

ANNUAL REPORT 2007



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, 2007.

BUSINESS ACTIVITIES

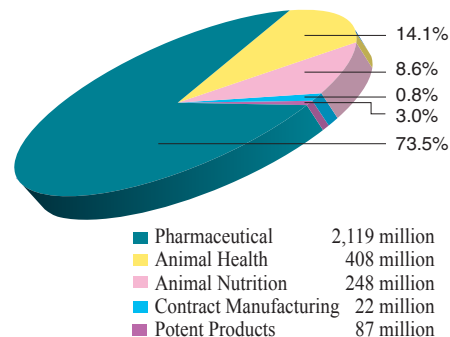
Turnover during 2007 was Taka 2,534.2 million registering a growth of 31.5% over last year's turnover of Taka 1,927.3 million. Profit after tax was Taka 335.9 million – a growth of 38.7%. Earnings per Share (EPS) stood at Taka.348.5 against Taka 251.2 of 2006.

The following products were introduced during the year 2007:

Pharmaceutical Products

1. Sprinkles 1 gm. Sachet
2. Titolax 10 gm. Sachet
3. Trulax Syrup 1 mg/5ml
4. Vaxem HIB
5. Zithrin 250 mg. Tablet

Sales Contribution by Business Units in 2007



FINANCIAL RESULTS

The Directors take pleasure in reporting the following financial results of the Company for the year 2007:

	2007 Taka	2006 Taka
Profit before tax	466,618,826	347,221,767
Less: Provision for tax	130,695,719	105,090,130
Net Profit after tax	335,923,107	242,131,637
Add: Un-appropriated profit brought forward	642,278,182	456,968,084
Add: Tax holiday reserve reversed	588,839	(588,839)
Profit available for appropriation	978,790,128	698,510,882
APPROPRIATION RECOMMENDED:		
Dividend proposed:		
a) Cash dividend @ Taka 50/- per Share of Taka 100 each	48,199,450	40,166,200
b) Stock dividend (Bonus Share) in the ratio of one bonus share for every five (1B:5) Shares held	19,279,800	16,066,500
	67,479,250	56,232,700
Balance Un-appropriated profit carried forward	911,310,878	642,278,182
	978,790,128	698,510,882

DIVIDEND

Renata continues have a very aggressive investment strategy. During 2007 investments made for upgrading the General Facility at Mirpur, and Cephalosporin and Penicillin Facilities at Rajendrapur amounted to Taka 417.6 million. The entire amount was financed through internal cash generation. Investments of this magnitude are to be expected every year for the foreseeable future. Hence the Directors deem it necessary to retain adequate funds for financing capital expenditures.

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 48,199,450. 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 (1B:5) for which an amount of Taka 19,279,800 will have to be transferred to Share Capital Account subject to the approval by the shareholders at the Annual General Meeting.

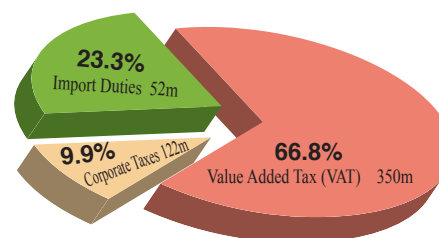
DIRECTORS

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

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year under review your Company paid Taka 524 million to the National Exchequer in the form of Corporate Income Tax, Import Duties and Value Added Tax (VAT)

Contribution to Government Exchequer 2007



AUDITORS

The Company's Auditors Messrs Rahman Rahman Huq Chartered Accountants retire at the thirty fifth Annual General Meeting and being eligible offer themselves for reappointment as Auditors for the year 2008 with re-fixation of their remuneration.

CAPITAL EXPENDITURE

The following capital expenditure made by the Company during the year amounted to Tk.417.62 million.

	Taka in Millions
Freehold Land	10.98
Factory Building	10.62
Plant and Machinery	81.60
Office Equipment, Furniture & Fixtures	10.95
Automobile	33.60
Cephalosporin & Penicillin Facilities	269.87
	417.62

The investments were financed with internally generated funds.

CONSOLIDATION OF ACCOUNTS

The Company consistently follows 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 STATEMENT

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

In our opinion,

- a) The financial statements prepared by the management for the year 2007 give a true and fair view of the state of company and 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 judgement.
- d) In preparation of the financial statement, the International Accounting Standards, as applicable in Bangladesh have been followed and there has been no departure from the policies.
- e) The system of internal control and internal checks are in effect and monitored properly.
- f) The company has sound and strong operational strengths and ability to continue as a going concern. As such, there is no doubt of its continuity.
- g) There is no significant deviation from last year in operating results.
- h) The key operating and financial data for preceding five years have been shown in the Financial Highlights.
- i) The Directors, have recommended a cash dividend of TK. 50 per share of TK. 100 each and Stock dividend (bonus share) in the ratio of one share for every five shares are held (1B:5).
- j) During the year five Board Meetings were held and attendance by each Director are given below:

1. Mr. Syed Humayan Kabir	Chairman of the Board	5 times
2. Mr. Syed S. Kaiser Kabir	CEO & Managing Director	5 times
3. Mr. Sajida Humayun Kabir	Director	5 times
4. Dr. Sarwar Ali	Director	5 times
5. Mr. Md. Ziaul Haque Khondker	Director	5 times
6. Mr. A. Hasanat Khan	Director	5 times
7. Mr. Manzoor Hasan	Independent Director	5 times

- k) The pattern of Shareholding

(i) Parent/ Subsidiary / Associated companies:

The Shareholding information as on 31st December 2007 and other related information are set out in note- 4.

(ii) Directors:

1. Mr. Syed Humayun Kabir	424 Shares
2. Mr. Syed S. Kaiser Kabir	756 Shares
3. Mr. Sajida Humayun Kabir	0 Shares
4. Dr. Sarwar Ali	54 Shares
5. Mr. Md. Ziaul Haque Khondker	0 Shares
6. Mr. A. Hasanat Khan	0 Shares
7. Mr. Manzoor Hasan	0 Shares

Chief Financial Officer & Company Secretary

Mr. Md. Shafiul Alam 2,358 Shares

(iii) Head of Internal Audit 0 Shares

(iv) Executives:

1. Mr. M. Alamgir Hossain	22 Shares
2. Dr. Manzur Aziz	92 Shares
3. Dr. Sayma Ali	0 Shares
4. Mr. Khalil Musaddeq	0 Shares
5. Dr. Md. Iqbal Hossain	0 Shares

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

1. Sajida Foundation	491,632 Shares
2. Business Research International Corp.Inc.	244,148 Shares
3. ICB Unit Fund & Investment Corporation of Bangladesh and First ICB Mutual Fund	102,145 Shares

STATUS OF COMPLIANCE :

Status of compliance as stated in SEC order dated 20th February 2006 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.

On behalf of the Board of Directors



Syed S. Kaiser Kabir
Managing Director
April 22, 2008

Auditors' Report to the shareholders of Renata Limited

We have audited the accompanying balance sheet of Renata Limited as of 31 December 2007 and the related profit and loss account, cash flow statement, statement of changes in equity and notes to the financial statements for the year then ended. We have also reviewed the attached consolidated balance sheet, profit and loss account, cash flow statement, statement of changes in equity and notes to the financial statements of Renata Limited and its subsidiaries viz Renata Agro Industries Limited and Purnava Limited, not audited by us, (collectively referred to as "Renata group") as of 31 December 2007. 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.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BAS). 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, reflect total assets of Tk. 231,919,159 and Tk 18,174,570 respectively as at 31 December 2007 and total revenue of Renata Agro Industries Limited of Tk 195,742,490 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 along with the notes thereon and the consolidated financial statements, drawn up on the consideration of the separate audit reports of the subsidiaries as of 31 December 2007, prepared in accordance with Bangladesh Accounting Standards (BAS), and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs and of its subsidiaries, and the results of their operations and cash flows for the year then ended and 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.

Without qualifying our opinion we draw attention to Note 3.7 to the financial statements. The company applied on 18 February 2007 to the NBR (National Board of Revenue) for tax holiday of its Unit-4 (Potent Product Facility) under section 46A of the Income Tax Ordinance (ITO) 1984. After statutory proceedings as per ITO 1984, the NBR rejected the tax holiday application on 27 March 2007 on certain grounds. The company filed appeal on 22 April 2007 to review the application and the review process reportedly is in progress. The ultimate outcome of the matter cannot presently be determined. No provision for any tax liability that may arise due to the rejection has been made in the financial statements from September 2006 as the company has shown Unit-4 as tax holiday unit in the financial statements from the year 2006.

