u>holdings</u>	% of total <u>holdings</u>	% of total <u>holdings</u>
Less than 500 shares	962	6.03	7.13	-
501 to 5,000 shares	24	3.67	3.27	-
5,001 to 10,000 shares	-	-	-	-
10,001 to 20,000 shares	-	-	-	-
20,001 to 30,000 shares	1	4.37	4.37	-
30,001 to 40,000 shares	-	-	-	-
40,001 to 50,000 shares	-	-	8.90	-
50,001 to 100,000 shares	1	9.60	-	-
100,001 to 1,000,000 shares	2	76.33	76.33	-
Over 1,000,000 shares	-	-	-	-
	<u>990</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

4.1 Share holding position in Renata Agro Industries Limited

	<u>2005</u>			<u>2004</u>	
	Number of <u>shares</u>	Face value <u>Taka</u>	% of total <u>holding</u>	Number of <u>shares</u>	% of total <u>holding</u>
Group company:					
Renata Limited	419,949	41,994,900	99.99%	419,949	99.99%
Minority/outside group company:					
Mr. Syed S. Kaiser Kabir	51	5,100	0.01%	51	0.01%
	<u>420,000</u>	<u>42,000,000</u>	<u>100.00%</u>	<u>420,000</u>	<u>100.00%</u>

4.2 Share holding position in Purnava Limited

	<u>2005</u>			<u>2004</u>	
	Number of <u>shares</u>	Face value <u>Taka</u>	% of total <u>holding</u>	Number of <u>shares</u>	% of total <u>holding</u>
Group company:					
Renata Limited	24,999	2,499,900	99.996%	24,999	99.996%
Minority/outside group company:					
Mr. Syed S. Kaiser Kabir	1	100	0.004%	1	0.004%
	<u>25,000</u>	<u>2,500,000</u>	<u>100.000%</u>	<u>25,000</u>	<u>100.00%</u>

5 Revaluation surplus

The freehold land and buildings have been revalued from an effective date of 31 December 1995 by professional valuers and resulting increase in value of Tk 220,423,329 has been shown as revaluation surplus. The breakup of revaluation is as follows:

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Land	179,132,078	179,132,078
Building	35,863,198	36,499,083
	<u>214,995,276</u>	<u>215,631,161</u>
Less: Depreciation charged during the year on revaluation of building (Note 9)	635,885	635,885
	214,359,391	214,995,276
Less: Adjustment of deferred tax thereon (Note 8)	57,877,036	58,220,413
	<u>156,482,355</u>	<u>156,774,863</u>

6 Unappropriated profit

The unappropriated profit includes 90% of accumulated pre-tax profit on sale of property, plant and equipment upto 1992 amounting to Taka 2,033,135 which is considered to be not distributable to the shareholders as per directive of Bangladesh Bank (central bank). Since 1993, the requirement to create such reserve on profit from sale of property, plant and equipment has been withdrawn.

7 Deferred liability - staff gratuity

The company operates an unfunded gratuity scheme for its employees. Provision for gratuity is charged to profits annually to cover obligations under the scheme on the basis of estimate made by the management of the company to maintain full provision at the balance sheet date. The break-up of accumulated provision for gratuity is as follows:

Opening balance	52,822,000	47,180,850
Add: Provision made during the year	15,211,973	14,774,069
	<u>68,033,973</u>	<u>61,954,919</u>
Less: Paid during the year	7,709,973	9,132,919
Closing balance	<u>60,324,000</u>	<u>52,822,000</u>

8 Deferred tax liability

Deferred tax liability recognized in accordance with the provision of BAS 12, is arrived as follows:

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Opening balance	57,663,916	54,165,781
Provision made during the year for deferred tax expense	<u>(1,345,089)</u>	<u>3,498,135</u>
	56,318,827	57,663,916
Deferred tax on revaluation surplus	<u>(343,377)</u>	<u>-</u>
Closing balance	<u><u>55,975,450</u></u>	<u><u>57,663,916</u></u>

	Carrying amount on balance sheet <u>date</u> <u>Taka</u>	<u>Tax base</u> <u>Taka</u>	Taxable/ (deductible) temporary difference <u>Taka</u>
<u>At 31 December 2005</u>			
Property, plant and equipment (excluding land):			
At cost less accumulated depreciation	160,764,770	99,827,807	60,936,963
Revaluation surplus	214,359,391	-	214,359,391
	375,124,161	99,827,807	275,296,354
Provision for staff gratuity (net of payment)	(60,324,000)	-	(60,324,000)
Provision for doubtful debts	(7,655,877)	-	(7,655,877)
Net temporary difference			207,316,477
Applicable tax rate			27%
Deferred tax liability/(asset)			<u><u>55,975,450</u></u>

At 31 December 2004

Property, plant and equipment(excluding land on taxable units):			
At cost less accumulated depreciation	157,154,389	98,101,728	59,052,661
Revaluation surplus	214,995,276	-	214,995,276
	372,149,665	98,101,728	274,047,937
Provision for staff gratuity (net of payment)			
Provision for doubtful debts	(52,822,000)	-	(52,822,000)
Temporary difference	(7,655,877)	-	(7,655,877)
Applicable tax rate			213,570,060
Deferred tax liability/(asset)			<u><u>57,663,916</u></u>

9 Property, plant and equipment

Particulars	Cost/revaluations				Rate	Depreciation				Written down value at 31 December 2005
	At 1 January 2005	Additions during the year	Disposal/ adjustment during the year	At 31 December 2005		At 1 January 2005	Charge during the year	Disposal/ adjustment during the year	At 31 December 2005	
	Taka	Taka	Taka	Taka	%	Taka	Taka	Taka	Taka	Taka
Freehold land:										
At cost	20,374,222	3,741,400	-	24,115,622		-	-	-	-	24,115,622
On revaluation	179,132,078	-	-	179,132,078		-	-	-	-	179,132,078
	199,506,300	3,741,400	-	203,247,700	-	-	-	-	-	203,247,700
Building:										
At cost	24,403,248	-	-	24,403,248	1.33 - 4	13,090,336	625,685	-	13,716,021	10,687,227
On revaluation	41,291,251	-	-	41,291,251	1.33 - 4	5,428,053	635,885	-	6,063,938	35,227,313
	65,694,499	-	-	65,694,499		18,518,389	1,261,570	-	19,779,959	45,914,540
Plant and machinery	254,721,371	15,027,281	-	269,748,652	5 - 20	126,965,212	19,201,677	-	146,166,889	123,581,763
Automobile and trucks	31,106,070	-	875,000	30,231,070	25	28,416,366	1,901,211	875,000	29,442,577	788,493
Office equipments	34,152,650	2,850,388	-	37,003,038	10 - 12.5	16,321,480	3,193,637	-	19,515,117	17,487,921
Furniture and fixture	12,144,951	1,158,930	-	13,303,881	5	4,549,376	535,139	-	5,084,515	8,219,366
Total 2005	597,325,841	22,777,999	875,000	619,228,840		194,770,823	26,093,234	875,000	219,989,057	399,239,783
Total 2004	520,473,441	78,687,400	1,835,000	597,325,841		173,470,984	22,913,964	1,614,125	194,770,823	402,555,018

9.1 Value of fully depreciated assets included in property, plant and equipment are as follows:

	Cost Taka
Building	3,547,076
Plant and machinery	84,666,288
Automobile and trucks	26,709,100
Office equipments	8,901,461
Furniture and fixture	2,138,244
	<u>125,962,169</u>

9.2 The land of the company measuring 12 acres of freehold land is located at Mirpur, Dhaka and 9 feet above highest flood level recorded in 1988. Out of 12 acres of land, 4.75 acres are secured against short-term bank loans by registered mortgage.

