

Annual Report 2009

Aspire
Lead
Grow

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, 2009.

BUSINESS ACTIVITIES

Turnover during 2009 was Taka 3,900.7 million registering a growth of 26.2% over last year's turnover of Taka 3,089.7 million. Profit after tax was Taka 603.5 million – a growth of 39.3%. Earnings per Share (EPS) stood at Taka 417.38 against Taka 299.55 of 2008.

DIVIDEND

Renata continues to have a very aggressive investment strategy. During 2009 investments made for upgrading the General Facility at Mirpur, and the Cephalosporin and Penicillin Facilities at Rajendrapur amounted to Taka 642.57 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 60/- per ordinary share of Taka 100 each. This dividend will entail a payment of Taka 86,759,040/-. The Board of Directors also recommend for declaration of Stock Dividend (Bonus Shares) in the ratio of one Bonus Share for every four shares held (4:1B) for which an amount of Taka 36,149,600/- will have to be transferred to Share Capital Account. The appropriation, if approved 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 who, being eligible, offer themselves for re-election.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year under review your Company paid Taka. 862.10 million to the National Exchequer in the form of Corporate Income Tax, Import Duties and Value Added Tax (VAT).

AUDITORS

The Company's Auditor Messrs Rahman Rahman Huq, Chartered Accountants retire at the thirty seventh Annual General Meeting 2009. As per order of Securities and Exchange Commission the issuer company shall not appoint any firm of chartered accountants as its statutory auditors for a consecutive period exceeding three years. As such they are not eligible for reappointment. Therefore the Board of Directors is pleased to recommend Messrs S. F. Ahmed & Co. Chartered Accountants as Auditor of the Company for the year 2010 and fix their remuneration.

CAPITAL EXPENDITURE

The following capital expenditure made by the Company during the year amounted to Taka 642.57 million.

	Taka in Millions
Freehold Land	71.84
Factory Building	68.30
Plant and Machinery	269.93
Office Equipment, Furniture & Fixtures	12.43
Automobile	53.39
Cephalosporin & Penicillin Facilities	166.68
	<u>642.57</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 STATEMENT

The Directors are pleased to recount 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 2009 give a true and fair view of the state of the company about 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 Standards.

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 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 check 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

FINANCIAL RESULTS

The Directors take pleasure in reporting the following financial results of the Company for the year 2009

	2009 TAKA	2008 TAKA
Profit before tax	823,030,095	609,919,968
Less: Provision for tax	<u>219,505,643</u>	<u>176,774,164</u>
Net Profit after tax	603,524,452	433,145,804
Add: Un-appropriated profit brought forward	1,251,697,632	911,310,878
Less : Tax holiday reserve	<u>(30,484,122)</u>	<u>(6,000,000)</u>
	<u><u>1,824,737,962</u></u>	<u><u>1,338,456,682</u></u>

APPROPRIATION RECOMMENDED:

Dividend proposed:

a) Cash dividend @ Taka 60/-per Share	86,759,040	57,839,350
b) Stock dividend (Bonus Share) in the ratio of bonus share for every four (4:1B) Shares held	36,149,600	28,919,700
	122,908,640	86,759,050
Balance Un-appropriated profit carried forward	1,701,829,322	1,251,697,632
	<u><u>1,824,737,962</u></u>	<u><u>1,338,456,682</u></u>

preceding five years have been shown in the Financial Highlights. (Annexure III)

i) The Directors, have recommended a cash dividend of TK. 60 per share of TK. 100 each and stock dividend (bonus share) in the ratio of one share for every four shares are held (4:1B).

PHARMACEUTICAL PRODUCTS

The following products were introduced during the year 2009:

TRADE NAME	Therapeutic Class
1.DELTASONE 1 mg. Tablet	Steroid
2.MAGSUM 5 ml. Injection	Electrolyte Sol
3.MEF-Q 250 mg. Tablet	Antimalarial
4.THYROX 100 mcg. Tablet	Hormonal

j) During the year four Board Meetings were held and attendance by each Director are given below:

1. Mr. Syed Humayun Kabir
CHAIRMAN OF THE BOARD 4 times
2. Mr. Kaiser Kabir
CEO & MANAGING DIRECTOR 4 times
3. Mrs. Sajida Humayun Kabir
DIRECTOR 4 times
4. Dr. Sarwar Ali
DIRECTOR 4 times
5. Mr. Md. Ziaul Haque Khondker
DIRECTOR (upto 09/06/2009) 2 times
6. Mr. Md. Humayun Kabir
DIRECTOR (from 10/06/2009) 2 times
7. Mr. A. Hasanat Khan
DIRECTOR 4 times
8. Mr. Manzoor Hasan
INDEPENDENT DIRECTOR 4.times

k) The pattern of Shareholding

(i) Parent/ Subsidiary / Associated companies:

The Shareholding information as on 31st December 2009 and other related information are set out in note- 4.

(ii) Directors:

1. Mr. Syed Humayun Kabir: 633 Shares
2. Mr. Kaiser Kabir: 1,233 Shares
3. Mr. Sajida Humayun Kabir: 0 Shares
4. Dr. Sarwar Ali: 80 Shares
5. Mr. Md. Humayun Kabir: 0 Shares
6. Mr. A. Hasanat Khan: 0 Shares

CFO & Company Secretary

Mr. Md. Shafiul Alam: 3,175 Shares

(iii) Head of Internal Audit: 0 Shares

(iv) Executives:

1. Mr. M. Alamgir Hossain: 32 Shares
2. Mr. Manzur Aziz: 137 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: 737,447 Shares
2. Business Research International Corp.: 366,221 Shares

STATUS OF COMPLIANCE

Status of compliance as stated in SEC order dated 20th February 2006 – (Annexure-I.)

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. The year 2010 is expected to be challenging for the Company. By the grace of Almighty, we hope to successfully counter the difficulties that lie ahead.

On behalf of the Board of Directors



Kaiser Kabir
Managing Director

April 24, 2010

ANNEXURE-III

RENATA LIMITED FINANCIAL HIGHLIGHTS

Figures in Taka. 000

Particulars	2009	2008	2007	2006	2005
SUMMARY BALANCE SHEET					
Shareholders' Equity					
Share Capital	144,598	115,679	96,399	80,332	66,944
Proposed stock dividend	36,150	28,920	19,280	16,067	13,389
Proposed cash dividend	86,759	57,839	48,199	40,166	33,472
Revaluation surplus	154,597	155,075	155,554	156,018	156,482
Tax holiday reserve	83,347	52,862	46,862	47,451	46,863
Unappropriated profit	1,701,829	1,251,698	911,311	642,278	456,968
Shareholders' Fund	2,207,280	1,662,073	1,277,605	982,312	774,117
Long term & deferred liabilities	234,362	186,767	160,319	135,318	116,300
Total	2,441,642	1,848,840	1,437,924	1,117,630	890,417
Application of Funds					
Property, plant and equipment -WDV	2,133,261	1,584,714	1,102,830	733,187	539,132
Investment & Non-current assets	75,001	71,448	64,070	64,070	63,070
Current Assets	1,643,107	1,506,071	988,093	979,255	672,355
Current Liabilities	(1,409,727)	(1,313,393)	(717,069)	(658,882)	(384,140)
Total	2,441,642	1,848,840	1,437,924	1,117,630	890,417
FINANCIAL RESULTS					
Turnover (Gross)	4,476,976	3,536,667	2,884,122	2,192,638	1,852,675
Turnover (Net)	3,900,732	3,089,746	2,534,175	1,927,732	1,608,556
Gross profit	2,088,286	1,578,652	1,246,998	982,210	796,316
EBITDA	1,016,462	764,811	572,035	417,730	328,484
Profit before taxation	823,030	609,920	466,619	347,222	279,388
Profit after taxation	603,524	433,146	335,923	242,132	192,568
Dividend	122,909	86,759	67,479	56,233	46,861
FINANCIAL PERFORMANCE					
Number of shares	1,445,984	1,156,787	963,989	803,324	669,437
Earning per share (Taka)	417.38	299.55	232.31	167.45	133.17
Dividend per Share adjusted (Taka)	85.00	75.00	70.00	70.00	70.00
Dividend payout %	20.37	20.03	20.09	23.22	24.33
Effective Dividend Rate %	0.71	0.96	0.93	2.26	2.33
Price Earning Ratio - (PER)	28.87	20.80	25.80	14.81	18.02
Market price per share on 31 December	12,051.50	7,789.25	7,491.25	3,099.25	3,000.00
Price/Equity Ratio (Times)	120.52	77.9	74.9	31.0	30.0
Return on Shareholders' Fund %	27.34	26.06	26.29	24.65	24.88
Current Ratio-(Times)	1.17	1.15	1.38	1.49	1.75
Net operating cash flow per share (Taka)	519.43	188.00	449.33	86.13	315.87
Net assets value per share (Taka)	1,526.49	1,436.80	1,325.33	1,222.82	1,156.37
Number of employees	2,667	2,213	1,726	1,596	1,267