Dhaka, 22 April 2008



Rahman Rahman Huq
Chartered Accountants

Renata Limited
Balance Sheet as at 31st December 2007

Assets	Notes	2007 Taka	2006 Taka
Property, plant and equipment	4	796,846,754	689,066,469
Capital work-in-progress	5	305,983,441	44,121,037
Investment in subsidiaries	6	63,070,376	63,070,376
Other investment	7	1,000,000	1,000,000
Total non-current assets		<u>1,166,900,571</u>	<u>797,257,882</u>
Current assets			
Inventories	8	662,012,145	638,784,952
Trade and other receivables	9	194,727,875	198,626,085
Advances, deposits and prepayments	10	83,095,822	59,808,451
Cash and cash equivalents	11	48,256,978	82,035,371
Total current assets		<u>988,092,820</u>	<u>979,254,859</u>
Total assets		<u>2,154,993,391</u>	<u>1,776,512,741</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the company			
Share capital	12	96,398,900	80,332,400
Revaluation surplus	13	155,553,964	156,018,160
Tax holiday reserve		46,862,514	47,451,353
Retained earnings	14	978,790,128	698,510,882
Total equity attributable to equity holders of the company		<u>1,277,605,506</u>	<u>982,312,795</u>
Non-current liabilities			
Deferred liability-staff gratuity	15	88,948,500	72,656,492
Deferred tax liability	16	71,370,735	62,661,763
Total non-current liabilities		<u>160,319,235</u>	<u>135,318,255</u>
Current liabilities			
Bank overdraft	17	361,475,015	371,848,683
Creditors for goods		37,929,106	51,607,325
Accrued expenses		98,063,196	71,050,788
Other payables	18	123,160,097	68,360,467
Unclaimed dividend		2,485,448	1,792,199
Provision for taxation	19	93,955,788	94,222,229
Total current liabilities		<u>717,068,650</u>	<u>658,881,691</u>
Total liabilities		<u>877,387,885</u>	<u>794,199,946</u>
Total equity and liabilities		<u>2,154,993,391</u>	<u>1,776,512,741</u>

Previous year's figures have been rearranged to conform to current year's presentation.


The accompanying notes 1 to 34 form an integral part of these financial statements.



CEO & Managing Director

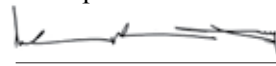


Director



Company Secretary

As per our annexed report of same date.



Auditors

Dhaka, 22 April 2008

Renata Limited
Profit and Loss Account for the year ended 31st December 2007

	Notes	2007			2006
		Non-tax holiday		Tax holiday	Total
		Unit 1	2 & 3	Unit 4	Total
		Taka		Taka	Taka
Turnover	20	2,461,552,090	72,622,891	2,534,174,981	1,927,731,885
Cost of sales	21	(1,278,516,633)	(20,394,701)	(1,298,911,334)	(978,390,209)
Gross profit		1,183,035,457	52,228,190	1,235,263,647	949,341,676
Other income	22	11,734,434	-	11,734,434	32,868,293
		1,194,769,891	52,228,190	1,246,998,081	982,209,969
Operating expenses:					
Administrative, selling and distribution expenses	23	(675,132,946)	(21,648,727)	(696,781,673)	(577,785,557)
Operating profit		519,636,945	30,579,463	550,216,408	404,424,412
Gain on disposal of property, plant and equipment	4.5	496,800	-	496,800	1,928,200
Interest on over draft		(55,476,494)	(2,004,000)	(57,480,494)	(39,765,188)
Other expenses		(3,272,447)	-	(3,272,447)	(2,634,492)
Contribution to WPPF		(21,980,705)	(1,360,736)	(23,341,441)	(16,731,165)
Profit before tax		439,404,099	27,214,727	466,618,826	347,221,767
Tax expenses					
Current tax	19	(121,815,058)	-	(121,815,058)	(98,232,128)
Deferred tax	16	(8,880,661)	-	(8,880,661)	(6,858,002)
		(130,695,719)	-	(130,695,719)	(105,090,130)
Net Profit after tax for the year		308,708,380	27,214,727	335,923,107	242,131,637
Basic earnings per share (par value of Tk 100)	24			348.47	251.18

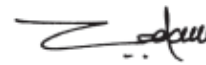
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CEO & Managing Director

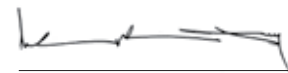


Director



Company Secretary

As per our annexed report of same date.



Auditors

Dhaka, 22 April 2008

Renata Limited

Statement of changes in equity for the year ended 31st December 2007

	Share capital Taka	Proposed stock dividend Taka	Proposed cash dividend Taka	Revaluation surplus Taka	Tax holiday reserve Taka	Unappropriated profit Taka	Total Taka
Balance at 31 December 2005	66,943,700	13,388,700	33,471,850	156,482,355	46,862,514	456,968,084	774,117,203
Stock dividend issued	13,388,700	(13,388,700)	-	-	-	-	-
Cash dividend paid	-	-	(33,471,850)	-	-	-	(33,471,850)
Deferred tax on revaluation surplus	-	-	-	171,690	-	-	171,690
Depreciation adjustment on revaluation surplus	-	-	-	(635,885)	-	-	(635,885)
Net profit after tax for the year	-	-	-	-	-	242,131,637	242,131,637
Tax holiday reserve	-	-	-	-	588,839	(588,839)	-
Balance at 31 December 2006	80,332,400	-	-	156,018,160	47,451,353	698,510,882	982,312,795
Balance at 31 December 2006	80,332,400	-	-	156,018,160	47,451,353	698,510,882	982,312,795
Stock dividend issued	16,066,500	-	-	-	-	(16,066,500)	-
Cash dividend paid	-	-	-	-	-	(40,166,200)	(40,166,200)
Deferred tax on revaluation surplus	-	-	-	171,689	-	-	171,689
Depreciation adjustment on revaluation surplus	-	-	-	(635,885)	-	-	(635,885)
Net profit after tax for the year	-	-	-	-	-	335,923,107	335,923,107
Tax holiday reserve reversed	-	-	-	-	(588,839)	588,839	-
Balance at 31 December 2007	96,398,900	-	-	155,553,964	46,862,514	978,790,128	1,277,605,506

Previous year's figures have been rearranged to conform to current year's presentation

Renata Limited

Cash flow statement for the year ended 31st December 2007

	2007 Taka	2006 Taka
A. Cash flows from operating activities:		
Collection from customers and other income	2,885,087,954	2,185,812,587
Payment of VAT	(349,947,277)	(264,905,916)
Payment to suppliers and employees	(1,922,429,087)	(1,727,456,964)
<i>Cash generated from operation</i>	612,711,590	193,449,707
Financing cost	(57,480,494)	(39,765,188)
Payment of tax	(122,081,499)	(84,493,229)
<i>Net cash from operating activities</i>	433,149,597	69,191,290
B. Cash flows from investing activities:		
Purchase of property, plant and equipment	(417,615,371)	(224,799,510)
Investment in shares	-	-
Sale proceeds of property, plant and equipment	534,000	1,928,200
<i>Net cash from investing activities</i>	(417,081,371)	(222,871,310)
C. Cash flows from financing activities:		
Medium term loan (repaid)/received (net)	(10,373,668)	179,423,238
Dividend paid	(39,472,951)	(33,160,404)
<i>Net cash from financing activities</i>	(49,846,619)	146,262,834
D. Net cash outflows for the year (A+B+C)	(33,778,393)	(7,417,186)
E. Opening cash and cash equivalents	82,035,371	89,452,557
F. Closing cash and cash equivalents (D+E)	48,256,978	82,035,371

Previous year's figures have been rearranged to conform to current year's presentation

Renata Limited

Notes to the financial statements for the year ended 31st December 2007

1. The reporting entity and its nature of business

Renata Limited is a public limited company incorporated in Bangladesh under the Companies Act 1913 with an authorized capital of Tk 500,000,000 divided into 5,000,000 ordinary shares of Tk 100 each with a paid up capital of Tk 96,398,900 divided into 963,989 ordinary shares of taka 100 each. The address of the registered office of the company being Road No. 31, House No. 450, Mohakhali DOHS, Dhaka. The shares of the company are publicly traded on the floor of Dhaka Stock Exchange Limited.

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

2. Basis of preparation of the financial statements

2.1 Statement of compliance

These financial statements have been prepared in accordance with applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and where relevant with presentational requirements of the applicable law.

2.2 Date of authorization for issue of the financial statements

On 22 April 2008, the Board of Directors reviewed the financial statements and authorized them for issue.

2.3 Basis of Measurement

The financial statements have been prepared under the historical cost convention as modified to include revaluation of certain property, plant and equipment.

2.4 Functional and presentational currency

These financial statements are prepared in Bangladesh Taka (Taka/Tk), which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest taka.

2.5 Use of estimates and judgements

The Preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2.6 Going concern

The company has adequate resources to continue in operation for foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the company provide sufficient fund to meet the present requirements of its existing business and operations.

3. Significant accounting policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

3.1 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 are reconverted at the rates prevailing at the balance sheet date. Non-monetary assets and liabilities are reported using the exchange rate at the date of transaction. Differences arising on conversion are charged or credited to the profit and loss account.

3.2 Financial instrument

Non-derivative financial instrument comprise accounts and other receivables, cash and cash equivalents, loans and borrowings, and other payables are shown at transaction cost.

3.3 Property Plant and equipment

3.3.1 Recognition and measurement

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.

Costs include expenditures that are directly attributable to the acquisition of the property, plant and equipment.

3.3.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit and loss account as incurred.

3.3.3 Depreciation

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

Building	33.03 years	Machinery and equipment	5-20 years
Automobiles and trucks	04 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.

3.3.4 Capital work-in-progress

Property, plant and equipment that is being under construction/acquisition is accounted for as capital work-in-progress until construction/acquisition is complete and measured at cost.

3.4 Inventories

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

Cost of active materials, raw materials and packing materials are valued 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.

3.5 Impairment

The carrying amount of the non-financial assets, other than inventories is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the property, plant and equipment recoverable amount is estimated. For tangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

3.6 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/Ordinance 2008.

3.7 Tax holiday

The company has applied for tax holiday for unit-4 (Potent Product Facility) for a period of four years from September 2006 to August 2010, the application of which was rejected and it is now under review.

3.8 Employee benefits

The company operates an unfunded gratuity scheme for its permanent employees, under which an employee is entitled to the benefits depending on length of service. Provision for which is made as per gratuity rules of the company. Actuarial valuation carried out for the gratuity scheme confirms the adequacy of provision for gratuity.