9.3 Depreciation for the year charged to:

	Taka
Cost of goods sold - Non-tax holiday units 1&2 (Note 20.1)	18,450,181
Cost of goods sold - Tax holiday unit 3 (Note 20.1)	2,207,689
	20,657,870
Operating expenses (Note 22)	4,799,479
Revaluation surplus (Note 5)	- 635,885
	<u>26,093,234</u>

9.4 The freehold land and buildings were revalued by a firm of professional valuers in the year 1995 and the increase in net carrying amount as a result of revaluation were shown as additions/revaluations on that year.

9.5 Sale of property, plant and equipment

<u>Particulars</u>	<u>Original cost Taka</u>	<u>Accumulated depreciation Taka</u>	<u>Net book value Taka</u>	<u>Sale proceeds Taka</u>	<u>Profit/ (loss) Taka</u>	<u>Mode of disposal</u>	<u>Purchaser</u>
Automobiles:							
Toyota Hiace 1300cc Model - 1995	495,000	495,000	-	210,000	210,000	Tender	Mr. MD. Tofazzel Hossain Chowdhury, Sylhet
Toyota Covered Van 1300cc Model - 1999	380,000	380,000	-	50,000	50,000	Company policy	Mr. Kh. Mahbulul Haque
	<u>875,000</u>	<u>875,000</u>	<u>-</u>	<u>260,000</u>	<u>260,000</u>		

10 Capital work in-progress

	<u>2005</u>	<u>2004</u>
Opening Balance	10,683,181	-
Add : Addition during the year	<u>151,986,364</u>	<u>89,371,581</u>
	162,669,545	89,371,581
Less : Capitalised as property, plant and equipment	<u>22,777,999</u>	<u>78,688,400</u>
	<u>139,891,546</u>	<u>10,683,181</u>

This represents mainly construction of building of hormon plant, installation of plant and machinery, their components and other fixed assets procured from foreign and local vendors.

11 Investment at cost

This represents investment in share capital of Renata Agro Industries Limited and Purnava Limited. Renata Limited, being the group company, is the owner of 99.99% shares in both the companies.

	<u>2005</u>		<u>2004</u>	
	<u>Share holding %</u>	<u>No. of shares</u>	<u>Value Taka</u>	<u>Value Taka</u>
Renata Agro Industries Limited	99.99	419,949	60,570,476	60,570,476
Purnava Limited	99.99	<u>24,999</u>	<u>2,499,900</u>	<u>2,499,900</u>
		<u>444,948</u>	<u>63,070,376</u>	<u>63,070,376</u>

12 Stocks and stores

Finished goods - Pharmaceutical (unit 1)	101,704,293	95,032,422
- Premix (unit 2)	45,599,357	28,381,433
- ORS (unit 3)	368,503	-
	147,672,153	123,413,855
Work-in-progress	30,969,925	41,357,063
Raw materials	43,854,358	45,296,587
Bulk materials	57,374,479	42,518,779
Packing materials	36,050,187	37,126,621
Raw and packaging materials Premix (unit 2)	20,504,506	24,182,598
Raw and packaging materials ORS (unit 3)	3,535,233	10,154,881
Consumable stores and spares	4,811,398	4,368,571
Stock in transit	<u>43,611,768</u>	<u>33,245,253</u>
	<u>388,384,007</u>	<u>361,664,208</u>

All stocks, present and future, are secured against short term bank loans (Note 17).

13 Debtors

Trade debtors-unsecured (Notes 13.1)	101,844,274	74,661,231
Less: Provision for doubtful debts	<u>7,655,877</u>	<u>7,655,877</u>
Trade debtors considered good	94,188,397	67,005,354
Sundry debtors - unsecured considered good	46,704,475	26,836,515
Value Added Tax (VAT) recoverable	<u>21,331,206</u>	<u>19,057,403</u>
	<u>162,224,078</u>	<u>112,899,272</u>

All present and future debtors are secured against short term bank loans (Note 17).

13.1 Trade debtors

Debts due over six months	65,394,079	35,987,231
Debts due below six months	<u>36,450,195</u>	<u>38,674,000</u>
	<u>101,844,274</u>	<u>74,661,231</u>

14 Advances, deposits and prepayments

Advances:		
For inventories	1,667,295	-
To employees	13,793,746	13,477,464
	15,461,041	13,477,464
Deposits and prepayments:		
Security deposits	4,697,271	4,335,446
Prepaid expenses	12,136,323	10,329,068
	16,833,594	14,664,514
	32,294,635	28,141,978

The following amount included in advances and pre-payments are due for repayment after twelve months from the date of balance sheet.

Advance to employees	2,547,066	2,673,068
Prepaid expenses	2,802,981	4,083,030
	5,350,047	6,756,098

- a) Advance to employees includes Tk 11,271,321 and Tk 11,540,491 due from the officers at 31 December 2005 and 2004 respectively.
- b) No amount was due by the Directors (including Managing Director) or associated undertakings.

15 Cash and bank balances

Cash in hand	440,000	465,000
Cash at banks in current accounts	89,012,557	70,245,981
	89,452,557	70,710,981

16 Other finance

Workers' profit participation fund	23,359,428	16,390,665
Others	3,794,597	3,267,375
	27,154,025	19,658,040

17 Short term bank loans

	<u>Limit</u>	<u>2005</u>	<u>2004</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Overdraft accounts with:			
Eastern Bank Limited, Dhaka	145,000,000	22,232,370	16,452,768
The Hongkong Shanghai Corporation Ltd., Dhaka	210,000,000	70,427,568	100,471,583
Standard Chartered Bank, Dhaka	192,500,000	89,588,131	89,090,628
Citibank N.A	120,000,000	10,177,376	-
	667,500,000	192,425,445	206,014,979

Security

- i) First charge over all present and future stocks and book debts of Renata Limited jointly with Eastern Bank Limited, The Hongking Shanghai Banking Corporation Limited, Citibank N.A and Standard Chartered Bank under pari-passu security sharing agreement.
- ii) First charge over all present and future plant and machinery of Renata Limited jointly as above.
- iii) Equitable mortgage over land and building thereon, of the factory premises of Renata Limited at Mirpur measuring 4.75 acres approximately as above

Others:

	Total facilities <u>available</u> Taka	Not availed of at balance <u>sheet date</u> Taka
Letters of credit (including 180 days revolving time loan for import finance)	<u>450,000,000</u>	<u>295,021,774</u>

18 Provision for taxation

Opening balance	56,807,350	45,614,177
Add: Provision for current year	<u>88,164,518</u>	<u>59,322,757</u>
	144,971,868	104,936,934
Less: Tax paid during the year	<u>64,488,538</u>	<u>48,129,584</u>
Closing balance	<u>80,483,330</u>	<u>56,807,350</u>