Renata Limited

Auditors' Report and Financial Statements

as at and for the year ended 31 December, 2009

Auditors' Report to the Shareholders of Renata Limited

We have audited the accompanying balance sheet of Renata Limited as at 31 December 2009 and the related profit and loss account, statement of changes in equity, cash flow statement and notes to the financial statements for the year then ended. We have also audited the attached consolidated balance sheet, profit and loss account, statement of changes in equity, cash flow statement and notes to the consolidated 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 2009. The preparation of these financial statements is the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial 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. 274,718,645 and Tk 13,676,203 respectively as at 31 December 2009 and total revenue of Tk 216,045,658 and Tk 69,983,052 respectively 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.

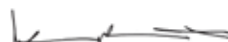
Opinion

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 at 31 December 2009, prepared in accordance with Bangladesh Accounting Standards (BASs), and Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the company's affairs and of its subsidiaries, and of 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 purpose 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- 27.2 to the consolidated financial statements. The company applied for tax holiday for Unit-4 (Potent Product Facility) for a period of four years from September 2006, which is still under review by NBR.



Rahman Rahman Huq
Chartered Accountants
Dhaka, 24 April 2010

RENATA LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2009

Figures in Taka

ASSETS

Non-current assets

	Notes	2009	2008
Property, plant and equipment	4	1,396,300,867	1,014,435,834
Capital work-in-progress	5	736,960,533	570,277,998
Investment in subsidiary	6	63,070,376	63,070,376
Other investment	7	11,931,079	8,377,754
Total non-current assets		<u>2,208,262,855</u>	<u>1,656,161,962</u>

Current assets

Inventories	8	1,075,310,581	959,414,590
Trade and other receivables	9	343,870,341	344,226,933
Advances, deposits and prepayments	10	80,677,337	79,281,411
Cash and cash equivalents	11	143,248,172	123,148,038
Total current assets		<u>1,643,106,431</u>	<u>1,506,070,972</u>
Total assets		<u>3,851,369,286</u>	<u>3,162,232,934</u>

EQUITY AND LIABILITIES

Share capital	12	144,598,400	115,678,700
Revaluation surplus	13	154,596,958	155,075,461
Tax holiday reserve		83,346,636	52,862,514
Retained earnings	14	1,824,737,962	1,338,456,682
Total equity attributable to equity holders of the company		<u>2,207,279,956</u>	<u>1,662,073,357</u>

Non-current liabilities

Deferred liability-staff gratuity	15	124,183,595	105,224,160
Deferred tax liabilities	16	110,179,135	81,542,581
Total non-current liabilities		<u>234,362,730</u>	<u>186,766,741</u>

Current liabilities

Bank overdraft	17	794,424,620	823,163,615
Creditors for goods		27,896,925	127,107,689
Accrued expenses		171,928,847	133,013,604
Other payables	18	237,310,646	79,902,838
Unclaimed dividend		3,961,604	3,173,467
Provision for taxation	19	174,203,958	147,031,623
Total current liabilities		<u>1,409,726,600</u>	<u>1,313,392,836</u>
Total liabilities		<u>1,644,089,330</u>	<u>1,500,159,577</u>
Total equity and liabilities		<u>3,851,369,286</u>	<u>3,162,232,934</u>

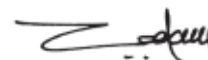
The annexed notes 1 to 34 form an integral part of these financial statements.



CEO & Managing Director

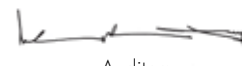


Director



Company Secretary

As per our annexed report of same date.



Auditors

Dhaka, 24 April 2010

RENATA LIMITED
PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED 31 DECEMBER 2009

Figures in Taka

	Note	2009		2008	
		Non-tax holiday Unit 1 2 & 3	Tax holiday Unit 4	Total	Total
Turnover	20	3,675,744,434	224,987,880	3,900,732,314	3,089,746,417
Cost of sales	21	(1,751,040,817)	(69,455,960)	(1,820,496,777)	(1,526,514,685)
Gross profit		1,924,703,617	155,531,920	2,080,235,537	1,563,231,732
Other income	22	8,050,515	-	8,050,515	15,420,344
		1,932,754,132	155,531,920	2,088,286,052	1,578,652,076
Operating expenses:					
Administrative, selling and distribution expenses	23	(1,049,389,251)	(69,379,544)	(1,118,768,795)	(845,169,923)
Operating profit		883,364,881	86,152,376	969,517,257	733,482,153
Gain on disposal of property, plant and equipment	4.5	930,500	-	930,500	118,000
Interest on over draft		(93,771,701)	(5,741,937)	(99,513,638)	(87,270,665)
Other expenses		(6,362,900)	(389,620)	(6,752,520)	(5,913,520)
Contribution to WPPF		(37,340,989)	(3,810,515)	(41,151,504)	(30,496,000)
Profit before tax		746,819,791	76,210,304	823,030,095	609,919,968
Tax expenses					
Current tax	19	(190,711,707)	-	(190,711,707)	(166,444,936)
Deferred tax	16	(28,793,936)	-	(28,793,936)	(10,329,228)
		(219,505,643)	-	(219,505,643)	(176,774,164)
Net Profit after tax for the year		527,314,148	76,210,304	603,524,452	433,145,804
Basic earnings per share (par value of Tk 100)	24			417.38	299.55

The annexed 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.