3.9 Provisions

Provisions are made where an obligation exists for future liability in respect of past event and where the amount of the obligation can be reliably measured.

3.10 Revenue

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue from sale of goods is recognized when the significant risks and rewards of ownership has been transferred to the buyer, the company has no managerial involvement of ownership of the goods, the amount of revenue and the cost of the transaction can be measured reliably and it is probable that the economic benefit associated with the transactions will flow to the company.

3.11 Consolidation of financial statements

The company prepared consolidated financial statements for 2007 applying Bangladesh Accounting Standards 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 auditors. Intra group balances and unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.12 Deferred tax

The company has adopted deferred tax accounting policy as per Bangladesh Accounting Standards 12. Accordingly deferred tax asset/ liability is accounted for all the temporary timing differences arising between the tax base of the assets and liabilities and their carrying value for financial reporting purposes.

3.13 General

The financial period of the company covers one year from 1 January to 31 December consistently.

3.14 Events after the balance sheet date

Events after balance sheet date that provide additional information about the company's positions at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that are non-adjusting events are disclosed in the note-33 when material.

4. Property, plant and equipment

Particulars	Cost/revaluations				Depreciation					Written down value at 31 December 2007
	At 1 January 2007	Additions during the year	Disposal/ adjustment during the year	At 31 December 2007	Rate	At 1 January 2007	Charge during the year	Disposal/ adjustment during the year	At 31 December 2007	
	Taka	Taka	Taka	Taka	%	Taka	Taka	Taka	Taka	Taka
Freehold land:										
At cost	51,730,185	10,981,727	-	62,711,912		-	-	-	-	62,711,912
On revaluation	179,132,078	-	-	179,132,078	-	-	-	-	-	179,132,078
	230,862,263	10,981,727	-	241,843,990	-	-	-	-	-	241,843,990
Building:										
At cost	106,052,506	18,621,959	-	124,674,465	1.33 - 4	14,991,442	3,352,836	-	18,344,278	106,330,187
On revaluation	41,291,251	-	-	41,291,251	1.33 - 4	6,699,823	635,885	-	7,335,708	33,955,543
	147,343,757	18,621,959	-	165,965,716		21,691,265	3,988,721	-	25,679,986	140,285,730
Plant and machinery	471,446,960	81,600,691	-	553,047,651	5 - 20	170,008,413	36,824,037	-	206,832,450	346,215,201
Automobile and trucks	23,767,570	33,600,000	1,775,000	55,592,570	25	23,767,569	2,100,000	1,775,000	24,092,569	31,500,001
Office equipments	45,133,398	10,058,350	82,173	55,109,575	10 - 12.5	23,119,485	4,374,051	44,973	27,448,563	27,661,012
Furniture and fixture	14,781,411	890,240	-	15,671,651	5	5,682,158	648,673	-	6,330,831	9,340,820
Total 2007	933,335,359	155,752,967	1,857,173	1,087,231,153		244,268,890	47,935,482	1,819,973	290,384,399	796,846,754
Total 2006	619,228,840	320,570,019	6,463,500	933,335,359		219,989,057	30,743,333	6,463,500	244,268,890	689,066,469

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

	Cost Taka
Building	3,555,587
Plant and machinery	101,988,894
Automobile and trucks	23,767,570
Office equipments	12,209,786
Furniture and fixture	2,216,469
Total	143,738,306

4.2 The freehold lands of the company measuring 37.40 acres are located at:

Mirpur, Dhaka	12.00 acres
Dogri Rajendrapur, Gazipur	14.94 acres
Kashor Gore, Bhaluka, Mymensingh	10.46 acres
Total	37.40 acres

Out of 12 acres of land at Mirpur, Dhaka, 4.75 acres has been kept as registered mortgage against the short-term bank loans.

4.3 Depreciation for the year has been charged to:

	Taka
Cost of goods sold - Non-tax holiday units 1, 2 & 3 (Note 21.1)	30,714,318
Cost of goods sold - Tax holiday unit 4 (Note 21.1)	10,744,279
	41,458,597
Operating expenses (Note 23)	5,841,000
Revaluation surplus (Note 13)	635,885
	47,935,482

4.4 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 in that year.

4.5 Sale of property, plant and equipment

Particulars	Original cost Taka	Accumulated depreciation Taka	Net book value Taka	Sale proceeds Taka	Profit/(loss) Taka	Mode of disposal	Purchaser
Automobiles:							
Toyota Hiace-Van 1300cc Model - 1989	480,000	480,000	-	318,000	318,000	Tender	Nur Hossain, Mirpur Dhaka
Toyota Corolla 1300cc Model - 1996	365,000	365,000	-	50,000	50,000	Tender	Nurul Islam West Rajabazar, Dhaka
Toyota Hiace-Van 1300cc Model - 1999	690,000	690,000	-	110,000	110,000	Tender	Shahnaw Shohel, Rampura Dhaka
Tri-Wheeler Delivery Van Model - 2001	240,000	240,000	-	35,000	35,000	Tender	Md. Hasan Ali, Marul Badda Dhaka
Air Conditioner :							
National Air Conditioner 1.5 Ton	62,000	24,800	37,200	9,000	(28,200)	Tender	Gopal Chandra Shaha Kazi Nazrul Islam Avenue, Dhaka
4 Pcs Hitachi Air Conditioner	20,173	20,173	-	12,000	12,000	Tender	Mohd. Yousuf, Mirpur Dhaka
Total	Taka	1,857,173	1,819,973	37,200	534,000	496,800	

5. Capital work in-progress

	2007 <u>Taka</u>	2006 <u>Taka</u>
Opening Balance	44,121,037	139,891,546
Add: Addition during the year	417,615,371	224,799,510
	461,736,408	364,691,056
Less: Capitalised as property, plant and equipment	155,752,967	320,570,019
	<u>305,983,441</u>	<u>44,121,037</u>

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

6. Investment in subsidiaries

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.

	2007		2006	
	Share holding %	No. of shares	Value Taka	Value Taka
Renata Agro Industries Limited	99.99	419,949	60,570,476	60,570,476
Purnava Limited	99.99	24,999	2,499,900	2,499,900
		<u>444,948</u>	<u>63,070,376</u>	<u>63,070,376</u>

7. Other investment

It includes Tk 1,000,000 invested in Central Depository Bangladesh Limited (CDBL).

8. Inventories

	2007 <u>Taka</u>	2006 <u>Taka</u>
Finished goods -Pharmaceutical (Unit-1)	154,350,246	180,172,597
-Premix (Unit-2)	63,579,936	75,632,500
-Contract Manufacturing (Unit-3)	673,330	723,941
-Potent Product Facility (Unit-4)	4,096,189	2,563,681
	222,699,701	259,092,719
Work-in-progress	34,031,511	39,223,689
Less: Provision	6,060,756	-
	27,970,755	39,223,689
Raw materials	66,723,792	59,607,218
Bulk materials	96,933,551	82,114,623
Packing materials	64,556,585	64,065,236
Raw and packaging materials-Premix (Unit-2)	36,824,608	20,951,961
Raw and packaging materials-Contract manufacturing (Unit-3)	12,872,533	11,632,752
Raw and packaging materials-Potent Product Facility (Unit-4)	9,026,467	6,282,084
Consumable stores and spares	10,992,173	6,927,654
Stock in transit	113,411,980	88,887,016
	<u>662,012,145</u>	<u>638,784,952</u>

All stocks, present and future, are kept as security against short term bank loans (Note-17).

9. Trade and other receivables

	2007 Taka	2006 Taka
Trade debtors-unsecured (Notes-9.1)	139,708,049	128,939,311
Less: Provision for doubtful debts	7,655,877	7,655,877
Trade debtors considered good	132,052,172	121,283,434
Sundry debtors - unsecured considered good	15,998,224	33,084,642
Value Added Tax (VAT) recoverable	46,677,479	44,258,009
	<u>194,727,875</u>	<u>198,626,085</u>

All present and future debtors are kept as security against short term bank loans (Note-17).

9.1 Trade debtors

Debts due below six months	72,588,000	51,065,000
Debts due over six months	67,120,049	77,874,311
	<u>139,708,049</u>	<u>128,939,311</u>

10. Advances, deposits and prepayments

Advances:		
For inventories	15,674,570	3,048,328
To employees	34,109,616	27,372,873
	49,784,186	30,421,201
Deposits and prepayments:		
Security deposits	11,946,317	7,777,038
Prepaid expenses	21,365,319	21,610,212
	33,311,636	29,387,250
	<u>83,095,822</u>	<u>59,808,451</u>

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	4,115,032	3,404,897
Prepaid expenses	6,783,419	6,058,870
	<u>10,898,451</u>	<u>9,463,767</u>

- a) Advance to employees includes Tk 28,227,354 and Tk 23,775,063 due from the officers at 31 December 2007 and 2006 respectively.
- b) No amount was due by the Directors (including Managing Director) or associated undertakings.

11. Cash and cash equivalents

	2007 Taka	2006 Taka
Cash in hand	480,000	460,000
Cash at bank	47,776,978	81,575,371
	<u>48,256,978</u>	<u>82,035,371</u>

12. Share capital

	2007 Taka	2006 Taka
<u>5,000,000</u>		
Authorised: Ordinary shares of Taka 100 each	<u>500,000,000</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
662,114 Ordinary shares of Taka 100 each issued as fully paid bonus shares	66,211,400	50,144,900
<u>963,989</u>	<u>96,398,900</u>	<u>80,332,400</u>

The shares are listed in the Dhaka Stock Exchange Limited and quoted at Tk 7,491.25 per share at 31 December 2007.