19 Turnover

	2005			2004
	Gross	Less: VAT	Turnover	Turnover
	Turnover		(net)	(net)
	Taka	Taka	Taka	Taka
Non-tax holiday (unit 1, 2):				
Pharmaceutical products (unit-1)	1,355,250,498	187,118,988	1,168,131,510	966,241,945
Animal health products (unit-1)	264,613,512	39,088,179	225,525,333	191,114,083
Animal nutritional products (unit 2)	142,328,900	-	142,328,900	114,072,960
	<u>1,762,192,910</u>	<u>226,207,167</u>	<u>1,535,985,743</u>	<u>1,271,428,988</u>
Tax holiday (Unit 3) - ORS:				
Tax holiday period: January to May 2005	42,146,820	8,149,196	33,997,624	80,368,196
Non tax holiday period: June to December 2005	48,190,877	9,618,405	38,572,472	-
	<u>90,337,697</u>	<u>17,767,601</u>	<u>72,570,096</u>	<u>80,368,196</u>
	<u>1,852,530,607</u>	<u>243,974,768</u>	<u>1,608,555,839</u>	<u>1,351,797,184</u>

19.1 During the year sale of pharmaceutical products includes export sale of Tk 25,021,893 equivalent to US\$ 389,989.20

19.2 Item-wise production/purchases and sale of 350 finished goods formulations consisting of pharmaceutical products, animal health products, premix feed supplement and other medical products in various forms viz capsules, tablets, vials, ampoules, dry and liquid syrup, ointments, sachets, etc. are stated below by major product group and their total value:

		Figures in thousand				
Major product group	Unit	Opening stocks	Production/purchases	Less: Sales	Closing stocks	Turnover (net)
Sterile dry fill (injectable)	Vials	1,720	5,190	5,843	1,067	159,095
Sterile liquid fill (injectable)	Vials & Ampoules	712	4,891	4,663	940	113,922
Ointments and eye/ear drops	Tube	160	1,264	1,292	132	18,786
Capsules and tablets	Capsule & Tablet	45,750	384,234	372,324	57,660	746,458
Oral liquid and dry syrup	Bottle	1,046	6,582	6,047	1,581	178,922
Rabipur Vaccine	Vials	9,220	349,527	342,806	15,941	118,567
Premix - Animal nutrition	Kg	202	4,989	5,026	165	150,096
- Animal nutrition	Sachets	141	549	520	170	50,140
Oral saline	Sachets	-	43,744	43,471	273	72,570
	Taka '000	<u>123,414</u>	<u>700,810</u>	<u>829,198</u>	<u>147,672</u>	<u>1,608,556</u>

20	Cost of goods sold	2005			2004
		Non-tax holiday	Tax holiday	Total	Total
		Unit-1 & 2	Unit-3		
		Taka	Taka	Taka	Taka
	Opening stock of finished goods	123,413,855	-	123,413,855	120,017,839
	Add: Cost of goods manufactured (Note 20.1)	693,627,108	57,029,987	750,657,095	637,740,113
	Cost of finished goods purchased	102,798,639	-	102,798,639	63,069,511
		919,839,602	57,029,987	976,869,589	820,827,463
	Less: Closing stock of finished goods	147,303,650	368,503	147,672,153	123,413,855
		772,535,952	56,661,484	829,197,436	697,413,608
20.1	Cost of goods manufactured				
	Cost of materials:				
	Opening work-in-process	41,357,063	-	41,357,063	19,435,139
	Add: Cost of raw materials consumed (Note 20.2)	537,042,817	53,032,693	590,075,510	521,925,363
		578,399,880	53,032,693	631,432,573	541,360,502
	Less: Closing work-in-process	30,969,925	-	30,969,925	41,357,063
	<i>Total cost of materials</i>	547,429,955	53,032,693	600,462,648	500,003,439
	Manufacturing overhead:				
	Salaries, wages and other benefits	68,844,771	556,562	69,401,333	56,165,990
	Company's contribution to provident fund	791,547	8,520	800,067	680,937
	Net periodic cost for gratuity	3,763,684	13,846	3,777,530	8,156,000
	Electricity and fuel	10,765,128	881,541	11,646,669	11,795,388
	Consumable stores, supplies and manufacturing expenses	11,691,613	59,340	11,750,953	11,317,178
	Insurance	1,233,596	48,550	1,282,146	1,279,324
	Land revenue and taxes	537,923	10,810	548,733	377,663
	Rental and leases	377,015	-	377,015	377,487
	Automobile expenses	1,777,083	-	1,777,083	1,988,328
	Postage and telephone	671,289	14,252	685,541	617,622
	Printing and stationery	944,650	8,412	953,062	814,135
	Uniform to workers	1,578,995	48,397	1,627,392	2,166,722
	Travelling, moving and entertainment	5,055,128	-	5,055,128	5,336,639
	Repair and maintenance	8,293,527	17,846	8,311,373	9,861,246
	Lunch, snacks and tea expenses	10,735,789	121,529	10,857,318	10,053,672
	Depreciation	18,450,181	2,207,689	20,657,870	16,357,531
	Other overhead expenses	685,234	-	685,234	390,812
		146,197,153	3,997,294	150,194,447	137,736,674
	<i>Total cost of goods manufactured</i>	693,627,108	57,029,987	750,657,095	637,740,113
20.2	Cost of raw materials consumed				
	Opening stock	149,124,585	10,154,881	159,279,466	101,874,382
	Add: Purchase	545,701,762	46,413,045	592,114,807	579,330,447
		694,826,347	56,567,926	751,394,273	681,204,829
	Less: Closing stock (Note 20.3)	157,783,530	3,535,233	161,318,763	159,279,466
		537,042,817	53,032,693	590,075,510	521,925,363

20.3 Purchases, issues and stocks of raw materials

Purchases, issues and stocks of raw materials are of over 750 items involving production of 220 finished goods formulation. The measurement are expressed in different units viz kilogram, activity, liter, pieces etc. In view of different units in use, the following table has been presented in value only.

Major material group	Opening stocks	Purchases	Consumption	Closing stocks
	Taka	Taka	Taka	Taka
Active materials	42,518,779	293,657,361	278,801,661	57,374,479
Raw materials	45,296,587	70,929,915	72,372,144	43,854,358
Packaging materials	37,126,621	108,314,789	109,391,223	36,050,187
Premix - Raw and packaging materials	24,182,598	72,799,697	76,477,789	20,504,506
	149,124,585	545,701,762	537,042,817	157,783,530
ORS (Tax holiday unit 3)	10,154,881	46,413,045	53,032,693	3,535,233
	159,279,466	592,114,807	590,075,510	161,318,763
Consumable stores	2,265,310	2,517,827	1,170,000	3,613,137
Maintenance stores and spares	2,103,261	-	905,000	1,198,261
	4,368,571	2,517,827	2,075,000	4,811,398
	163,648,037	594,632,634	592,150,510	166,130,161

20.4 Summarised quantity of purchases, issues and stocks of raw materials

Summarised quantity of purchases, issues and stocks of raw materials are stated below by their major product group and their total value.

Active materials:					
Major product group	Unit	Opening stocks	Purchases	Issues	Closing stocks
Local	KG/KGA	1,412	16,536	15,490	2,458
Imported	KG/KGA/BU	13,871	94,909	93,473	15,307
	Taka	42,518,779	293,657,361	278,801,661	57,374,479

Procurement of Active materials consist of 95 items of which 94% of the total value are imported during the year.