Dhaka, 24 April 2010


 Auditors

RENATA LIMITED
STATEMENT OF CHANGES IN EQUITY FOR
THE YEAR ENDED 31 DECEMBER 2009

Figures in Taka

	Share capital	Revaluation surplus	Tax holiday reserve	Retained earnings	Total equity
Balance as at 1 January 2008	96,398,900	155,553,964	46,862,514	978,790,128	1,277,605,506
Stock dividend issued	19,279,800	-	-	(19,279,800)	-
Cash dividend	-	-	-	(48,199,450)	(48,199,450)
Deferred tax on revaluation surplus	-	157,382	-	-	157,382
Depreciation adjustment on revaluation surplus	-	(635,885)	-	-	(635,885)
Net profit after tax for the year	-	-	-	433,145,804	433,145,804
Tax holiday reserve	-	-	6,000,000	(6,000,000)	-
Balance at 31 December 2008	<u>115,678,700</u>	<u>155,075,461</u>	<u>52,862,514</u>	<u>1,338,456,682</u>	<u>1,662,073,357</u>
Balance as at 1 January 2009	115,678,700	155,075,461	52,862,514	1,338,456,682	1,662,073,357
Stock dividend issued	28,919,700	-	-	(28,919,700)	-
Cash dividend	-	-	-	(57,839,350)	(57,839,350)
Deferred tax on revaluation surplus	-	157,382	-	-	157,382
Depreciation adjustment on revaluation surplus	-	(635,885)	-	-	(635,885)
Net profit after tax for the year	-	-	-	603,524,452	603,524,452
Tax holiday reserve	-	-	30,484,122	(30,484,122)	-
Balance at 31 December 2009	<u>144,598,400</u>	<u>154,596,958</u>	<u>83,346,636</u>	<u>1,824,737,962</u>	<u>2,207,279,956</u>

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

RENATA LIMITED
CASH FLOW STATEMENT FOR
THE YEAR ENDED 31 DECEMBER 2009

	Figures in Taka	
	2009	2008
A. Cash flow from operating activities:		
Collection from customers and other income	4,524,734,599	3,464,026,571
Payment of VAT	(576,244,068)	(446,920,865)
Payment to suppliers and employees	(2,934,353,785)	(2,598,987,823)
Cash generated from operation	1,014,136,746	418,117,883
Financing cost	(99,513,638)	(87,270,665)
Payment of tax	(163,539,372)	(113,369,101)
<i>Net cash from operating activities</i>	<u>751,083,736</u>	<u>217,478,117</u>
B. Cash flow from investing activities:		
Purchase of property, plant and equipment	(642,570,569)	(549,504,472)
Investment in shares	(3,553,325)	(7,377,754)
Sale proceeds of property, plant and equipment	930,500	118,000
<i>Net cash used in investing activities</i>	<u>(645,193,394)</u>	<u>(556,764,226)</u>
C. Cash flow from financing activities:		
Medium term loan (repaid)/received (net)	(28,738,995)	461,688,600
Dividend paid	(57,051,213)	(47,511,431)
<i>Net cash from/(used in) financing activities</i>	<u>(85,790,208)</u>	<u>414,177,169</u>
D. Net cash increase (decrease) for the year (A+B+C)	20,100,134	74,891,060
E. Opening cash and cash equivalent	123,148,038	48,256,978
F. Closing cash and cash equivalent (D+E)	<u>143,248,172</u>	<u>123,148,038</u>

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

RENATA LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2009

1. Reporting entity

1.1 Company profile

Renata Limited ("the Company") is a public limited company incorporated in Bangladesh in 1972 as Pfizer Laboratories (Bangladesh), under the Companies Act 1913. In 1993, the Company was renamed as "Renata Limited". The authorised capital of the Company is Tk 500,000,000 divided into 5,000,000 ordinary shares of Tk 100 each with a paid up capital of Tk 144,598,400 divided into 1,445,984 ordinary shares of taka 100 each. The address of the registered office of the company is 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, markets and sells various pharmaceutical, animal health, animal nutritional, oral saline, hormone and other medical products in the local market. The Company exports a few of its pharmaceutical products to some foreign markets.

1.2 Subsidiary companies

1.2.1 Renata Agro Industries Limited

Renata Agro Industries Limited, a wholly owned subsidiary company of Renata Limited, was incorporated on 7 September 1997 as a private limited company under the Companies Act 1994 with authorised share capital of Tk 150,000,000 divided into 1,500,000 ordinary shares of Tk 100 each. The company commenced its commercial operation from October 1998. The principal activities of the company are to carry on business for producing and sale of various agro based products, poultry breeding and hatching and sale of poultry products.

1.2.2 Purnava Limited

Purnava Limited, another wholly owned subsidiary company of Renata Limited, was incorporated on 17 August 2004 as a private limited company under the Companies Act 1994 with authorised share capital of Tk 200,000,000 divided into 2,000,000 ordinary shares of Tk 100 each. The company commenced its commercial operation in 2009. The principal activities of the company are to carry on business of manufacturing, marketing and distribution of all kinds of consumer goods, consumer durables, food items, edible oils etc. and to engage in the business as traders, importers, exporters, commission agents of all kinds of goods and services including pharmaceutical products.

2. Basis of preparation and significant accounting policies

2.1 Statement of compliance

These financial statements have been prepared in accordance with applicable International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs), Companies Act 1994, the Securities & Exchange Rules 1987 and other laws and regulations applicable in Bangladesh.

2.2 Date of authorisation for issue of the financial statements

On 24 April 2010, the Board of Directors reviewed the financial statements and authorised 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. No adjustment has been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

2.4 Functional and presentation 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 integer.

2.5 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognised in the period in which the estimates are revised. No such revision however was carried out during the year under report.

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 funds to meet the present requirements of its existing businesses and operations

2.7 Basis of consolidation of operations of subsidiary

The financial statements of the Company and its subsidiaries, as mentioned in note-1.2, have been consolidated in accordance with Bangladesh Accounting Standard (BASs) 27 "Consolidated and Separate Financial Statements". 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, have been eliminated in preparing the consolidated financial statements.

2.8 Foreign currency

Transactions in foreign currencies are translated to Bangladesh Taka at the foreign exchange rate prevailing on the date of the transaction. Monetary assets and liabilities are converted at the rates prevailing at the balance sheet date. Non-monetary assets and liabilities are reported using the exchange rate on the date of transaction. Differences arising on conversion are charged or credited to the profit and loss account.

2.9 Financial instrument

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

2.10 Property Plant and equipment

2.10.1 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 equipments.

2.10.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised 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 recognised in the profit and loss account as incurred.

2.10.3 Depreciation

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

	2009	2008
Building	33.03	33.03
Machinery and equipments	5-20	5-20
Automobiles and trucks	4	4
Office equipment	8-10	8-10
Furniture and fixtures	20	20

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

2.10.4 Capital work-in-progress

Property, plant and equipment under construction/acquisition have been accounted for as capital work-in-progress until construction/acquisition is completed and measured at cost.

2.11 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 determined 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.

2.12 Impairment

The carrying amount of 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.

2.13 Workers' Profit Participation Fund (WPPF)

The Company provides 5% of its profit before tax as WPPF in accordance with the Bangladesh Labour Act, 2006.

2.14 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account.

2.14.1 Current tax

The Company qualifies as a "Publicly Traded Company" and the effective rate of taxation is 24.75% considering 10% tax rebate for declaring dividend of more than 20% of the paid up capital.

2.14.2 Deferred tax

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

2.15 Employees benefit obligation

2.15.1 Defined contribution plan

The Company operates a contributory provident fund scheme, duly recognised by NBR, for its permanent employees. Provident fund is administered by a Board of Trustees and is funded by equal contributions both by the employees and the Company at a predetermined rate.

2.15.2 Defined benefit plan (Gratuity scheme)

The Company also operates an unfunded gratuity scheme. Employees are entitled to gratuity benefit after the completion of a minimum of seven years of service with the Company. The gratuity is calculated on the last basic pay and is payable at the rate of one month's basic pay for every completed year of service up to ten years of service, and one and half months basic pay for more than ten years of service. Provision for which has been made as per gratuity rules of the Company. Actuarial valuation of the scheme is made by a professional valuer/actuary once in every 2 years.