At 31 December 2007 share holding position of the company was as follows:

	Number of shares	Face value Taka	% of total holding
Sajida Foundation	491,632	49,163,200	51.00
Business Research International Corp. Inc.	244,148	24,414,800	25.33
ICB Unit Fund	27,276	2,727,600	2.83
Investment Corporation of Bangladesh	57,287	5,728,700	5.94
First ICB Mutual Fund	17,582	1,758,200	1.82
Shadharan Bima Corporation	42,175	4,217,500	4.38
Other local shareholders	83,889	8,388,900	8.70
	<u>963,989</u>	<u>96,398,900</u>	<u>100.00</u>

Classification of shareholders by holdings:

Holdings	2007				
	No. of holders as per folio	No. of holders as per BOID	Number of total holders	No. of total share holdings	% of total holdings
Less than 500 shares	577	803	1,380	44,305	4.59
501 to 5,000 shares	29	11	40	39,584	4.11
5,001 to 10,000 shares	1	1	2	17,582	1.82
10,001 to 20,000 shares	1	1	2	27,276	2.83
20,001 to 30,000 shares	1	1	2	57,287	5.94
30,001 to 40,000 shares	-	-	-	-	-
40,001 to 50,000 shares	1	-	1	42,175	4.38
50,001 to 100,000 shares	-	-	-	-	-
100,001 to 1,000,000 shares	2	-	2	735,780	76.33
Over 1,000,000 shares	-	-	-	-	-
	<u>612</u>	<u>817</u>	<u>1,429</u>	<u>963,989</u>	<u>100.00</u>

12.1 Share holding position in Renata Agro Industries Limited

	2007			2006	
	Number of shares	Face value Taka	% of total holding	Number of shares	% of total holding
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>

12.2 Share holding position in Purnava Limited

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>100.000%</u>

13. 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:

	2007 Taka	2006 Taka
Land	179,132,078	179,132,078
Building	34,591,428	35,227,313
	<u>213,723,506</u>	<u>214,359,391</u>
LESS: Depreciation charged during the year on revaluation of building (Note 4)	(635,885)	(635,885)
	<u>213,087,621</u>	<u>213,723,506</u>
LESS: Adjustment of deferred tax thereon (Note 16)	57,533,657	57,705,346
	<u>155,553,964</u>	<u>156,018,160</u>

14. Retained earnings

Details are as under:

Prior year's closing balance	698,510,882	456,968,084
Revised as per BAS 10 (Proposed cash & Bonus dividend 2005)	-	46,860,550
Opening balance	698,510,882	503,828,634
Net Profit after tax for the year	335,923,107	242,131,637
Tax holiday reserve reversed	588,839	(588,839)
Stock Dividend issued	(16,066,500)	(13,388,700)
Cash Dividend paid	(40,166,200)	(33,471,850)
Closing Balance	<u>978,790,128</u>	<u>698,510,882</u>

15. 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	72,656,492	60,324,000
Add: Provision made during the year	23,803,786	17,437,744
	<u>96,460,278</u>	<u>77,761,744</u>
Less: Paid during the year	7,511,778	5,105,252
Closing balance (on actuarial valuation)	<u>88,948,500</u>	<u>72,656,492</u>

16. Deferred tax liability

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

	2007 Taka	2006 Taka
Opening balance	62,661,763	55,975,450
Provision made during the year for deferred tax expense	8,880,661	6,858,002
	<u>71,542,424</u>	<u>62,833,452</u>
Deferred tax on revaluation surplus (Note 13)	(171,689)	(171,689)
Closing balance	<u>71,370,735</u>	<u>62,661,763</u>

	Carrying amount on balance sheet date Taka	Tax base Taka	Taxable/ (deductible) temporary difference Taka
At 31 December 2007			
Property, plant and equipment (excluding land):			
At cost less accumulated depreciation	361,051,740	213,198,930	147,852,810
Revaluation surplus	213,087,621	-	213,087,621
	<u>574,139,361</u>	<u>213,198,930</u>	<u>360,940,431</u>
Provision for staff gratuity (net of payment)	(88,948,500)	-	(88,948,500)
Provision for doubtful debts	(7,655,877)	-	(7,655,877)
Net temporary difference			264,336,054
Applicable tax rate			27%
Deferred tax liability/(asset)			<u>71,370,735</u>
At 31 December 2006			
Property, plant and equipment (excluding land):			
At cost less accumulated depreciation	300,285,190	201,615,726	98,669,464
Revaluation surplus	213,723,506	-	213,723,506
	<u>514,008,696</u>	<u>201,615,726</u>	<u>312,392,970</u>
Provision for staff gratuity (net of payment)	(72,656,492)	-	(72,656,492)
Provision for doubtful debts	(7,655,877)	-	(7,655,877)
Net temporary difference			232,080,601
Applicable tax rate			27%
Deferred tax liability/(asset)			<u>62,661,763</u>

17. Bank overdraft

	<u>Limit Taka</u>	<u>2007 Taka</u>	<u>2006 Taka</u>
Overdraft accounts with:			
Eastern Bank Limited, Dhaka	145,000,000	140,758,521	92,313,582
The Hongkong and Shanghai Banking Corporation Ltd., Dhaka	220,000,000	109,464,628	118,876,217
Standard Chartered Bank, Dhaka	260,000,000	111,074,814	131,716,154
Citibank, N.A., Dhaka	100,000,000	177,052	28,942,730
	<u>725,000,000</u>	<u>361,475,015</u>	<u>371,848,683</u>

Security

- i) First charge over all present and future stocks and book debts of Renata Limited jointly with Eastern Bank Limited, The Hongkong and 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:

	<u>Total facilities available Taka</u>	<u>Not availed of at balance sheet date Taka</u>
Letters of credit	<u>450,000,000</u>	<u>240,957,242</u>
(including 180 days revolving time loan for import finance)		

18. Other payables

	<u>2007 Taka</u>	<u>2006 Taka</u>
Workers' profit participation fund	53,852,299	40,011,984
Others	69,307,798	28,348,483
	<u>123,160,097</u>	<u>68,360,467</u>

19. Provision for taxation

	2007 Taka	2006 Taka
Opening balance	94,222,229	80,483,330
Add: Provision for current year	121,815,058	98,232,128
	<u>216,037,287</u>	<u>178,715,458</u>
Less: Tax paid during the year	122,081,499	84,493,229
Closing balance	<u>93,955,788</u>	<u>94,222,229</u>

20. Turnover

	2,007		2,006	
	Gross Turnover Taka	Less: VAT Taka	Turnover (net) Taka	Turnover (net) Taka
Non-tax holiday (unit 1, 2 & 3):				
Pharmaceutical products	2,118,935,605	271,278,335	1,847,657,270	1,409,831,257
Animal health products	407,969,658	60,063,640	347,906,018	282,684,842
Animal nutritional products	247,873,674	-	247,873,674	200,452,328
Contact manufacturing	22,140,888	4,025,760	18,115,128	21,236,000
	<u>2,796,919,825</u>	<u>335,367,735</u>	<u>2,461,552,090</u>	<u>1,914,204,427</u>
Tax holiday (Unit 4) :				
Potent product facility	87,202,433	14,579,542	72,622,891	13,527,458
	<u>2,884,122,258</u>	<u>349,947,277</u>	<u>2,534,174,981</u>	<u>1,927,731,885</u>

20.1 During the year sale of pharmaceutical products includes export sale of Tk 33,730,505 equivalent to US\$ 485,340.

20.2 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:

		In '000			
Major product group	Unit	Opening stocks	Production/ purchases	Less: Sales	Closing stocks
Sterile dry fill (injectable)	Vials	1,312	3,715	4,692	335
Sterile liquid fill (injectable)	Vials & Ampoules	714	6,389	6,549	554
Ointments and eye/ear drops	Tube	105	1,007	1,071	41
Capsules and tablets	Capsule & Tablet	84,290	353,499	374,507	63,282
Oral liquid and dry syrup	Bottle	1,455	11,450	11,488	1,417
Rabipur Vaccine	Vials	-	361,370	361,370	-
Premix -Animal nutrition	Kg	495	1,765	1,729	531
Premix -Animal nutrition	Sachets	227	1,488	1,400	315
Oral saline	Sachets	554	46,463	46,487	530
	Taka '000	<u>256,529</u>	<u>1,497,120</u>	<u>1,278,516</u>	<u>475,133</u>

21. Cost of sales

	2007			2006
	Non-tax holiday Unit-1 , 2 & 3	Tax holiday Unit-4	Total	Total
	Taka	Taka	Taka	Taka
Opening stock of finished goods	256,529,038	2,563,681	259,092,719	147,672,153
Add: Cost of goods manufactured (Note 21.1)	1,121,982,131	21,927,209	1,143,909,340	958,249,951
Cost of finished goods purchased	118,608,976	-	118,608,976	131,560,824
	1,497,120,145	24,490,890	1,521,611,035	1,237,482,928
Less: Closing stock of finished goods (Note 8)	218,603,512	4,096,189	222,699,701	259,092,719
	<u>1,278,516,633</u>	<u>20,394,701</u>	<u>1,298,911,334</u>	<u>978,390,209</u>