Raw materials					
Major product group	Unit	Opening stocks	Purchases	Issues	Closing stocks
Excepients	KG	21,028	136,446	75,398	82,076
Colour	KG	356	300	274	382
Empty gelatin capsules	PCS	684,826,000	66,734,000	32,881,000	718,679,000
Flavor	KG	628	2,530	735	2,423
Sugar	KG	207,353	86,000	208,194	85,159
Sorbitol	KG	65,512	22,000	82,393	5,119
Glucose	KG	10,350	30,300	35,665	4,985
Lactose	KG	7,690	44,320	43,988	8,022
	Taka	45,296,587	70,929,915	72,372,144	43,854,358

Purchase of raw materials involving 156 items of which 89% in value are imported during the year.

Packaging materials:					
<u>Major product group</u>	<u>Unit</u>	<u>Opening stocks</u>	<u>Purchases</u>	<u>Issues</u>	<u>Closing stocks</u>
Carton	PC	4,816,390	13,518,478	12,261,485	6,073,383
Label	PC	5,787,900	12,494,440	9,514,464	8,767,876
Direction slip	PC	4,899,350	13,093,360	9,984,366	8,008,344
Catch cover	PC	945,690	3,752,994	1,758,239	2,940,445
Vials	PC	935,207	6,648,837	5,718,101	1,865,943
Bottles	PC	1,600,284	4,293,877	4,981,425	912,736
Ampoules	PC	443,828	3,017,529	3,250,311	211,046
Alluminium tubes	PC	322,000	1,142,746	1,256,608	208,138
Plastic spoon/dropper	PC	1,391,100	7,133,300	7,058,510	1,465,890
PP cap/Al seals	PC	4,776,800	11,997,170	12,053,380	4,720,590
Rubber pluck	PC	2,641,500	1,876,000	2,703,500	1,814,000
Alluminium foil	KG	14,247	56,288	47,468	23,067
PVC hard	KG	16,799	3,547	3,587	16,759
	Taka	<u>37,126,621</u>	<u>108,314,789</u>	<u>109,391,223</u>	<u>36,050,187</u>

Packaging materials involving about 504 items of which 47% in value are imported during the year.

Materials available locally were procured from their local manufacturers. Moreover, materials were imported from the following countries either directly from the manufacturers or suppliers approved by the Drug Administration:

India	Japan	Italy	Denmark
China	Thailand	UK	The Netherlands
Hong Kong	South Korea	Spain	New Zealand
Singapore	Germany	Belgium	USA
Malaysia	France	Austria	Indonesia

21 Other income

Manufacturing charges received for manufacturing SK+F products	10,658,119	6,741,782
Dividend income	6,299,235	-
Royalty received from Deurali-Janta Pharmaceuticals Pvt. Ltd., Nepal	-	934,840
	<u>16,957,354</u>	<u>7,676,622</u>

22 Administrative, selling and distribution expenses

	2005			2004
	Non-tax holiday	Tax holiday	Total	Total
	<u>Unit-1 & 2</u>	<u>Unit-3</u>		
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Salaries, wages and allowances	174,872,328	456,147	175,328,475	161,620,611
Contribution to Provident Fund	2,670,608	8,540	2,679,148	2,601,643
Net periodic cost for gratuity	11,421,895	12,548	11,434,443	6,618,069
Fuel and power	8,945,768	-	8,945,768	8,201,824
Rent, rates and taxes	2,294,355	-	2,294,355	2,042,437
Rental and leases	11,391,713	-	11,391,713	10,230,916
Insurance	3,190,814	-	3,190,814	3,364,020
Travelling, moving and entertainment exp.	81,860,627	-	81,860,627	63,156,505
Repairs and maintenance	5,174,576	-	5,174,576	6,051,962
Legal and professional expense	246,770	-	246,770	673,000
Audit fee (Note 22.2)	180,000	-	180,000	180,000
Directors' fee	27,000	-	27,000	39,150
Membership fees and subscription	2,576,485	-	2,576,485	2,519,508
Meeting and corporate expense	12,392,451	-	12,392,451	8,352,488
Advertising and sales promotion	47,858,213	-	47,858,213	45,381,683
Field expenses	32,251,483	13,813	32,265,296	26,880,840
Depreciation	4,799,479	-	4,799,479	5,920,548
Printing and stationery	6,029,649	-	6,029,649	6,125,629
Postage, telex, fax and telephone	12,952,189	-	12,952,189	11,930,122
Distribution freight	38,193,404	38,552	38,231,956	29,029,347
Lunch, snacks, tea and welfare exp.	11,337,752	-	11,337,752	9,527,484
Other overhead expense *	8,159,923	-	8,159,923	6,621,485
	<u>478,827,482</u>	<u>529,600</u>	<u>479,357,082</u>	<u>417,069,271</u>

* Other overhead expense does not include 1% of total revenue.

22.1 The company engaged 1,267 employees for the whole year of which 1065 employees have received a total remuneration above Tk 36,000 and remaining 202 employees below Tk 3,000 per month.

22.2 Audit fee

Audit fee is payable to the company's auditors, Rahman Rahman Huq, Chartered Accountants for the year for following services:

	2005	2004
	<u>Taka</u>	<u>Taka</u>
Fees for auditing company's accounts	150,000	150,000
Travel expenses for visits and annual stock taking	30,000	30,000
	<u>180,000</u>	<u>180,000</u>

23 Non-operating expenses (net)

	2005			2004
	Non-tax holiday	Tax holiday		
	<u>Unit-1 & 2</u>	<u>Unit-3</u>	<u>Total</u>	<u>Total</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Interest on overdraft	21,912,949	1,090,000	23,002,949	24,601,521
Bank charges	1,610,236	-	1,610,236	1,815,747
Profit on disposal of fixed assets (Note 9.5)	(260,000)	-	(260,000)	(48,500)
Miscellaneous income	(436,623)	-	(436,623)	(102,116)
	<u>22,826,562</u>	<u>1,090,000</u>	<u>23,916,562</u>	<u>26,266,652</u>

24 Basic earnings per share (EPS)

The computation of EPS is given below:

	<u>2005</u>	<u>2004</u>
	<u>Taka</u>	<u>Taka</u>
Earnings attributable to the ordinary shareholders (net profit after tax)	192,568,261	145,487,941
Weighted average number of ordinary shares outstanding during the year	<u>669,437</u>	<u>557,864</u>
Basic Earning Per Share (EPS)	<u>287.66</u>	<u>260.79</u>

25 Cash and cash equivalents

Cash and bank balances		
Cash in hand	440,000	465,000
Cash at banks	<u>89,012,557</u>	<u>70,245,981</u>
	89,452,557	70,710,981
Bank overdraft	<u>(192,425,445)</u>	<u>(206,014,979)</u>
	<u>(102,972,888)</u>	<u>(135,303,998)</u>

26 Payments to directors and officers

The aggregate amount paid provided during the year in respect of directors and officers of the Company are disclosed below as required by the Securities and Exchange Rules 1987.