2.15.3 Other employees benefit obligation

The Company operates a group insurance scheme for its permanent employees.

2.16 Provisions

Provisions and accrued expenses are recognised in the financial statements in line with the Bangladesh Accounting Standard (BAS) 37 " Provisions, Contingent Liabilities and Contingent Assets" when

- the company has a legal or constructive obligation as a result of past event.
- it is probable that an outflow of economic benefit will be required to settle the obligation.
- a reliable estimate can be made of the amount of the obligation.

2.17 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 the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, the company has no managerial involvement in 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.

2.18 Reporting period

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

2.19 Cash and cash equivalents

Cash and cash equivalents are comprised of cash in hand, cash at bank and term deposits that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

2.19.1 Cash flow statement

Cash flow statement has been prepared in accordance with the Bangladesh Accounting Standards (BAS) 7, "Cash flow statement" under direct method.

2.20 Events after the reporting period

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

3. Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.

4. Property, plant and equipment

Particulars	COST/REVALUATIONS				Rate	DEPRECIATION				Written down value at 31 Dec 2009
	At 1 Jan 2009	Additions during the year	Disposal/ adjustment during the year	At 31 Dec 2009		At 1 Jan 2009	Charge during the year	Disposal/ adjustment during the year	At 31 Dec 2009	
	Taka	Taka	Taka	Taka	%	Taka	Taka	Taka	Taka	Taka
Freehold land:										
At cost	79,205,439	71,835,669	-	151,041,108		-	-	-	-	151,041,108
On revaluation	179,132,078	-	-	179,132,078		-	-	-	-	179,132,078
	258,337,517	71,835,669	-	330,173,186		-	-	-	-	330,173,186
Building:										
At cost	191,977,515	68,300,955	-	260,278,470	1.33-4	23,996,936	7,701,687	-	31,698,623	228,579,847
On revaluation	41,291,251	-	-	41,291,251	1.33-4	7,971,593	635,885	-	8,607,478	32,683,773
	233,268,766	68,300,955	-	301,569,721		31,968,529	8,337,572	-	40,306,101	261,263,620
Plant and machinery	712,076,416	269,934,088	-	982,010,504	5-20	249,815,946	60,934,878	-	310,750,824	671,259,680
Automobile and trucks	88,766,570	53,391,625	1,200,000	140,958,195	25	35,548,756	16,656,633	1,200,000	51,005,389	89,952,806
Office equipments	62,689,158	11,939,599	190,000	74,438,757	10-12.5	33,112,165	7,252,646	85,500	40,279,311	34,159,446
Furniture and fixtures	16,774,640	486,100	-	17,260,740	5	7,031,837	736,774	-	7,768,611	9,492,129
Total 2009	1,371,913,067	475,888,036	1,390,000	1,846,411,103		357,477,233	93,918,503	1,285,500	450,110,236	1,396,300,867
Total 2008	1,087,231,153	285,209,914	528,000	1,371,913,067		290,384,399	67,620,834	528,000	357,477,233	1,014,435,834

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

Building	Cost Taka	3,555,587
Plant and machinery		124,049,854
Automobile and trucks		21,492,570
Office equipments		16,772,812
Furniture and fixture		2,521,946
		<u>168,392,769</u>

4.2 The freehold land of the Company measuring 83.995 acres are located at:

Mirpur, Dhaka	12.00 acres
Pekua, Cox's Bazar	45.190 acres
Barishal Sadar	0.290 acres
Gondogram, Bogra	0.270 acres
Lakshimpur, Rajshahi City Corporation	0.149 acres
Dogri Rajendrapur, Gazipur	15.098 acres
Kashor Gore, Bhaluka, Mymensingh	10.998 acres
Total	<u>83.995 acres</u>

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

4.3 Depreciation for the year has been charged to:

Cost of goods sold - Non-tax holiday units 1, 2 & 3 (Note 21.1)	Taka	60,569,958
Cost of goods sold - Tax holiday unit 4 (Note 21.1)		10,928,284
		71,498,242
Operating expenses (Note 23)		21,784,376
Revaluation surplus (Note 13)		635,885
		<u>93,918,503</u>

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

<u>PARTICULARS</u>	Original cost Taka	Accumulated depreciation Taka	Net book value Taka	Sale proceeds Taka	Profit/ (loss) Taka	Mode of disposal	Purchaser
<u>Automobiles:</u>							
Toyota Hiace Microbus Model - 1996	550,000	550,000	-	510,000	510,000	Tender	Md. Monu Miah, Comilla
Toyota Corolla LX 1331 car	350,000	350,000	-	300,000	300,000	Tender	Md. Abu Taher, Mirpur
Toyota Corolla DX 1330 car	300,000	300,000	-	190,000	190,000	Tender	Md. Ismail, Hemayetpur
<u>Office equipment:</u>							
Canon Plane Paper Copier	190,000	85,500	104,500	35,000	(69,500)	Tender	Homeland Engineering Works
<u>Total</u>	1,390,000	1,285,500	104,500	1,035,000	930,500		

5. Capital work in-progress

	2009 Taka	2008 Taka
Opening Balance	570,277,998	305,983,441
Add: Addition during the year	642,570,571	549,504,471
	1,212,848,569	855,487,912
less: Capitalised as property, plant and equipment	475,888,036	285,209,914
	<u>736,960,533</u>	<u>570,277,998</u>

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

6. Investment in subsidiaries

This represents investments 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.

	2009			2008
	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

Detail of the above amount is given as under:

	Market value	Book value	
	2009	2009	2008
	Taka	Taka	Taka
1 Ordinary Share of Tk. 1,000,000/- in Central Depository Bangladesh Ltd.	1,000,000	1,000,000	1,000,000
1,560 Ordinary Shares of Tk. 100/- Each in BRAC Bank Limited	1,072,500	1,107,012	1,111,906
2,000 Ordinary Shares of Tk. 100/- each in Estland Insurance Company Ltd.	-	-	2,340,103
2,457 Ordinary Shares of Tk. 100/-each in Social Investment Bank Ltd.	756,756	465,689	348,689
4,680 Ordinary Shares of Tk. 100/-each in Al-Arafa Islamic Bank Ltd.	2,509,650	1,397,568	1,397,568
3,150 Ordinary Shares of Tk. 100/- each in EXIM Bank Ltd.	1,177,313	882,717	882,717
12,000 Ordinary Shares of Tk. 100/- each in Square Textile Ltd.	1,336,800	1,296,772	1,296,771
1,080 Ordinary Shares of Tk. 100/- each in Green Delta Insurance Company Ltd.	1,803,330	1,008,553	-
1,600 Ordinary Shares of Tk. 100/- each in Square Pharma Ltd.	4,602,000	4,225,086	-
3,000 Ordinary Shares of Tk. 100/- each in ICB AMCL 2nd NRB Mutual Fund.	558,000	547,682	-
	<u>14,816,349</u>	<u>11,931,079</u>	<u>8,377,754</u>

8. Inventories

	2009	2008
	Taka	Taka
Finished goods -Pharmaceutical (Unit-1)	351,714,028	186,994,030
-Premix (Unit-2)	166,438,190	133,221,551
-Contract Manufacturing (Unit-3)	-	1,114,200
-Potent Product Facility (Unit-4)	14,616,205	9,085,198
	532,768,423	330,414,979
Work-in-progress	70,578,009	57,946,757
Raw materials	65,690,623	81,431,767
Bulk materials	103,773,861	120,689,523
Packing materials	62,898,497	74,911,011
Raw and packaging materials-Premix (Unit-2)	56,102,900	37,847,322
Raw and packaging materials-Contract manufacturing (Unit-3)	7,533,464	6,299,092
Raw and packaging materials-Potent Product Facility (Unit-4)	16,566,688	12,527,534
Consumable stores and spares	5,325,749	14,624,527
Less: provision for slow moving and obsolete items	(15,558,619)	-
Stock in transit	169,630,986	222,722,078
	<u>1,075,310,581</u>	<u>959,414,590</u>