21.1 Cost of goods manufactured

	2007			2006
	Non-tax holiday Unit-1 , 2 & 3	Tax holiday Unit-4	Total	Total
	Taka	Taka	Taka	Taka
Cost of materials:				
Opening work-in-process	39,223,689	-	39,223,689	30,969,925
Add: Cost of raw materials consumed (Note 21.2)	914,193,787	5,119,766	919,313,553	789,640,475
	953,417,476	5,119,766	958,537,242	820,610,400
Less: Closing work-in-process	34,031,511	-	34,031,511	39,223,689
Total cost of materials	919,385,965	5,119,766	924,505,731	781,386,711
Manufacturing overhead:				
Salaries, wages and other benefits	75,945,382	4,032,498	79,977,880	71,379,289
Company's contribution to provident fund	954,687	146,338	1,101,025	940,244
Net periodic cost for gratuity	10,506,567	323,433	10,830,000	8,275,000
Electricity and fuel	15,421,130	1,067,323	16,488,453	12,550,026
Consumable stores, supplies and manufacturing expenses	19,983,421	59,000	20,042,421	17,537,388
Insurance	2,531,120	54,000	2,585,120	1,417,645
Land revenue and taxes	386,844	-	386,844	1,157,942
Rental and leases	1,900,545	-	1,900,545	1,134,210
Automobile expenses	1,867,700	96,000	1,963,700	1,938,871
Postage and telephone	1,185,366	16,500	1,201,866	1,032,243
Printing and stationery	1,208,459	9,922	1,218,381	1,263,408
Uniform to workers	2,526,574	24,750	2,551,324	2,185,504
Travelling, moving and entertainment expenses	7,848,650	-	7,848,650	6,056,115
Repair and maintenance	13,463,144	31,800	13,494,944	9,719,408
Lunch, Snacks and Tea expenses	15,829,177	201,600	16,030,777	13,814,911
Depreciation	30,714,318	10,744,279	41,458,597	25,936,603
Other overhead expenses	323,082	-	323,082	524,433
	202,596,166	16,807,443	219,403,609	176,863,240
Total cost of goods manufactured	<u>1,121,982,131</u>	<u>21,927,209</u>	<u>1,143,909,340</u>	<u>958,249,951</u>

21.2 Cost of raw materials consumed

Opening stock	238,371,790	6,282,084	244,653,874	161,318,763
Add: Purchase	953,733,066	7,864,149	961,597,215	872,975,586
	1,192,104,856	14,146,233	1,206,251,089	1,034,294,349
Less: Closing stock (Note 21.3)	277,911,069	9,026,467	286,937,536	244,653,874
	<u>914,193,787</u>	<u>5,119,766</u>	<u>919,313,553</u>	<u>789,640,475</u>

21.3 Purchases, issues and stocks of raw materials

Purchases, issues and stocks of raw materials are of over 1500 items involving production of 280 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 Taka	Purchases Taka	Consumtion Taka	Closing stocks Taka
Active materials (Note 21.4)	82,114,623	451,626,538	436,807,610	96,933,551
Raw materials (Note 21.4)	59,607,218	139,013,502	131,896,928	66,723,792
Packaging materials (Note 21.4)	64,065,236	190,524,143	190,032,794	64,556,585
Premix - Raw and packaging materials	20,951,961	140,225,895	124,353,248	36,824,608
Contract manufacturing	11,632,752	32,342,988	31,103,207	12,872,533
	238,371,790	953,733,066	914,193,787	277,911,069
Potent Product (Tax holiday unit-4)	6,282,084	7,864,149	5,119,766	9,026,467
	244,653,874	961,597,215	919,313,553	286,937,536
Consumable stores	5,705,975	4,347,705	560,000	9,493,680
Maintenance stores and spares	1,221,679	866,814	590,000	1,498,493
	6,927,654	5,214,519	1,150,000	10,992,173
	251,581,528	966,811,734	920,463,553	297,929,709

21.4 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	1,683	23,027	31,520	2,851
Imported	KG/KGA/BU	159,303	160,492	294,306	25,489
	Taka	82,114,623	451,626,538	436,807,610	96,933,551

Procurement of Active materials consist of 170 items of which 94.7% of the total value were imported during the year.

Raw materials					
Major product group	Unit	Opening stocks	Purchases	Issues	Closing stocks
Excepients	KG	30,857	665,500	59,857	636,500
Colour	KG	611	750	862	499
Empty gelatin capsules (000's)	PCS	44,494	79,900	93,261	31,133
Flavour	KG	2,014	1,390	454	2,950
Sugar	KG	32,340	340,700	345,595	27,445
Sorbitol	KG	340	64,800	63,594	1,546
Glucose	KG	175	82,400	79,205	3,370
Lactose	KG	30	98,080	79,061	19,049
	Taka	59,607,218	139,013,502	131,896,928	66,723,792

Purchase of raw materials involving 280 items of which 87.8% in value were imported during the year.

Packaging materials:					
Major product group	Unit	Opening stocks	Purchases	Issues	Closing stocks
Carton	PC	8,457,061	13,748,625	16,121,047	6,084,639
Label	PC	8,209,306	13,914,874	15,890,427	6,233,753
Direction slip	PC	9,147,156	13,003,100	15,317,444	6,832,812
Catch cover	PC	4,716,014	8,418,984	8,043,329	5,091,669
Vials	PC	2,777,179	9,531,142	8,166,447	4,141,874
Bottles	PC	534,771	5,605,162	5,525,235	614,698
Ampoules	PC	299,864	6,190,915	6,013,214	477,565
Alluminium tubes	PC	238,185	540,643	730,126	48,702
Plastic spoon/dropper	PC	440,105	14,333,426	13,042,531	1,731,000
PP cap/Al seals	PC	8,345,473	16,015,782	18,359,873	6,001,382
Rubber pluck	PC	3,999,195	5,500,000	8,088,257	1,410,938
Alluminium foil	KG	46,295	67,610	70,770	43,135
PVC hard	KG	38,345	83,611	76,078	45,878
	Taka	<u>64,065,236</u>	<u>190,524,143</u>	<u>190,032,794</u>	<u>64,556,585</u>

Packaging materials involving about 1050 items of which 38.2% in value were imported during the year.

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

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

22. Other income

	2007 Taka	2006 Taka
Manufacturing charges received for manufacturing Eskayef products	10,855,950	20,269,823
Dividend income	-	12,598,470
Interest income	878,484	-
	<u>11,734,434</u>	<u>32,868,293</u>

23. Administrative, selling and distribution expenses

	2007			2006
	Non-tax holiday Unit-1 , 2 & 3 Taka	Tax holiday Unit-4 Taka	Total Taka	Total Taka
	Salaries, wages and allowances	251,024,400	5,721,934	256,746,334
Contribution to Provident Fund	5,847,738	215,103	6,062,841	3,675,540
Net Periodic cost for gratuity	12,793,786	180,000	12,973,786	9,162,744
Fuel and power	11,285,269	-	11,285,269	9,009,053
Rent, rates and taxes	25,897,857	324,875	26,222,732	17,964,004
Insurance	3,972,044	28,152	4,000,196	3,933,183
Travelling, moving and entertainment expenses	114,164,311	1,213,125	115,377,436	91,191,788
Repairs and maintenance	9,602,896	-	9,602,896	6,143,348
Legal and professional expense	310,000	-	310,000	433,350
Audit fee	200,000	-	200,000	200,000
Directors' fee	138,000	-	138,000	28,500
Membership fees and subscription	3,009,519	-	3,009,519	2,245,722
Meeting and corporate expense	19,111,910	92,100	19,204,010	10,996,974
Advertising and sales promotion	61,237,696	6,640,903	67,878,599	58,228,739
Field expenses	42,625,466	2,538,474	45,163,940	37,162,649
Depreciation	5,841,000	-	5,841,000	4,170,845
Printing and stationery	9,788,246	20,200	9,808,446	8,616,016
Postage, telex, fax and telephone	16,488,404	32,072	16,520,476	14,065,108
Distribution freight	59,325,007	1,794,000	61,119,007	52,401,222
Lunch, Snacks and Tea expenses	17,248,897	68,055	17,316,952	13,560,158
Other overhead expense*	5,220,500	2,779,734	8,000,234	11,594,133
	<u>675,132,946</u>	<u>21,648,727</u>	<u>696,781,673</u>	<u>577,785,557</u>

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

- 23.1** The company engaged 1,726 employees for the whole year of which 1,587 employees have received a total remuneration above Tk 36,000 p.a. and remaining 139 employees below Tk 36,000 p.a. during the year.

24. Basic earnings per share (EPS)

2007	2006
Taka	Taka

The computation of EPS is given below:

Earnings attributable to the ordinary shareholders (net profit after tax)	335,923,107	242,131,637
Weighted average number of ordinary shares outstanding during the year (Note 24.1)	963,989	963,989
Basic Earning Per Share (EPS)	<u>348.47</u>	<u>251.18</u>

24.1 Weighted average number of share outstanding during the year

Opening number of share	803,324
Bonus share issued in June 2007	160,665
	<u>963,989</u>

*Last year EPS has been adjusted as per the requirement of BAS-33.