	<u>Directors</u> <u>Taka</u>	<u>Officers</u> <u>Taka</u>
Remuneration	1,008,000	43,222,986
House rent	873,600	61,063,763
Bonus	420,000	11,998,533
Contribution to provident fund	100,800	3,079,214
Gratuity	126,000	10,164,120
Medical expenses	87,530	5,488,062
Conveyance allowance and transport	192,000	19,405,382
Other welfare expenses	295,320	14,806,392

26.1 During the year no payment has been made to any non-executive Directors for any special services rendered.

27 Capacity utilisation - single shift basis

The company operates multi-products plant. As a result plant utilisation are not comparable with capacity due to variation of product mix. However, actual production and utilisation for major products group are as follows:

<u>Major product group</u>	<u>Unit</u>	<u>Capacity</u> <u>(In '000)</u>	<u>2005</u>		<u>2004</u>	
			<u>Actual</u> <u>production</u> <u>(In '000)</u>	<u>Utilisation</u> <u>%</u>	<u>Actual</u> <u>production</u> <u>(In '000)</u>	<u>Utilisation</u> <u>%</u>
Sterile dry fill (injectable)	Vials	18,500	5,190	28.05%	6,639	35.89%
Sterile liquid (injectable)	Vials & ampoules	8000	4,891	61.14%	4,355	54.44%
Ointments	Tubes	1,440	1,264	87.78%	1,199	83.26%
Capsules and tablets	Cap/Tab	242,000	384,234	158.77%	331,695	137.06%
Oral liquid & dry syrup	Bottles	6,840	6,582	96.23%	6,596	96.43%
Water for injection	Ampoules	2,000	1,521	76.05%	1,207	60.35%
Premix feed supplement	Kg	2,000	4,989	249.45%	848	424.00%
Premix feed supplement	Sachet	1,200	549	45.75%	549	45.75%
ORAL saline	Sachet	24,400	43,744	179.28%	35,813	248.70%

27.1 Capacity for Sterile dry fill (injectable) was built on the basis of high volume of Pronapen injection. The demand for Pronapen is declining. The company has been introducing other injectables to utilise the excess capacity.

28 Contingent liabilities

28.1 There are contingent liabilities on account of unresolved disputed corporate income tax assessments involving tax claims by the tax authority amounting to Tk 33,237,896 which has been referred to the High Court and appeals have been pending with Taxes Appellate Tribunal. However, tax paid and provided for the relevant years are more than adequate to meet the demanded tax, in the event the High Court maintains the decision of the Appellate Tribunal and the Tribunal upholds the order of the Commissioner of Taxes (Appeal).

28.2 Additional contingent liabilities exist in respect of the following:

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Outstanding letters of credit (Note 28.2.1)	158,978,226	76,512,322
Outstanding guarantees issued by the banks	1,600,415	224,285

28.2.1 Outstanding letters of credit

	<u>Limit</u> <u>Taka</u>	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
The Hongkong and Shanghai Banking Corporation Ltd.	150,000,000	13,100,633	8,006,439
Standard Chartered Bank	150,000,000	105,137,051	53,959,494
Eastern Bank Limited	70,000,000	39,132,327	14,546,389
City Bank N.A	80,000,000	1,608,215	-
	<u>450,000,000</u>	<u>158,978,226</u>	<u>76,512,322</u>

29 Capital expenditure commitment

There was no unprovided committed capital expenditure as at 31 December 2005.

30 Lease commitments

The company has lease commitments amounting to Tk 27,008,175 and payments due within one year amounts to Tk 6,228,444

31 Dividend paid to non-resident shareholders

Dividend paid to non-resident shareholder, Business Research International Corp. Inc. during the year 2005 was Tk 7,064,500 equivalent to US\$ 109,492.29 for their 141,290 shares.

32 Claims against the company not acknowledged as debt

None as at 31 December 2005

33 Payments/received in foreign currency

33.1 During the year the following payments were made in foreign currency for imports calculated on CIF basis of:

	<u>Foreign currency</u> US\$	<u>Local currency</u> Taka
Active, raw and packaging materials	8,304,639	564,632,420
Machinery and spares	1,478,024	100,505,630
	<u>9,782,663</u>	<u>665,138,050</u>

33.2 The following expenses were incurred during the year in foreign exchange on account of:

Professional consultation fee for ISO 9001	US\$	3,180.00
Export promotional expenses	US\$	15,097.37
Subscription for IMS and Medical Journal	US\$	3,614.36
Training	US\$	3,252.00

33.3 Foreign exchange was earned in respect of the following:

Export of goods on FOB	US\$	389,989.20
------------------------	------	------------

34 Subsequent events (disclosures under BAS 10 "Events after the balance sheet date")

There is no significant events subsequent to balance sheet date.

35 General

35.1 The accounts are expressed in Bangladesh Taka currency and rounded off to the nearest integer.

35.2 Previous year's figures have been rearranged wherever considered necessary to conform to current year's presentation.

Renata Limited
Tax Holiday Unit 3 - O.R.S

Profit and Loss Account for the year ended on 31 December 2005

	<u>Notes</u>	Tax holiday period (January to <u>May 2005</u>) <u>Taka</u>	Non-tax holiday period (June to <u>December 2005</u>) <u>Taka</u>	<u>Total</u> <u>Taka</u>
Turnover	19	33,997,624	38,572,472	72,570,096
Cost of goods sold (Schedule A/1)	20	<u>(27,557,107)</u>	<u>(29,104,377)</u>	<u>(56,661,484)</u>
Gross profit		6,440,517	9,468,095	15,908,612
Operating expenses :				
Administrative, selling and distribution expenses (Schedule A/2)	22	<u>(220,667)</u>	<u>(308,933)</u>	<u>(529,600)</u>
Operating profit		6,219,850	9,159,162	15,379,012
Non-operating expenses (net)	23	<u>(451,000)</u>	<u>(639,000)</u>	<u>(1,090,000)</u>
		5,768,850	8,520,162	14,289,012
Contribution to WPPF		<u>(274,708)</u>	<u>(405,722)</u>	<u>(680,430)</u>
Profit before tax		5,494,142	8,114,440	13,608,582
Tax expenses:				
Current tax		<u>-</u>	<u>(2,596,621)</u>	<u>(2,596,622)</u>
Profit after tax		<u>5,494,142</u>	<u>5,517,819</u>	<u>11,011,960</u>