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

9. Trade and other receivables

	2009 Taka	2008 Taka
Trade debtors-unsecured (Notes-9.1)	188,061,402	227,769,104
Less: Provision for doubtful debts	<u>7,468,662</u>	<u>7,468,662</u>
Trade debtors considered good	180,592,740	220,300,442
Sundry debtors - unsecured considered good	76,580,355	68,691,213
Value Added Tax (VAT) recoverable	<u>86,697,246</u>	<u>55,235,278</u>
	<u><u>343,870,341</u></u>	<u><u>344,226,933</u></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	104,547,004	88,997,255
Debts due over six months	<u>83,514,398</u>	<u>138,771,849</u>
	<u><u>188,061,402</u></u>	<u><u>227,769,104</u></u>

- a) Trade debtors includes Tk 2,420,270 due from Renata Agro Industries Limited
- b) Sundry debtors includes Tk 10,568,907 due from Purnava Limited for advance payment. Details are given in Note-32. "Related Party Disclosure"

10. Advances, deposits and prepayments

Advances:		
For inventories	2,612,482	7,285,613
To employees	<u>58,702,293</u>	<u>49,773,143</u>
	61,314,775	57,058,756
Deposits and prepayments:		
Security deposits	<u>9,690,858</u>	<u>9,809,595</u>
Prepaid expenses	<u>9,671,704</u>	<u>12,413,060</u>
	<u>19,362,562</u>	<u>22,222,655</u>
	<u><u>80,677,337</u></u>	<u><u>79,281,411</u></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	15,291,916	4,115,032
Prepaid expenses	<u>2,252,205</u>	<u>6,783,419</u>
	<u><u>17,544,121</u></u>	<u><u>10,898,451</u></u>

- a) Advance to employees and prepayments includes Tk 56,293,323 and Tk 47,065,436 due from the officers at 31 December 2009 and 2008 respectively.
- b) No amount was due by the Directors (including Managing Director) or associated parties.

11. Cash and cash equivalent

	2009 Taka	2008 Taka
Cash in hand	675,000	550,000
Cash at bank	<u>142,573,172</u>	<u>122,598,038</u>
	<u>143,248,172</u>	<u>123,148,038</u>

12. Share capital

Authorised:			
<u>5,000,000</u>	Ordinary shares of Taka 100 each	<u>500,000,000</u>	<u>500,000,000</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
1,144,109	Ordinary shares of Taka 100 each issued as fully paid bonus shares	114,410,900	85,491,200
<u>1,445,984</u>		<u>144,598,400</u>	<u>115,678,700</u>

The shares are listed in the Dhaka Stock Exchange Limited and were quoted at Tk 12,051.50 per share on 31 December 2009.

At 31 December 2009 share holding position of the company was as follows:

	Number of shares	Face value Taka	% of total holding
Sajida Foundation	737,447	73,744,700	51.00
Business Research International Corp. Inc.	366,221	36,622,100	25.33
ICB Unit Fund	35,851	3,585,100	2.48
Investment Corporation of Bangladesh	70,075	7,007,500	4.85
First ICB Mutual Fund	26,371	2,637,100	1.82
Shadharan Bima Corporation	63,262	6,326,200	4.38
Other local shareholders	146,757	14,675,700	10.14
	<u>1,445,984</u>	<u>144,598,400</u>	<u>100.00</u>

Classification of shareholders by holdings:

Holdings	2009				
	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	464	1,104	1,568	49,481	3.42%
501 to 5,000 shares	31	37	68	87,560	6.06%
5,001 to 10,000 shares	-	1	1	8,476	0.59%
10,001 to 20,000 shares	-	1	1	10,081	0.70%
20,001 to 30,000 shares	-	2	2	47,339	3.27%
30,001 to 40,000 shares	-	1	1	30,950	2.14%
40,001 to 50,000 shares	-	-	-	-	0.00%
50,001 to 100,000 shares	1	1	2	129,982	8.99%
100,001 to 1,000,000 shares	2	-	2	1,082,115	74.84%
Over 1,000,000 shares	-	-	-	-	0.00%
	<u>498</u>	<u>1,147</u>	<u>1,645</u>	<u>1,445,984</u>	100.00%

12.1 Share holding position in Renata Agro Industries Limited

	2009			2008	
	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

	2009			2008	
	Number of shares	Face value Taka	% of total holding	Number of shares	% of total holding
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:

	2009 Taka	2008 Taka
Land	179,132,078	179,132,078
Building	33,319,658	33,955,543
	<u>212,451,736</u>	<u>213,087,621</u>
Less: Depreciation charged during the year on revaluation of building (Note 4)	635,885	635,885
	<u>211,815,851</u>	<u>212,451,736</u>
Less: Adjustment of deferred tax thereon (Note 16)	57,218,893	57,376,275
	<u>154,596,958</u>	<u>155,075,461</u>

14. Retained earnings

Details are as under:

Opening balance	1,338,456,682	978,790,128
Net Profit after tax for the year	603,524,452	433,145,804
Tax holiday reserve	(30,484,122)	(6,000,000)
Stock dividend issued	(28,919,700)	(19,279,800)
Cash dividend	(57,839,350)	(48,199,450)
Closing Balance	<u>1,824,737,962</u>	<u>1,338,456,682</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	105,224,160	88,948,500
Add: Provision made during the year	35,192,899	26,545,000
	<u>140,417,059</u>	<u>115,493,500</u>
Less: Paid during the year	16,233,464	10,269,340
Closing balance	<u>124,183,595</u>	<u>105,224,160</u>

16. Deferred tax liabilities

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

	2009 Taka	2008 Taka
Opening balance	81,542,581	71,370,735
Provision made during the year for deferred tax expense	<u>28,793,936</u>	<u>10,329,228</u>
	110,336,517	81,699,963
Reduction of deferred tax on revaluation surplus (Note 13)	<u>(157,382)</u>	<u>(157,382)</u>
Closing balance	<u>110,179,135</u>	<u>81,542,581</u>

	Carrying amount on balance sheet date Taka	Tax base Taka	Taxable/ (deductible) temporary difference Taka
At 31 December 2009			
Property, plant and equipment (excluding land):			
At cost less accumulated depreciation	885,516,395	520,511,767	365,004,628
Revaluation surplus	211,815,851	-	211,815,851
	1,097,332,246	520,511,767	576,820,479
Provision for staff gratuity (net of payment)	(124,183,595)	-	(124,183,595)
Provision for doubtful debts	(7,468,662)	-	(7,468,662)
Net temporary difference			445,168,222
Applicable tax rate			24.75%
Deferred tax liability/(asset)			<u>110,179,135</u>
At 31 December 2008			
Property, plant and equipment (excluding land):			
At cost less accumulated depreciation	568,031,532	338,325,471	229,706,061
Revaluation surplus	212,451,736	-	212,451,736
	780,483,268	338,325,471	442,157,797
Provision for staff gratuity (net of payment)	(105,224,160)	-	(105,224,160)
Provision for doubtful debts	(7,468,662)	-	(7,468,662)
Net temporary difference			329,464,975
Applicable tax rate			24.75%
Deferred tax liability/(asset)			<u>81,542,581</u>