25. Payments to directors and officers

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

	Directors Taka	Officers Taka
Remuneration	1,800,000	66,841,423
House rent	1,368,000	92,312,665
Bonus	750,000	18,345,000
Contribution to provident fund	180,000	6,707,698
Gratuity	225,000	17,492,786
Medical expenses	390,838	6,568,532
Conveyance allowance and transport	216,000	35,832,415
Other welfare expenses	580,030	17,204,667
	<u>5,509,868</u>	<u>261,305,186</u>

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

26. Capacity utilisation - single shift basis

The company operates multi-product plants. 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:

Major product group	Unit	Capacity (In '000)	2007		2006	
			Actual production (In '000)	Utilisation %	Actual production (In '000)	Utilisation %
Sterile dry fill (injectable)	Vials	9,000	3,715	41.28%	5,490	30.50%
Sterile liquid (injectable)	Vials & ampoules	8,000	6,389	79.86%	5,451	68.14%
Ointments	Tubes	1,440	1,007	69.93%	1,044	72.50%
Capsules and tablets	Cap/Tab	350,000	353,499	101.00%	342,168	141.39%
Oral liquid & dry syrup	Bottles	6,840	11,450	167.40%	8,971	131.15%
Water for injection	Ampoules	2,000	1,445	72.25%	1,750	87.50%
Premix feed supplement	Kg	2,000	3,806	190.30%	4,918	245.90%
Premix feed supplement	Sachet	1,200	1,488	124.00%	907	75.58%
ORAL saline	Sachet	24,400	46,463	190.42%	15,814	64.81%
Potent Products	Tablets	250,000	35,785	14.31%	-	-

26.1 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 is planning to introduce other injectable to utilise the excess capacity.

27. Contingent liabilities

27.1 There are contingent liabilities on account of unresolved disputed corporate income tax assessments involving tax claims by the tax authority amounting to Tk 28,048,504. Out of that amount appeals are pending with the High Court and Taxes Appellate Tribunal for Tk. 19,041,516 and Tk. 9,006,988 respectively. However, tax paid and provided for the relevant years are adequate to meet the demanded tax, in the event the High Court maintains the decision of the Appellate Tribunal and the Appellate Tribunal upholds the order of the Commissioner of Taxes (Appeal) respectively.

27.2 Additional contingent liabilities exist in respect of the following:

	2007 <u>Taka</u>	2006 <u>Taka</u>
Outstanding letters of credit (Note 27.2.1)	285,178,481	209,042,758
Outstanding guarantees issued by the banks	2,857,364	24,285,915

27.2.1 Outstanding letters of credit

	Limit <u>Taka</u>	2007 <u>Taka</u>	2006 <u>Taka</u>
The Hongkong and Shanghai Banking Corporation Ltd.	150,000,000	131,288,444	51,925,534
Standard Chartered Bank	150,000,000	124,917,904	100,123,328
Eastern Bank Limited	70,000,000	28,972,133	27,281,910
Citibank, N.A	80,000,000	-	29,711,986
	<u>450,000,000</u>	<u>285,178,481</u>	<u>209,042,758</u>

28. Capital expenditure commitment

There was no unprovided committed capital expenditure as at 31 December 2007.

29. Dividend paid to non-resident shareholders

Dividend paid to non-resident shareholder, Business Research International Corp. Inc. during the year 2007 was Tk 6,646,922 equivalent to US\$ 124,685 for their 203,357 shares.

30. Claims against the company not acknowledged as debt

None as at 31 December 2007

31. Payments/receipts in foreign currency

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

	Foreign currency US\$	Local currency Taka
Active, raw and packaging materials	11,527,962	801,193,333
Machinery and spares	2,322,193	161,392,381
	<u>13,850,155</u>	<u>962,585,714</u>

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

Professional consultation fee for ISO 9001	US\$	4,560.00
Export promotional expenses	US\$	100,033.75
Subscription for IMS and Medical Journal	US\$	7,300.46
Product registration	US\$	21,814.19
Conference and Trade Show	US\$	5,350.65

31.3 Foreign exchange was earned in respect of the following:

Export of goods on FOB	US\$	485,340.00
------------------------	------	------------

32. Related party disclosure:

During the year the company carried out a number of transactions with related parties in the normal course of business on an arm's length basis except selling of two cars to Sajida Foundation which were within normal business transaction. Name of those related parties, nature of those transactions and their total value has been shown in annexure-A in accordance with the provisions of BAS-24 "Related Party Disclosure".

33. **Subsequent events** (disclosures under BAS-10 "Events after the balance sheet date")

The Board of Directors at the 150th Board Meeting held on 22 April 2008, recommended to the shareholders a cash dividend of Tk. 50 per share of Tk. 100 each (amounting Tk. 48, 199,450) and a stock dividend (bonus shares) in the ratio of one bonus share for every five fully paid shares (5:1) of Tk. 100 each (amounting Tk. 19,279,800). This will be considered for approval by the shareholders at the 35th Annual General Meeting (AGM).

34. General

34.1 All the figures in the Financial Statements represent Bangladeshi Taka currency (BDT) rounded off to the nearest BDT

Annexure-A

Related Party Disclosure:

Name of the party	Relationship	Nature of transaction	Transaction			
			Opening balance Taka	Addition Taka	Adjustment Taka	Closing balance Taka
Renata Agro Industries Ltd.	Subsidiary	Sale of goods	1,557,581	-	1,557,581	-
		Dividend received	12,598,470	-	12,598,470	-
		Advance payment	17,095,134	-	17,095,134	-
		Total Tk.	31,251,185	-	31,251,185	-
Purnava Ltd.	Subsidiary	Investment	2,499,900	-	2,499,900	-
	Subsidiary	Advance payment	-	15,674,570	-	15,674,570



PURNAVA

Directors' Report

A new Company named Purnava Limited was incorporated in August 2004 to explore the prospects of entering into Fast Moving Consumer Goods (FMCG). There has been no development in the FMCG area; however, the Company imported certain animal health and nutrition products during the latter part of 2007.

On behalf of the Board of Directors

Syed S. Kaiser Kabir
Chairman



Independent Auditors' Report of Purnava Limited

We have audited the accompanying balance sheet of PURNAVA LIMITED as at 31 December 2007. The preparation of these financial statements is 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 (BSA). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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.

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 at 31 December 2007 and comply with the Companies Act 1994 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 those books; and
- (c) the company's balance sheet and the cash flow statement dealt with by the report are in agreement with the books of account.

Dated, Dhaka
9 April 2008

K.M. HASAN & CO.
Chartered Accountants



Purnava Limited
Balance Sheet
As at 31st December 2007

	<u>Notes</u>	<u>2007</u> <u>Taka</u>	<u>2006</u> <u>Taka</u>
SOURCES OF FUNDS			
Shareholders' Fund:			
Share capital	3	2,500,000	2,500,000
Loan Fund:			
Loan from Renata Limited		15,674,570	-
Total		<u>18,174,570</u>	<u>2,500,000</u>
APPLICATION OF FUNDS			
Stocks and stores		13,642,429	-
Advance, deposits & prepayment		-	2,499,900
Cash and bank balances		4,532,141	100
Total		<u>18,174,570</u>	<u>2,500,000</u>

(The annexed notes form an integral part of these accounts)


 Director


 Director


 Chairman

Signed in terms of our report of even date annexed.

Dated, Dhaka
 09 April 2008


 K.M. HASAN & CO.
 Chartered Accountants



Purnava Limited
Cash Flow Statement
For the year ended 31st December 2007

	Amount in Taka	
	2007	2006
A. CASH FLOWS FROM OPERATING ACTIVITIES:		
Collections from customers and other income	2,499,900	
Payment of VAT (Value Added Tax)	-	
Payment to suppliers and employees	(13,642,429)	
Cash generated from operation	(11,142,529)	
Financing cost	-	
Payment of tax	-	
Net cash from operating activities	(11,142,529)	
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	-	
Investment in shares	-	
Sale proceeds of property, plant and equipment	-	
Net cash used in investing activities	-	
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Medium term loan received / (Repaid)		
Loan received	15,674,570	
Dividend paid	-	
Net cash from financing activities	15,674,570	
D. Net cash inflows/(outflows) for the year (A+B+C)		
Add: Opening cash and cash equivalents	4,532,041	
Closing cash and cash equivalents	100	
	4,532,141	
* CLOSING CASH AND CASH EQUIVALENTS :		
Cash in hand	100	
Cash at banks	4,532,041	
Cash in hand and balance with banks	4,532,141	
Bank overdraft	-	
Closing cash and cash equivalents	4,532,141	

Director

Director

Chairman

Signed in terms of our report of even date annexed.

K.M. HASAN & CO.
Chartered AccountantsDated, Dhaka
09 April 2008



Purnava Limited

Notes to the Accounts for the year ended 31st December 2007

1 ORGANISATION AND ITS ACTIVITIES:

1.1 Company Profile:

PURNAVA LIMITED is a private limited company incorporated in Bangladesh on 17 August 2004 under the companies Act 1994. The company has started commercial operation during the period.

1.2 Principal Activities:

The principal activities of the company are to carry on the business of manufacturing, marketing and distribution of all kinds of consumer goods, consumer durables, food items, sugar confectioneries, edible oils, beverages etc, raw materials, semi-finished items, producers, goods and various other products of local or foreign origin and to engage in the business as traders, importers, exporters, commission agents of all kinds of goods and services including Pharmaceutical drugs and medicines.

2. SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of Prepration of Accounts:

The accounts of the company have been prepared under historical cost convention in accordance with the generally accepted accounting principles.