Renata Limited
Tax Holiday Unit 3 - O. R. S

Details of cost of goods sold for the year ended 31 December 2005

	Tax holiday period (January to <u>May 2005</u>) <u>Taka</u>	Non-tax holiday period (June to <u>December 2005</u>) <u>Taka</u>	<u>Total</u> <u>Taka</u>
Cost of goods sold :			
Opening stocks of finished goods	-	-	-
Add : Cost of goods manufactured [ref. (a) below]	27,557,107	29,472,880	57,029,987
: Cost of finished goods purchased	-	-	-
	<u>27,557,107</u>	<u>29,472,880</u>	<u>57,029,987</u>
Less : Closing stocks of finished goods	-	368,503	368,503
	<u>27,557,107</u>	<u>29,104,377</u>	<u>56,661,484</u>
(a) Cost of goods manufactured			
Cost of materials :			
Opening work-in-progress	-	-	-
Add : Cost of raw materials consumed [ref. (b) below]	25,891,568	27,141,125	53,032,693
	<u>25,891,568</u>	<u>27,141,125</u>	<u>53,032,693</u>
Less : Closing work-in-progress	-	-	-
	<u>25,891,568</u>	<u>27,141,125</u>	<u>53,032,693</u>
Manufacturing overhead :			
Salaries, wages, and other benefits	231,901	324,661	556,562
Company's contribution to provident fund	3,550	4,970	8,520
Net periodic cost for gratuity	5,769	8,077	13,846
Electricity and fuel	367,309	514,232	881,541
Manufacturing supplies and expenses	24,725	34,615	59,340
Insurance	20,229	28,321	48,550
Land revenue and taxes	4,504	6,306	10,810
Postage, and telephone	5,938	8,314	14,252
Printing and stationery	3,505	4,907	8,412
Uniform to Workers	20,165	28,232	48,397
Repair and maintenances	7,436	10,410	17,846
Lunch, snacks and tea expenses	50,637	70,892	121,529
Depreciation	919,870	1,287,819	2,207,689
	<u>1,665,539</u>	<u>2,331,755</u>	<u>3,997,294</u>
Cost of goods manufactured	<u>27,557,107</u>	<u>29,472,880</u>	<u>57,029,987</u>
(b) Cost of raw materials consumed			
Opening stocks	10,154,881	7,939,699	10,154,881
Purchases	23,676,386	22,736,659	46,413,045
	<u>33,831,267</u>	<u>30,676,358</u>	<u>56,567,926</u>
Less : Closing stocks	7,939,699	3,535,233	3,535,233
	<u>25,891,568</u>	<u>27,141,125</u>	<u>53,032,693</u>

Renata Limited
Tax Holiday Unit 3 - O. R. S

Details of administrative, selling and distribution expenses for the year ended 31 December 2005

	Tax holiday period (January to <u>May 2005</u>) <u>Taka</u>	Non-tax holiday period (June to <u>December 2005</u>) <u>Taka</u>	<u>Total</u> <u>Taka</u>
Salaries, wages and allowances	190,061	266,086	456,147
Contribution to provident fund	3,558	4,982	8,540
Net periodic cost for gratuity	5,228	7,320	12,548
Field expenses	5,755	8,058	13,813
Distribution freight	16,063	22,489	38,552
	<u>220,667</u>	<u>308,933</u>	<u>529,600</u>

**Renata Limited
and its subsidiaries**

Consolidated Balance Sheet as at 31 December 2006

<u>Sources of fund</u>	<u>Notes</u>	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Shareholders equity:			
Equity attributable to group company shareholders:			
Share capital	4	66,943,700	55,786,400
Proposed bonus shares		13,388,700	11,157,300
Revaluation surplus	5	156,482,355	156,774,863
Tax holiday reserve		63,031,510	48,811,353
Capital reserve		535,560	535,560
Unappropriated profit	6	460,083,974	304,843,055
		760,465,799	577,908,531
Minority interest		9,863	6,978
		760,475,662	577,915,509
Medium term loan		65,888,889	78,781,724
Deferred liability - staff gratuity	7	60,324,000	52,822,000
Deferred tax liability	8	55,975,450	57,663,916
		<u>942,664,001</u>	<u>767,183,149</u>
 <u>Applications of fund</u>			
Property, plant and equipment:			
At cost/revaluation	9a	791,097,953	770,433,813
Less: Accumulated depreciation		258,130,790	225,847,402
		532,967,163	544,586,411
Add : Capital work-in progress	10	139,891,546	10,683,181
Investment at cost	11a	4,147,000	4,147,000
Current assets:			
Stocks and stores	12a	421,550,952	404,933,019
Debtors	13a	142,013,933	103,542,006
Advances, deposits and prepayments	14a	35,446,873	30,471,080
Cash and bank balances	15a	99,169,926	72,576,481
		698,181,684	611,522,586
Less: Current liabilities:			
Creditors of goods		27,839,795	14,371,923
Accrued expenses		69,959,290	42,159,873
Other finance	16a	26,862,164	17,814,158
Short term bank loans	17a	192,425,445	240,934,266
Provision for taxation	18a	80,483,330	56,807,350
Unclaimed dividend		1,481,518	985,939
Proposed cash dividend		33,471,850	27,893,200
Dividend distribution tax		-	2,789,320
		432,523,392	403,756,029
Net current assets		265,658,292	207,766,557
		<u>942,664,001</u>	<u>767,183,149</u>

The accompanying notes 1 to 35 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

As per our annexed report of same date.

Dhaka, 30 April 2006

Auditors

Renata Limited
and its subsidiaries

Consolidated Profit and Loss Account for the year ended 31 December 2005

	<u>Notes</u>	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Turnover	19a	1,784,917,383	1,470,130,349
Cost of goods sold	20a	(949,216,872)	(804,087,997)
Gross profit		835,700,511	666,042,352
Other income		11,107,847	10,236,351
		846,808,358	676,278,703
Operating expenses:			
Administrative, selling and distribution expenses	22a	(492,289,604)	(427,598,666)
Operating profit		354,518,754	248,680,037
Non-operating expenses (net)	23a	(36,216,813)	(38,180,613)
		318,301,941	210,499,424
Contribution to WPPF		(15,157,236)	(10,415,442)
Profit before tax		303,144,705	200,083,982
Tax expenses:			
Current tax	18	(88,164,518)	(59,322,757)
Deferred tax		1,345,089	(3,498,135)
		(86,819,429)	(62,820,892)
Profit after tax		216,325,276	137,263,090
Minority interest		(3,650)	999
		216,321,626	137,264,089
Unappropriated profit brought forward:			
Unappropriated profit brought forward		304,843,055	216,343,692
		304,843,055	216,343,692
Profit available for appropriation		521,164,681	353,607,781
Appropriation:			
Tax holiday reserve		(14,220,157)	(6,924,906)
Proposed bonus shares (1 share for 5 shares held)		(13,388,700)	(11,157,300)
Proposed cash dividend (Tk 50 per share)		(33,471,850)	(27,893,200)
Dividend distribution tax		-	(2,789,320)
		(61,080,707)	(48,764,726)
Unappropriated profit carried forward		460,083,974	304,843,055
Basic earnings per share (par value Tk. 100) - Note 24a		323.15	246.05

The accompanying notes 1 to 35 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

As per our annexed report of same date.