17. Bank overdraft

	Limit Taka	2009 Taka	2008 Taka
Overdraft accounts with:			
Eastern Bank Limited, Dhaka	375,000,000	224,935,217	145,122,154
The Hongkong and Shanghai Banking Corporation Ltd., Dhaka	680,000,000	86,474,899	301,489,000
Standard Chartered Bank, Dhaka	625,000,000	332,160,761	205,473,714
Citibank, N.A., Dhaka	270,000,000	150,853,743	171,078,747
	<u>1,950,000,000</u>	<u>794,424,620</u>	<u>823,163,615</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:

	Total facilities available Taka	Not availed of at balance sheet date Taka
Letters of credit	<u>1,240,000,000</u>	<u>936,714,482</u>
(including 180 days revolving time loan for import finance)		

18. Other payables

	2009 Taka	2008 Taka
Workers' profit participation fund	96,243,044	71,096,287
Others (Note-18.1)	141,067,602	8,806,551
	<u>237,310,646</u>	<u>79,902,838</u>

18.1 Others

Advance received from Directorate of Family Planning (against sales)	85,591,760	-
PF Trustee	2,341,953	8,316,905
Accounts Current-Global Alliance for Improved Nutrition*	52,883,851	-
Tax deduction at source	250,038	489,646
	<u>141,067,602</u>	<u>8,806,551</u>

*Renata limited received this amount as advance as per the marketing support agreement made on 30 June 2009 with "The Global Alliance for Improved Nutrition" ("GAIN") for participation in Infant and Young Child Nutrition (IYCN) Program. The program is yet to be started. "The Global Alliance for Improved Nutrition" ("GAIN") is a not-for-profit foundation organized and existing under the laws of Switzerland with its offices at 37-39, Rue de Vermont, P.O. Box 55, 1211 Geneva 20, Switzerland.

19. Provision for taxation

	2009 Taka	2008 Taka
Opening balance	147,031,623	93,955,788
Add: Provision for current year	190,711,707	166,444,936
	<u>337,743,330</u>	<u>260,400,724</u>
Less: Tax paid during the year	163,539,372	113,369,101
Closing balance	<u>174,203,958</u>	<u>147,031,623</u>

20. Turnover

	2009			2008
	Gross Revenue Taka	Less: VAT Taka	Revenue (net) Taka	Revenue (net) Taka
Non-tax holiday (units-1, 2 & 3):				
Pharmaceutical products	3,261,999,142	449,773,995	2,812,225,147	2,273,271,291
Animal health products	537,193,471	79,215,591	457,977,880	353,866,196
Animal nutritional products	381,044,207	122,507	380,921,700	306,703,184
Contact manufacturing	28,575,102	3,955,395	24,619,707	24,352,730
	<u>4,208,811,922</u>	<u>533,067,488</u>	<u>3,675,744,434</u>	<u>2,958,193,401</u>
Tax holiday (Unit 4):				
Potent product facility	268,164,460	43,176,580	224,987,880	131,553,016
	<u>4,476,976,382</u>	<u>576,244,068</u>	<u>3,900,732,314</u>	<u>3,089,746,417</u>

20.1 During the year sale of pharmaceutical products includes export sale of Tk 77,560,819 equivalent to US\$ 1,128,424.

20.2 Item-wise production/purchases and sale of 420 finished goods formulations consisting of pharmaceutical products, animal health products, premix feed supplement, protein products 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:

Major product group	Unit	Opening stocks	Production/ purchases	Less: Sales	In '000 Closing stocks
Sterile dry fill (injectable)	Vials	452	2,650	2,802	300
Sterile liquid fill (injectable)	Vials & Ampoules	981	9,114	9,124	971
Ointments and eye/ear drops	Tube & Bottles	126	1,497	1,390	233
Capsules and tablets	Capsule & Tablet	59,016	706,400	688,696	76,720
Oral liquid and dry syrup	Bottle	1,000	14,261	12,150	3,111
Rabipur Vaccine	Vials	16	247,000	230,000	17,016
Potent products	Capsules & Tablet	9,179	119,319	108,033	20,465
Premix -Animal nutrition	Kg	567	1,799	2,336	30
Premix -Animal nutrition	Sachets	316	2,637	2,440	513
Oral saline	Sachets	49	27,241	27,290	-
		<u>330,415</u>	<u>2,022,850</u>	<u>1,820,497</u>	<u>532,768</u>

21. Cost of sales

Opening stock of finished goods	321,329,781	9,085,198	330,414,979	222,699,701
Add: Cost of goods manufactured (Note 21.1)	1,835,155,945	74,986,967	1,910,142,912	1,579,403,063
Cost of finished goods purchased	112,707,309	-	112,707,309	54,826,900
	<u>2,269,193,035</u>	<u>84,072,165</u>	<u>2,353,265,200</u>	<u>1,856,929,664</u>
Less: Closing stock of finished goods (Note 8)	518,152,218	14,616,205	532,768,423	330,414,979
	<u>1,751,040,817</u>	<u>69,455,960</u>	<u>1,820,496,777</u>	<u>1,526,514,685</u>

2009			2008
Non-tax holiday Unit-1 , 2 & 3 Taka	Tax holiday Unit-4 Taka	Total Taka	Total Taka
Opening stock of finished goods	9,085,198	330,414,979	222,699,701
Add: Cost of goods manufactured (Note 21.1)	74,986,967	1,910,142,912	1,579,403,063
Cost of finished goods purchased	-	112,707,309	54,826,900
	<u>84,072,165</u>	<u>2,353,265,200</u>	<u>1,856,929,664</u>
Less: Closing stock of finished goods (Note 8)	14,616,205	532,768,423	330,414,979
	<u>69,455,960</u>	<u>1,820,496,777</u>	<u>1,526,514,685</u>

21.1 Cost of goods manufactured

Cost of materials:

Opening work-in-process	57,946,757	-	57,946,757	34,031,511
Add: Cost of raw materials consumed (Note 21.2)	1,531,266,319	53,608,818	1,584,875,137	1,342,055,067
	<u>1,589,213,076</u>	<u>53,608,818</u>	<u>1,642,821,894</u>	<u>1,376,086,578</u>
Less: Closing work-in-process	70,578,009	-	70,578,009	57,946,757
Total cost of materials	<u>1,518,635,067</u>	<u>53,608,818</u>	<u>1,572,243,885</u>	<u>1,318,139,821</u>

Manufacturing overhead:

Salaries, wages and other benefits	92,692,522	5,806,798	98,499,320	87,875,737
Company's contribution to provident fund	1,284,802	210,726	1,495,528	1,241,110
Net periodic cost for gratuity	16,081,894	498,605	16,580,499	12,865,000
Electricity and fuel	22,564,678	2,866,066	25,430,744	19,395,013
Consumable stores, supplies and manufacturing expenses	52,614,563	180,688	52,795,251	28,130,872
Insurance	4,154,935	121,500	4,276,435	2,305,225
Land revenue and taxes	1,359,848	-	1,359,848	417,700
Rental and leases	1,454,424	-	1,454,424	1,751,379
Automobile expenses	3,760,360	180,000	3,940,360	3,260,867
Postage and telephone	1,433,567	21,821	1,455,388	1,305,206
Printing and stationery	3,103,495	13,779	3,117,274	1,995,999
Uniforms for workers	3,218,995	36,094	3,255,089	2,148,916
Travelling, moving and entertainment	12,121,775	-	12,121,775	11,643,460
Repair and maintenance	15,874,563	49,688	15,924,251	14,335,823
Lunch, Snacks and Tea expenses	23,436,141	464,100	23,900,241	20,544,361
Depreciation	60,569,958	10,928,284	71,498,242	50,703,435
Other overhead expenses	794,358	-	794,358	1,343,139
	<u>316,520,878</u>	<u>21,378,149</u>	<u>337,899,027</u>	<u>261,263,242</u>
Total cost of goods manufactured	<u>1,835,155,945</u>	<u>74,986,967</u>	<u>1,910,142,912</u>	<u>1,579,403,063</u>