2.2 Reporting Period:

The accounts have been prepared for the period from 1 January 2007 to 31 December 2007

3 SHARE CAPITAL: TAKA 2,500,000

Amount in Taka
31-Dec-07

Authorised Capital:

2,000,000 ordinary shares of Tk.100 each

200,000,000

Issued, Subscribed, Called up & Paid up Capital

25,000 ordinary shares of Tk.100 each

2,500,000

The paid up capital of the company has been contributed by the following persons:

Name of the shareholders

Name of the shareholders	No.of shares	Face value	
Renata Limited	24,999	100	2,499,900
Mr. Syed S. Kaiser Kabir	1	100	100
	25,000		2,500,000

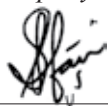
Renata Limited and its subsidiaries

Consolidated Balance Sheet as at 31st December 2007

ASSETS	Notes	2007 <u>Taka</u>	2006 <u>Taka</u>
Non-current assets			
Property, plant and equipment	4.a	927,828,751	824,397,262
Capital work-in-progress	5.a	308,056,367	44,157,849
Investment	6.a	15,662,200	6,470,000
Total non-current assets		1,251,547,318	875,025,111
Current assets			
Inventories	8.a	707,042,515	677,308,874
Trade and other receivables	9.a	200,484,963	187,387,140
Advance, deposits and prepayments	10.a	71,475,886	62,525,322
Cash and cash equivalents	11.a	95,791,492	116,228,516
Total current assets		1,074,794,856	1,043,449,852
Total assets		2,326,342,174	1,918,474,963
EQUITY & LIABILITIES			
Equity attributable to equity holders of the group company			
Share capital	12	96,398,900	80,332,400
Revaluation surplus	13	155,553,964	156,018,160
Capital reserve		535,560	535,560
Tax holiday reserve		63,626,003	62,005,586
Retained earnings		1,081,639,272	781,479,403
Total equity attributable to equity holders of the company		1,397,753,699	1,080,371,109
Minority interest		22,047	19,364
Total equity		1,397,775,746	1,080,390,473
Non-current liabilities			
Loans and borrowings		22,446,371	33,833,928
Deferred liability-staff gratuity		88,948,500	72,656,492
Deferred tax liability	16.a	71,370,735	62,661,763
Total non-current liabilities		182,765,606	169,152,183
Current liabilities			
Bank overdraft	17.a	361,475,015	371,848,683
Creditors for goods		42,155,984	53,611,565
Accrued expenses		106,376,578	76,682,252
Other payables	18.a	139,352,009	70,773,849
Unclaimed dividend		2,485,448	1,793,729
Provision for taxation	19.a	93,955,788	94,222,229
Total current liabilities		745,800,822	668,932,307
Total liabilities		928,566,428	838,084,490
Total equity and liabilities		2,326,342,174	1,918,474,963

Previous year's figures have been rearranged to conform to current year's presentation

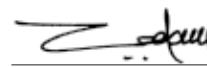
The accompanying notes 1 to 34 form an integral part of these financial statements.



CEO & Managing Director

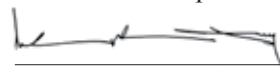


Director



Company Secretary

As per our annexed report of same date.



Auditors

Dhaka, 22 April 2008

Renata Limited and its subsidiaries

Consolidated Profit and Loss Account for the year ended 31st December 2007

	Notes	2007 Taka	2006 Taka
Turnover	20.a	2,729,917,471	2,165,614,963
Cost of sales	21.a	(1,456,117,954)	(1,102,698,100)
Gross profit		1,273,799,517	1,062,916,863
Other income		18,229,816	21,491,421
		1,292,029,333	1,084,408,284
Operating expenses:			
Administrative, selling and distribution expenses	23.a	(715,145,867)	(592,920,697)
Operating profit		576,883,466	491,487,587
Gain on disposal of property, plant and equipment	4.5	496,800	1,928,200
Interest on overdraft		(60,950,362)	(43,955,980)
Other expenses		(3,272,447)	(2,715,608)
Contribution to WPPF		(24,446,069)	(21,273,533)
Profit before tax		488,711,388	425,470,666
Tax expenses			
Current tax	19	(121,815,058)	(98,232,128)
Deferred tax	16	(8,880,661)	(6,858,002)
		(130,695,719)	(105,090,130)
Net profit after tax for the year		358,015,669	320,380,536
Basic earnings per share (par value of Tk 100)	24.a	371.39	332.35

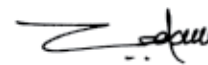
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CEO & Managing Director

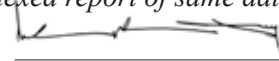


Director



Company Secretary

As per our annexed report of same date.



Auditors

Dhaka, 22 April 2008

Renata Limited and its subsidiaries

Consolidated statement of changes in equity for the year ended 31st December 2007

Particulars	Equity attributable to group company shareholders									
	Share capital Taka	Proposed stock dividend Taka	Proposed cash dividend Taka	Revaluation surplus Taka	Tax holiday reserve Taka	Capital reserve Taka	Retained earnings Taka	Total Taka	Minority interest Taka	Total Taka
Balance at 31 December 2005	66,943,700	13,388,700	33,471,850	156,482,355	63,031,510	535,560	460,083,974	793,937,649	9,863	793,947,512
Stock dividend issued	13,388,700	(13,388,700)	(33,471,850)	-	-	-	-	(33,471,850)	-	(33,471,850)
Cash dividend paid	-	-	-	-	-	-	-	171,690	-	171,690
Deferred tax on revaluation surplus	-	-	-	171,690	-	-	-	(635,885)	-	(635,885)
Depreciation adjustment	-	-	-	(635,885)	-	-	320,369,505	320,369,505	-	320,380,536
Net profit after tax for the year	-	-	-	-	(1,025,924)	-	1,025,924	-	11,031	-
Transferred to tax holiday reserve	-	-	-	-	-	-	-	-	-	-
Proposed dividend to minority	-	-	-	-	-	-	-	-	(1,530)	(1,530)
Balance at 31 December 2006	80,332,400	-	-	156,018,160	62,005,586	535,560	781,479,403	1,080,371,109	19,364	1,080,390,473
Stock dividend issued	16,066,500	-	-	-	-	-	(16,066,500)	-	-	(16,066,500)
Cash dividend paid	-	-	-	-	-	-	(40,166,200)	(40,166,200)	-	(40,166,200)
Deferred tax on revaluation surplus	-	-	-	171,689	-	-	-	171,689	-	171,689
Depreciation adjustment	-	-	-	(635,885)	-	-	-	(635,885)	-	(635,885)
Net profit after tax for the year	-	-	-	-	-	-	358,012,986	358,012,986	2,683	358,015,669
Transferred to tax holiday reserve	-	-	-	-	2,209,256	-	(2,209,256)	-	-	-
Tax holiday reserve reversed	-	-	-	-	(588,839)	-	588,839	-	-	-
Balance at 31 December 2007	96,398,900	-	-	155,553,964	63,626,003	535,560	1,081,639,272	1,397,753,699	22,047	1,397,775,746

Previous year's figures have been rearranged to conform to current year's presentation

Renata Limited and its subsidiaries

Consolidated cash flow statement for the year ended 31st December 2007

	2007 <u>Taka</u>	2006 <u>Taka</u>
A. Cash flows from operating activities:		
Collection from customers and other income	3,099,735,020	2,418,026,067
Payment of VAT	(349,947,277)	(264,905,916)
Payment to suppliers and employees	(2,094,329,944)	(1,862,655,947)
Cash generated from operation	655,457,799	290,464,204
Financing cost	(60,950,362)	(44,037,096)
Payment of tax	(122,081,499)	(84,493,229)
Net cash from operating activities	472,425,938	161,933,879
B. Cash flows from investing activities:		
Purchase of property, plant and equipment	(426,045,156)	(236,388,462)
Investment in shares	(9,192,200)	(1,323,000)
Sale proceeds of property, plant and equipment	534,000	1,928,200
Net cash used in investing activities	(434,703,356)	(235,783,262)
C. Cash flows from financing activities:		
Medium term loan (repaid)/ received (net)	(6,086,655)	130,368,377
Dividend paid	(52,072,951)	(39,460,404)
Net cash from financing activities	(58,159,606)	90,907,973
D. Net cash outflows for the year (A+B+C)	(20,437,024)	17,058,590
E. Opening cash and cash equivalents	116,228,516	99,169,926
F. Closing cash and cash equivalents (D+E)	95,791,492	116,228,516

Previous year's figures have been rearranged to conform to current year's presentation

4.a Consolidated property, plant and equipment

Particulars	Cost/revaluation				Rate	Depreciation				Written down value at 31 December 2007 Taka
	At 1 January 2007 Taka	Additions during the year Taka	Disposal/adjustment during the year Taka	At 31 December 2007 Taka		At 1 January 2007 Taka	Charge during the year Taka	Disposal/adjustment during the year Taka	At 31 December 2007 Taka	
Freehold land:										
At cost	61,284,693	11,466,509	-	72,751,202		-	-	-	-	72,751,202
On revaluation	179,132,078	-	-	179,132,078		-	-	-	-	179,132,078
	240,416,771	11,466,509	-	251,883,280		-	-	-	-	251,883,280
Building:										
At cost on freehold land	172,944,781	19,292,497	-	192,237,278	1.33-4	28,789,002	7,583,943	-	36,372,945	155,864,333
At cost on leasehold land	-	-	-	-	33.33	-	-	-	-	-
On revaluation	41,291,251	-	-	41,291,251	1.33-4	7,548,893	635,885	-	8,184,778	33,106,473
	214,236,032	19,292,497	-	233,528,529		36,337,895	8,219,828	-	44,557,723	188,970,806
Plant and machinery	570,347,342	83,567,590	-	653,914,932	5-20	200,610,838	41,860,081	-	242,470,919	411,444,013
Automobile and trucks	26,639,422	36,063,657	1,775,000	60,928,079	25-20	25,023,389	3,335,377	1,775,000	26,583,766	34,344,313
Office equipments	48,334,858	10,812,300	82,173	59,064,985	10-12.5	24,070,945	4,511,809	44,973	28,537,781	30,527,204
Furniture and fixtures	16,782,187	944,085	-	17,726,272	5	6,316,283	750,854	-	7,067,137	10,659,135
Total 2007	1,116,756,612	162,146,638	1,857,173	1,277,046,077		292,359,350	58,677,949	1,819,973	349,217,326	927,828,751
Total 2006	791,097,953	332,122,159	6,463,500	1,116,756,612		258,130,791	40,692,059	6,463,500	292,359,350	824,397,262

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

	Cost Taka
Building	3,555,587
Plant and machinery	101,988,894
Automobile and trucks	23,767,750
Office equipments	12,209,786
Furniture and fixture	2,216,469
	<u>143,738,486</u>

4.a.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 has been kept as security against short-term bank loans by registered mortgage.