Dhaka, 30 April 2006

Auditors

Renata Limited
and its subsidiaries

Consolidated statement of changes in equity for the year ended 31 December 2005

Particulars	Equity attributable to group company shareholders							Minority interest	Total
	Share capital	Proposed bonus shares	Revaluation surplus	Tax holiday reserve	Capital reserve	Unappropriated profit	Total		
	Taka	Taka	Taka	Taka	Taka	Taka	Taka		
Balance at 31 December 2003	46,488,700	9,297,740	157,410,748	41,886,447	535,560	216,343,692	471,962,887	7,877	471,970,764
Adjustment on consolidation of subsidiary	-	-	-	-	-	-	-	100	100
Bonus share issued	9,297,700	(9,297,700)	-	-	-	-	-	-	-
Depreciation adjustment	-	-	(635,885)	-	-	-	(635,885)	-	(635,885)
Net profit after tax for the year	-	-	-	-	-	137,264,089	137,264,089	(999)	137,263,090
Transferred to tax holiday reserve	-	-	-	6,924,906	-	(6,924,906)	-	-	-
Proposed bonus shares	-	11,157,300	-	-	-	(11,157,300)	-	-	-
Proposed cash dividend	-	(40)	-	-	-	(27,893,200)	(27,893,240)	-	(27,893,240)
Dividend distribution tax	-	-	-	-	-	(2,789,320)	(2,789,320)	-	(2,789,320)
Balance at 31 December 2004	55,786,400	11,157,300	156,774,863	48,811,353	535,560	304,843,055	577,908,531	6,978	577,915,509
Bonus share issued	11,157,300	(11,157,300)	-	-	-	-	-	-	-
Deferred tax on revaluation surplus	-	-	343,377	-	-	-	343,377	-	343,377
Depreciation adjustment	-	-	(635,885)	-	-	-	(635,885)	-	(635,885)
Net profit after tax for the year	-	-	-	-	-	216,321,626	216,321,626	3,650	216,325,276
Proposed dividend to minority shareholder	-	-	-	-	-	-	-	(765)	(765)
Transferred to tax holiday reserve	-	-	-	14,220,157	-	(14,220,157)	-	-	-
Proposed bonus shares	-	13,388,700	-	-	-	(13,388,700)	-	-	-
Proposed cash dividend	-	-	-	-	-	(33,471,850)	(33,471,850)	-	(33,471,850)
Balance at 31 December 2005	66,943,700	13,388,700	156,482,355	63,031,510	535,560	460,083,974	760,465,799	9,863	760,475,662

Renata Limited
and its subsidiaries

Consolidated cash flow statement for the year ended 31 December 2005

	<u>2005</u>	<u>2004</u>
	<u>Taka</u>	<u>Taka</u>
A. Cash flows from operating activities:		
Collection from customers and other income	2,017,370,599	1,684,383,449
Payment of VAT	(243,974,768)	(207,944,797)
Payment to suppliers and employees	(1,404,112,025)	(1,301,237,618)
<i>Cash generated from operation</i>	<u>369,283,806</u>	<u>175,201,034</u>
Financing cost	(36,216,813)	(38,331,229)
Payment of tax	(64,488,538)	(48,129,584)
<i>Net cash from operating activities</i>	<u>268,578,455</u>	<u>88,740,221</u>
B. Cash flows from investing activities:		
Purchase of property, plant and equipment	(153,444,968)	(125,031,909)
Sale proceeds of property, plant and equipment	260,000	269,375
<i>Net cash used in investing activities</i>	<u>(153,184,968)</u>	<u>(124,762,534)</u>
C. Cash flows from financing activities:		
Medium term loan received (net)	(12,892,835)	36,470,034
Dividend paid	(27,398,386)	(23,081,044)
<i>Net cash from financing activities</i>	<u>(40,291,221)</u>	<u>13,388,990</u>
D. Net cash (outflows for the year (A+B+C))	75,102,266	(22,633,323)
E. Opening cash and cash equivalents	(168,357,785)	(145,724,462)
F. Closing cash and cash equivalents (D+E) (Note 25a)	<u>(93,255,519)</u>	<u>(168,357,785)</u>

8a Consolidated deferred tax liability

Renata Agro Industries Limited, subsidiary of Renata limited is enjoying tax holiday as such no deferred tax adjustments have been considered.

As another subsidiary, Purnava Limited yet to start commercial operation, no deferred tax adjustment has been considered.

9a Consolidated property, plant and equipment

Particulars	Cost/revaluation				Rate	Depreciation				Written down value at 31 December 2005
	At 1 January 2005	Additions during the year	Disposal/adjustment during the year	At 31 December 2005		At 1 January 2005	Charge during the year	Disposal/adjustment during the year	At 31 December 2005	
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>%</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Freehold land:										
At cost	28,899,377	4,303,828	-	33,203,205		-	-	-	-	33,203,205
On rev	179,132,078	-	-	179,132,078		-	-	-	-	179,132,078
	208,031,455	4,303,828	-	212,335,283	-	-	-	-	-	212,335,283
Building:										
At cost	87,416,683	-	-	87,416,683	1.33-4	18,987,452	4,496,821	-	23,484,273	63,932,410
At cost	2,547,463	-	2,547,463	-	33.33	1,969,309	578,154	2,547,463	-	-
On rev	41,291,251	-	-	41,291,251	1.33-4	6,277,123	635,885	-	6,913,008	34,378,243
	131,255,397	-	2,547,463	128,707,934		27,233,884	5,710,860	2,547,463	30,397,281	98,310,653
Plant and n	349,016,022	15,809,492	135,000	364,690,514	5-20	147,969,130	23,945,316	17,600	171,896,846	192,793,668
Automobile	33,850,022	-	1,025,000	32,825,022	25-20	29,310,111	2,317,301	1,002,500	30,624,912	2,200,110
Office equi	34,276,250	2,920,138	(135,000)	37,331,388	10-12.5	16,344,880	3,230,321	(17,600)	19,592,801	17,738,587
Furniture ai	14,004,667	1,203,145	-	15,207,812	5	4,989,397	629,553	-	5,618,950	9,588,862

Total 2005	<u>770,433,813</u>	<u>24,236,603</u>	<u>3,572,463</u>	<u>791,097,953</u>	<u>225,847,402</u>	<u>35,833,351</u>	<u>3,549,963</u>	<u>258,130,790</u>	<u>532,967,163</u>
Total 2004	<u>657,920,085</u>	<u>114,380,728</u>	<u>1,867,000</u>	<u>770,433,813</u>	<u>197,588,724</u>	<u>29,879,203</u>	<u>1,620,525</u>	<u>225,847,402</u>	<u>544,586,411</u>

9a.1 Value of fully depreciated assets included in property, plant and equipment are as follows:

	<u>Cost</u> <u>Taka</u>
Building	3,747,076
Plant and machinery	84,666,288
Automobile and trucks	26,709,100
Office equipments	8,901,461
Furniture and fixture	2,138,244
	<u>126,162,169</u>

9a.2 The land of the company measuring 12 acres of freehold land located at Mirpur, Dhaka and 9 feet above highest flood level recorded in 1988. Out of 12 acres of land, 4.75 acres are secured against short-term bank loans by registered mortgage.

9a.3 Depreciation for the year charged to:

	<u>Taka</u>
Cost of goods sold - Non-tax holiday units 1&2 (Note 20.1)	18,450,181
Cost of goods sold - Tax holiday unit 3 (Note 20.1)	2,207,689
	20,657,870
Renata Agro Industries Limited	9,740,117
Operating expenses (Note 22)	4,799,479
Revaluation surplus (Note 5)	635,885
	<u>35,833,351</u>

9a.4 The freehold land and buildings have been revalued by a firm of professional valuers and the increase in net carrying amount as a result of revaluation has been shown as additions/revaluations in the year 1995.