2009			2008
Non-tax holiday Unit-1 , 2 & 3 Taka	Tax holiday Unit-4 Taka	Total Taka	Total Taka
Opening work-in-process	-	57,946,757	34,031,511
Add: Cost of raw materials consumed (Note 21.2)	53,608,818	1,584,875,137	1,342,055,067
	<u>53,608,818</u>	<u>1,642,821,894</u>	<u>1,376,086,578</u>
Less: Closing work-in-process	-	70,578,009	57,946,757
Total cost of materials	<u>53,608,818</u>	<u>1,572,243,885</u>	<u>1,318,139,821</u>
Salaries, wages and other benefits	5,806,798	98,499,320	87,875,737
Company's contribution to provident fund	210,726	1,495,528	1,241,110
Net periodic cost for gratuity	498,605	16,580,499	12,865,000
Electricity and fuel	2,866,066	25,430,744	19,395,013
Consumable stores, supplies and manufacturing expenses	180,688	52,795,251	28,130,872
Insurance	121,500	4,276,435	2,305,225
Land revenue and taxes	-	1,359,848	417,700
Rental and leases	-	1,454,424	1,751,379
Automobile expenses	180,000	3,940,360	3,260,867
Postage and telephone	21,821	1,455,388	1,305,206
Printing and stationery	13,779	3,117,274	1,995,999
Uniforms for workers	36,094	3,255,089	2,148,916
Travelling, moving and entertainment	-	12,121,775	11,643,460
Repair and maintenance	49,688	15,924,251	14,335,823
Lunch, Snacks and Tea expenses	464,100	23,900,241	20,544,361
Depreciation	10,928,284	71,498,242	50,703,435
Other overhead expenses	-	794,358	1,343,139
	<u>21,378,149</u>	<u>337,899,027</u>	<u>261,263,242</u>
Total cost of goods manufactured	<u>74,986,967</u>	<u>1,910,142,912</u>	<u>1,579,403,063</u>

21.2 Cost of raw materials consumed

Opening stock	321,178,715	12,527,534	333,706,249	286,937,536
Add: Purchase	1,506,086,949	57,647,972	1,563,734,921	1,388,823,780
	<u>1,827,265,664</u>	<u>70,175,506</u>	<u>1,897,441,170</u>	<u>1,675,761,316</u>
Less: Closing stock (Note 21.3)	295,999,345	16,566,688	312,566,033	333,706,249
	<u>1,531,266,319</u>	<u>53,608,818</u>	<u>1,584,875,137</u>	<u>1,342,055,067</u>

Opening stock	12,527,534	333,706,249	286,937,536
Add: Purchase	57,647,972	1,563,734,921	1,388,823,780
	<u>70,175,506</u>	<u>1,897,441,170</u>	<u>1,675,761,316</u>
Less: Closing stock (Note 21.3)	16,566,688	312,566,033	333,706,249
	<u>53,608,818</u>	<u>1,584,875,137</u>	<u>1,342,055,067</u>

21.3 Purchases, issues and stocks of raw materials

Purchases, issues and stocks of raw materials are of over 1890 items involving production of 420 finished goods formulations. The measurements are expressed in different units viz. kilogram, activity, litre, 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	Consumption Taka	Closing stocks Taka
Active materials (Note 21.4)	120,689,523	709,603,993	726,519,655	103,773,861
Raw materials (Note 21.4)	81,431,767	256,717,708	272,458,852	65,690,623
Packaging materials (Note 21.4)	74,911,011	293,619,187	305,631,701	62,898,497
Premix - Raw and packaging materials	37,847,322	213,387,442	195,131,864	56,102,900
Contract manufacturing	6,299,092	32,758,619	31,524,247	7,533,464
	<u>321,178,715</u>	<u>1,506,086,949</u>	<u>1,531,266,319</u>	<u>295,999,345</u>
Potent Product (Tax holiday unit-4)	12,527,534	57,647,972	53,608,818	16,566,688
	<u>333,706,249</u>	<u>1,563,734,921</u>	<u>1,584,875,137</u>	<u>312,566,033</u>
Consumable stores	12,562,576	3,717,544	13,139,418	3,140,702
Maintenance stores and spares	2,061,951	1,373,096	1,250,000	2,185,047
	<u>14,624,527</u>	<u>5,090,640</u>	<u>14,389,418</u>	<u>5,325,749</u>
	<u>348,330,776</u>	<u>1,568,825,561</u>	<u>1,599,264,555</u>	<u>317,891,782</u>

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	730	11,843	9,632	2,941
Imported	KG/KGA/BU	36,128	214,647	224,733	26,042
		<u>Taka 120,689,523</u>	<u>709,603,993</u>	<u>726,519,655</u>	<u>103,773,861</u>

Procurement of Active materials consist of 190 items of which 97% of the total value were imported during the year.

Raw materials

Major product group	Unit	Opening stocks	Purchases	Issues	Closing stocks
Excipients	KG	642,525	405,508	939,163	108,870
Colour	KG	725	909	1,220	414
Empty gelatin capsules (000's)	PCS	57,308	138,207	162,541	32,974
Flavour	KG	2,959	3,445	4,619	1,785
Sugar	KG	171,708	428,460	589,851	10,317
Sorbitol	KG	1,040	127,170	126,315	1,895
Glucose	KG	48,369	70,800	112,463	6,706
Lactose	KG	16,728	70,800	74,978	12,550
		<u>Taka 81,431,767</u>	<u>256,717,708</u>	<u>272,458,852</u>	<u>65,690,623</u>

Purchase of raw materials involve 350 items of which 95% in value were imported during the year.

Packaging materials:

Major product group	Unit	Opening stocks	Purchases	Issues	Closing stocks
Cartons	PC	7,401,672	19,894,423	21,763,492	5,532,603
Labels	PC	5,858,157	12,171,100	13,968,969	4,060,288
Direction slips	PC	7,703,676	19,054,250	19,222,192	7,535,734
Catch covers	PC	5,916,034	8,419,035	9,749,835	4,585,234
Vials	PC	3,910,100	7,451,238	8,320,146	3,041,192
Bottles	PC	3,885,536	12,519,378	15,974,993	429,921
Ampoules	PC	1,064,952	8,660,339	9,040,530	684,761
Alluminium tubes	PC	134,758	-	134,758	-
Plastic spoons/droppers	PC	1,443,980	2,194,578	780,393	2,858,165
PP caps/Al seals	PC	1,309,617	20,257,090	17,796,436	3,770,271
Rubber plucks	PC	4,324,132	7,200,000	10,097,632	1,426,500
Alluminium foil	KG	37,436	174,779	191,333	20,882
PVC hard	KG	51,315	35,054	60,604	25,765
	Taka	<u>74,911,011</u>	<u>293,619,187</u>	<u>305,631,701</u>	<u>62,898,497</u>

Packaging materials involve about 1325 items of which 52% 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	Brazil
Malaysia	UK	Austria	Czech Republic