4.a.3 Depreciation for the year has been charged to:

	Taka
Cost of sales - Non-tax holiday units 1, 2 & 3 (Note 21.1)	30,714,318
Cost of sales - Tax holiday unit 4 (Note 21.1)	10,744,279
	41,458,597
Renata Agro Industries Limited	10,742,467
Operating expenses (Note 23)	5,841,000
Revaluation surplus (Note 13)	635,885
	<u>58,677,949</u>

4.a.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.

5.a Consolidated capital work in-progress

	2007 <u>Taka</u>	2006 <u>Taka</u>
Opening Balance	44,157,849	139,891,546
Add: Addition during the year	426,045,156	236,388,462
	470,203,005	376,280,008
Less: Capitalised as property, plant and equipment	162,146,638	332,122,159
	<u>308,056,367</u>	<u>44,157,849</u>

6.a Consolidated Investment -at cost

Detail of the above amount is given as under:	Market value	Book value	
	2007 <u>Taka</u>	2007 <u>Taka</u>	2006 <u>Taka</u>
Protirokka Sanchaya Patra	-	-	2,447,000
1 Ordinary Share of Tk. 1,000,000/- in Central Depository Bangladesh Ltd.	1,000,000	1,000,000	1,000,000
1,000 Ordinary Shares of Tk. 100/--each in United Leasing Company Ltd.	635,250	578,923	578,923
2,666 Ordinary Shares of Tk. 10/-each in Bata Shoe Company Bangladesh Ltd.	596,118	264,500	264,500
2,000 Ordinary Shares of Tk. 10/-each in Atlas Bangladesh Ltd.	719,600	396,529	396,529
7,030 Ordinary Shares of Tk. 100/-each in Square Pharmaceuticals Ltd.	25,884,460	10,917,248	1,783,048
3,600 Ordinary Shares of Tk. 100/-each in Lafarge Surma Cement Ltd.	1,730,700	2,505,000	-
	<u>30,566,128</u>	<u>15,662,200</u>	<u>6,470,000</u>

8.a Consolidated inventories

Finished goods -Pharmaceutical (Unit-1)	154,350,246	180,172,597
-Premix (Unit-2)	63,579,936	75,632,500
-Contract Manufacturing (Unit-3)	673,330	723,941
-Potent Product Facility (Unit-4)	4,096,189	2,563,681
	<u>222,699,701</u>	<u>259,092,719</u>
Work-in-progress	34,031,511	39,223,689
Less: Provision	6,060,756	-
	<u>27,970,755</u>	<u>39,223,689</u>
Raw materials	66,723,792	59,607,218
Bulk materials	96,933,551	82,114,623
Packing materials	64,556,585	64,065,236
Raw and packaging materials-Premix (Unit-2)	36,824,608	20,951,961
Raw and packaging materials-Contract-manufacturing (Unit-3)	12,872,533	11,632,752
Raw and packaging materials-Potent products (Unit-4)	9,026,467	6,282,084
Consumable stores and spares	10,992,173	6,927,654
Stock in transit	113,411,980	88,887,016
Stock in transit - Purnava Limited	13,642,429	-
Raw materials - Renata Agro Industries Limited	31,387,941	38,523,922
	<u>707,042,515</u>	<u>677,308,874</u>

All present and future stocks of Renata Limited are kept as security against short term bank loans (Note-17).

9.a Consolidated trade and other receivables

	2007 Taka	2006 Taka
Trade debtors-unsecured (Notes-9.a.1)	145,465,137	132,921,354
Less: Provision for doubtful debts	7,655,877	8,720,815
Trade debtors considered good	137,809,260	124,200,539
Sundry debtors - considered good	15,998,224	18,928,592
Value Added Tax (VAT) recoverable	46,677,479	44,258,009
	<u>200,484,963</u>	<u>187,387,140</u>

All present and future debtors of Renata Limited are kept as security against short term bank loan (Note-17).

9.a.1 Trade debtors

Debts due below six months	74,890,835	55,047,043
Debts due over six months	70,574,302	77,874,311
	<u>145,465,137</u>	<u>132,921,354</u>

a) Trade debtors includes Tk. 1,557,581 due from Renata Agro Industries Limited.

b) Sundry debtors includes Tk. 23,534 due from Renata Agro Industries Limited for advance payment.

Details are given in annexure-A “Related Party Disclosure”

10.a Consolidated advances, deposits and prepayments

Advances:		
For inventories	-	3,048,328
To employees	34,944,763	27,556,473
	<u>34,944,763</u>	<u>30,604,801</u>
Deposits and prepayments:		
Security deposits	11,946,317	7,777,038
Prepaid expenses	21,794,576	23,654,305
Other advances	2,790,230	489,178
	<u>36,531,123</u>	<u>31,920,521</u>
	<u>71,475,886</u>	<u>62,525,322</u>

11.a Consolidated cash and cash equivalents

Cash in hand	1,780,406	1,594,497
Cash at bank	94,011,086	114,634,019
	<u>95,791,492</u>	<u>116,228,516</u>

16.a Consolidated deferred tax liability

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

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

17.a Consolidated short term bank loans

	Limit Taka	2007 Taka	2006 Taka
Overdraft accounts with:			
Eastern Bank Limited, Dhaka	145,000,000	140,758,521	92,313,582
The Hongkong and Shanghai Banking Corporation Ltd., Dhaka	220,000,000	109,464,628	118,876,217
Standard Chartered Bank, Dhaka	260,000,000	111,074,814	131,716,154
Citibank, N.A., Dhaka	100,000,000	177,052	28,942,730
	<u>725,000,000</u>	<u>361,475,015</u>	<u>371,848,683</u>

18.a Consolidated other payables

Workers' profit participation fund	57,294,934	44,925,266
Others	82,057,075	25,848,583
	<u>139,352,009</u>	<u>70,773,849</u>

19.a Consolidated Provision for taxation

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

No provision has been made for Purnava Limited as the company has just started commercial operation.

20.a Consolidated turnover

	2,007 <u>Taka</u>	2,006 <u>Taka</u>
Non-tax holiday (unit 1, 2 & 3):		
Pharmaceutical products	1,847,657,270	1,409,831,257
Animal health products	347,906,018	282,684,842
Animal nutritional products (Premix)	247,873,674	200,452,328
Contact manufacturing	18,115,128	21,236,000
	<u>2,461,552,090</u>	<u>1,914,204,427</u>
Tax holiday (Unit 4) : Potent product facility	72,622,891	13,527,458
	<u>2,534,174,981</u>	<u>1,927,731,885</u>
Renata Agro Industries Ltd.-Products	195,742,490	237,883,078
	<u>2,729,917,471</u>	<u>2,165,614,963</u>

21.a Consolidated cost of goods sold

	2007 <u>Taka</u>	2006 <u>Taka</u>
Opening stock of finished goods	259,092,719	147,672,153
Add: Cost of goods manufactured	1,301,115,960	1,082,557,842
Cost of finished goods purchased	118,608,976	131,560,824
	<u>1,678,817,655</u>	<u>1,361,790,819</u>
Less: Closing stock of finished goods	222,699,701	259,092,719
	<u>1,456,117,954</u>	<u>1,102,698,100</u>

23.a Consolidated administrative, selling and distribution expenses

	2007 Taka	2006 Taka
Salaries, wages and allowances	262,707,083	226,994,654
Contribution to Provident Fund	6,062,841	3,675,540
Gratuity	12,973,786	9,162,744
Fuel and power	12,745,711	9,078,235
Rent, rates and taxes	26,598,896	18,209,704
Insurance	4,021,364	3,952,443
Travelling, moving and entertainment expenses	117,182,484	92,292,926
Repairs and maintenance	10,529,536	6,269,130
Legal and professional expense	364,865	487,140
Audit fee	245,000	240,000
Provision for bad debt	1,572,250	800,000
Directors' fee	138,000	28,500
Membership fees and subscription	3,080,983	2,518,530
Meeting and corporate expense	19,630,184	11,647,727
Advertising and sales promotion	67,878,599	58,231,764
Field expenses	45,163,940	37,162,649
Depreciation	7,132,637	4,351,206
Printing and stationery	9,955,220	8,737,240
Postage, telex, fax and telephone	16,957,643	14,436,990
Distribution freight	64,571,257	59,198,153
Lunch, Snacks and Tea expenses	17,320,167	13,560,158
Other overhead expense	8,313,421	11,885,264
	<u>715,145,867</u>	<u>592,920,697</u>

24.a Consolidated basic earnings per share (EPS)

	2007 Taka	2006 Taka
The computation of EPS is given below:		
Earnings attributable to the ordinary shareholders (Group profit for the year)	358,015,669	320,380,536
Weighted average number of ordinary shares outstanding during the year	963,989	963,989
Basic Earning Per Share (EPS)	<u>371.39</u>	<u>332.35</u>