11a Consolidated investment - at cost

The following amounts are invested for maintaining equivalent amount of tax holiday reserve @ 10% on exempted net profit of Renata Agro Industries Limited:

	<u>2005</u>	<u>2004</u>
	<u>Taka</u>	<u>Taka</u>
Protirokka Sanchaya Patra	2,447,000	2,447,000
Investment Development Bonds	1,700,000	1,700,000
	<u>4,147,000</u>	<u>4,147,000</u>

12a Consolidated stocks and stores

	<u>2005</u>	<u>2004</u>
	<u>Taka</u>	<u>Taka</u>
Finished goods - Pharmaceutical (unit 1)	101,704,293	95,032,422
- Premix (unit 2)	45,599,357	28,381,433
- ORS (unit 3)	368,503	-
	147,672,153	123,413,855
Work-in-progress	30,969,925	41,357,063
Raw materials	43,854,358	45,296,587
Bulk materials	57,374,479	42,518,779
Packing materials	36,050,187	37,126,621
Raw and packaging materials Premix (unit 2)	20,504,506	24,182,598
Raw and packaging materials ORS (unit 3)	3,535,233	10,154,881
Consumable stores and spares	5,990,921	6,148,137
Stock-in transit	43,611,768	33,245,253
Raw materials - Renata Agro Industries Limited	31,987,422	41,489,245
	<u>421,550,952</u>	<u>404,933,019</u>

All present and future stocks of Renata Limited are secured against short term bank loans (Note 17).

13a Consolidated debtors

<u>2005</u>	<u>2004</u>
<u>Taka</u>	<u>Taka</u>

Trade debtors- unsecured (Note 13a.1)	111,810,880	84,303,965
Less: Provision for doubtful debts	<u>10,255,877</u>	<u>9,655,877</u>
Trade debtors considered good	101,555,003	74,648,088
Sundry debtors - considered good	19,127,724	9,836,515
Value Added Tax (VAT) recoverable	<u>21,331,206</u>	<u>19,057,403</u>
	<u>142,013,933</u>	<u>103,542,006</u>

All present and future debtors of Renata Limited are secured against short term bank loans (Note 17).

13a.1 Trade debtors

Debts due over six months	71,864,489	35,987,231
Debts due below six months	<u>39,946,391</u>	<u>38,674,000</u>
	<u>111,810,880</u>	<u>74,661,231</u>

2005

Taka

2004

Taka

14a Consolidated advances, deposits and prepayments

Advances:

For inventories
To employees

1,667,295	-
<u>13,897,244</u>	<u>13,660,462</u>
15,564,539	13,660,462

Deposits and prepayments:

Security deposits
Prepaid expenses
Other advances

4,697,271	4,335,446
14,190,568	12,331,752
994,495	143,420
<u>19,882,334</u>	<u>16,810,618</u>
<u>35,446,873</u>	<u>30,471,080</u>

15a Consolidated cash and bank balances

Cash in hand
Cash at banks in current accounts

1,262,162	1,467,841
97,907,764	71,108,640

<u>99,169,926</u>	<u>72,576,481</u>
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16a Consolidated other finance

Workers' profit participation fund	23,359,428	17,046,683
Others	<u>3,502,736</u>	<u>767,475</u>
	<u>26,862,164</u>	<u>17,814,158</u>

17a Consolidated short term bank loans

	<u>Limit</u> <u>Taka</u>	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Overdraft accounts with:			
Eastern Bank Limited, Dhaka	165,000,000	22,232,370	51,372,055
The Hongkong and Shanghai Banking Corporation Ltd., Dhaka	210,000,000	70,427,568	100,471,583
Standard Chartered Bank, Dhaka	192,500,000	89,588,131	89,090,628
Citibank N. A	<u>120,000,000</u>	<u>10,177,376</u>	<u>-</u>
	<u>687,500,000</u>	<u>192,425,445</u>	<u>240,934,266</u>

18a Consolidated provision for taxation

Renata Agro Industries Limited, a subsidiary of Renata Limited, is enjoying tax holiday hence no tax provision has been made on its profit.

No provision has been made for Purnava Limited as the company has not yet started any commercial operation.

19a Consolidated turnover

	<u>2005</u> <u>Taka</u>	<u>2004</u> <u>Taka</u>
Non-tax holiday (unit 1):		
Pharmaceutical products	1,168,131,510	966,241,945

Animal health products	225,525,333	114,072,960
Premix (unit - 2)	142,328,900	191,114,083
ORS (unit 3)	38,572,472	-
	<u>1,574,558,215</u>	<u>1,271,428,988</u>
Tax holiday (unit 3) - ORS	33,997,624	80,368,196
Renata Agro Industries Ltd. - Products	176,361,544	118,333,165
	<u>1,784,917,383</u>	<u>1,470,130,349</u>

<u>2005</u>	<u>2004</u>
<u>Taka</u>	<u>Taka</u>

20a Consolidated cost of goods sold

Opening stock of finished goods	123,413,855	120,017,839
Add: Cost of goods manufactured	870,676,531	744,414,502
Cost of finished goods purchased	102,798,639	63,069,511
	<u>1,096,889,025</u>	<u>927,501,852</u>
Less: Closing stock of finished goods	147,672,153	123,413,855
	<u>949,216,872</u>	<u>804,087,997</u>

22a Consolidated administrative, selling and distribution expenses

Salaries, wages and allowances	180,997,007	166,406,872
Contribution to Provident Fund	2,679,148	2,601,643
Net periodic cost for gratuity	10,020,176	6,618,069
Fuel and power	8,945,768	8,313,804
Rent, rates and taxes	2,294,355	2,322,237
Rental and leases	11,391,713	10,230,916
Insurance	3,190,814	3,377,820
Travelling, moving and entertainment exp.	81,860,627	63,898,955
Repairs and maintenance	5,174,576	6,176,944
Legal and professional expense	246,770	850,377
Audit fee	180,000	235,000
Provision for bad debt	600,000	-

Directors' fee	27,000	39,150
Membership fees and subscription	2,576,485	2,562,818
Meeting and corporate expense	12,392,451	8,395,288
Advertising and sales promotion	47,858,213	45,387,183
Field expenses	32,265,296	26,880,840
Depreciation	4,799,479	5,962,466
Printing and stationery	6,029,649	6,193,307
Postage, telex, fax and telephone	12,952,189	12,327,309
Distribution freight	38,231,956	32,632,188
Lunch, snacks, tea and welfare exp.	11,337,752	9,530,725
Other overhead expense	8,159,923	6,654,755
	<u>484,211,347</u>	<u>427,598,666</u>

23a Consolidated non-operating expenses (net)

Interest on overdraft	35,185,882	36,426,849
Bank charges	1,727,554	1,904,380
Profit on disposal of fixed assets	(260,000)	(48,500)
Miscellaneous income	(436,623)	(102,116)
	<u>36,216,813</u>	<u>38,180,613</u>

24a Consolidated basic earnings per share (EPS)

The computation of EPS is given below:

Earnings attributable to the ordinary shareholders (group profit for the year)	216,321,626	137,264,089
Weighted average number of ordinary shares outstanding during the year	<u>669,437</u>	<u>557,864</u>
Basic Earning Per Share (EPS)	<u>323.14</u>	<u>246.05</u>

25a Consolidated cash and cash equivalents

Cash and bank balances		
Cash in hand	1,262,162	2,330,500
Cash at banks	<u>97,907,764</u>	<u>70,245,981</u>
	<u>99,169,926</u>	<u>72,576,481</u>

Bank overdraft

<u>(192,425,445)</u>	<u>(240,934,266)</u>
<u><u>(93,255,519)</u></u>	<u><u>(168,357,785)</u></u>