22. Other income

	2009 Taka	2008 Taka
Manufacturing charges received for manufacturing Eskayef products	7,134,747	15,013,244
Interest income	915,768	407,100
	<u>8,050,515</u>	<u>15,420,344</u>

23. Administrative, selling and distribution expenses

	2009			2008
	Non-tax holiday Unit-1, 2 & 3 Taka	Tax holiday Unit-4 Taka	Total Taka	Total Taka
Salaries, wages and allowances	376,086,455	10,687,538	386,773,993	303,627,328
Contribution to Provident Fund	7,614,759	293,575	7,908,334	6,827,002
Net Periodic cost for gratuity	18,490,360	122,040	18,612,400	13,680,000
Fuel and power	12,321,176	1,405,757	13,726,933	13,392,382
Rent, rates and taxes	17,424,003	855,776	18,279,779	22,493,113
Insurance	9,962,805	455,126	10,417,931	8,858,041
Travelling, moving and entertainment expenses	153,482,499	27,129,978	180,612,477	149,235,638
Repairs and maintenances	10,475,840	277,580	10,753,420	9,403,742
Legal and professional expenses	1,805,129	-	1,805,129	300,301
Audit fee	300,000	-	300,000	300,000
Directors' fee	310,000	-	310,000	270,000
Membership fees and subscription	3,544,178	-	3,544,178	4,319,637
Meeting and corporate expenses	24,167,615	1,096,843	25,264,458	21,347,659
Advertising and sales promotion	171,271,503	9,042,068	180,313,571	77,471,838
Field expenses	66,493,821	6,624,328	73,118,149	58,628,109
Depreciation	21,784,376	-	21,784,376	16,281,514
Printing and stationery	12,325,582	409,578	12,735,160	10,200,630
Postage, telex, fax and telephone	16,933,478	625,348	17,558,826	14,673,401
Distribution freight	86,106,057	3,262,000	89,368,057	76,149,744
Lunch, Snacks, Tea and welfare expenses	20,224,701	6,188,239	26,412,940	23,126,517
Other overhead expense*	18,264,914	903,770	19,168,684	14,583,327
	<u>1,049,389,251</u>	<u>69,379,544</u>	<u>1,118,768,795</u>	<u>845,169,923</u>

*As other overhead expense do not exceed 1% of total revenue, no separate item of these expenses is required to be disclosed under separate account head as per schedule - XI of the Companies Act, 1994.

23.1 As per schedule XI of the Companies Act 1994, the number of employes (including casual and temporary) engaged for the whole year or part there of who received a total remuneration of Tk 36, 000 per annum of Tk. 3,000 per month were 2,667 at the end of 2009 against 2,213 in 2008.

24. Basic earnings per share (EPS)

	2009 Taka	2008 Taka
The computation of EPS is given below:		
Earnings attributable to the ordinary shareholders (net profit after tax)	603,524,452	433,145,804
Weighted average number of ordinary shares outstanding during the year (Note 24.1)	<u>1,445,984</u>	<u>1,445,984</u>
Basic Earning Per Share (EPS)	<u>417.38</u>	<u>299.55</u>

24.1 Weighted average number of shares outstanding during the year

Opening number of share	1,156,787
Bonus share issued in June 2009	289,197
	<u>1,445,984</u>

*Previous year's EPS has been adjusted as per the requirement of BAS-33 "Earning per share".

25. Payments to directors and officers

The aggregate amount paid (except directors' fee for attending board meeting in note-23) 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	2,503,402	109,594,793
House rent	1,715,700	121,395,631
Bonus	1,115,859	30,863,841
Contribution to provident fund	253,402	8,883,736
Gratuity	334,756	20,352,264
Medical expenses	48,463	14,544,066
Conveyance allowance and transport	300,000	73,822,675
Other welfare expenses	394,169	21,896,352
	<u>6,665,751</u>	<u>401,353,358</u>

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

26. Capacity utilisation - single shift basis

The Company operates multi-products plant. As a result plant utilisation is 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)	2009		2008	
			Actual production (In '000)	Utilisation %	Actual production (In '000)	Utilisation %
Sterile dry fill (injectable)	Vials	5,000	2,650	53.00%	4,140	46.00%
Sterile liquid (injectable)	Vials & ampoules	8,000	9,114	113.93%	8,156	101.95%
Ointments & eye/ear drops	Tubes & bottles	1,440	1,497	103.96%	1,055	73.26%
Capsules and tablets	Cap/Tab	400,000	706,400	176.60%	518,382	148.11%
Oral liquid & dry syrup	Bottles	8,000	14,261	178.26%	10,500	153.51%
Water for injection	Ampoules	2,000	1,728	86.40%	1,200	60.00%
Premix feed supplement	Kg	2,500	2,637	105.48%	1,765	88.25%
Premix feed supplement	Sachet	1,300	1,799	138.38%	1,878	156.50%
ORAL saline	Sachet	24,400	27,241	111.64%	34,318	140.65%
Potent Products	Tablets	250,000	119,319	47.73%	64,039	25.62%

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 injectables 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 25,266,780, for which appeals are pending with the High Court. However, in the event the High Court maintains the decision of the Appellate Tribunal, tax paid and provided for the relevant years are adequate to meet the demanded tax.

27.2 The Company applied on 18 February 2007 to the National Board of Revenue (NBR) for tax holiday for 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 but after statutory proceedings the NBR kept its previous order intact on 11 February 2009. The Company again filed appeal on 23 March 2009 for fresh review of the application. The ultimate outcome of the matter cannot presently be determined. However, adequate 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

27.3 Additional contingent liabilities exist in respect of the following:

	2009 Taka	2008 Taka
Outstanding letters of credit (Note-27.3.1)	303,285,518	257,516,212
Outstanding guarantees issued by the banks	<u>41,230,233</u>	<u>13,400,524</u>
	<u><u>344,515,751</u></u>	<u><u>270,916,736</u></u>

27.3.1 Outstanding letters of credit

	Limit Taka	2009 Taka	2008 Taka
The Hongkong and Shanghai Banking Corporation Ltd.	400,000,000	92,690,273	93,641,417
Standard Chartered Bank	400,000,000	91,102,679	28,359,814
Eastern Bank Limited	300,000,000	73,690,983	55,623,818
Citibank, N.A	140,000,000	45,801,583	79,891,163
	<u>1,240,000,000</u>	<u>303,285,518</u>	<u>257,516,212</u>

28. Capital expenditure commitment

There was no unprovided committed capital expenditure as at 31 December 2009.

29. Dividend paid to non-resident shareholders

Dividend paid to non-resident shareholder, Business Research International Corp. Inc. during the year 2009 was Tk 11,719,080 equivalent to US\$ 168,862.82 against their 366,221 shares.

30. Claims against the company not acknowledged as debt

None at 31 December 2009

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	18,657,947	1,296,727,282
Machinery and spares	4,453,213	309,498,280
	<u>23,111,160</u>	<u>1,606,225,562</u>

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

Professional consultation fee for ISO 9001
Export promotional expenses
Subscription for IMS and Medical Journal
Products registration
Conference and Trade Show

US\$	53,372.13
US\$	169,708.58
US\$	44,123.55
US\$	87,889.02
US\$	19,281.01

31.3 Foreign exchange was earned in respect of the following:

Export of goods on FOB

US\$	1,128,424
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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 arm's length basis. Name of those related parties, nature of those transactions and their total value have been shown below in accordance with the provisions of BAS-24 "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	<u>2,175,142</u>	<u>12,143,413</u>	<u>11,898,285</u>	<u>2,420,270</u>
Purnava Ltd.	Subsidiary	Purchase of goods	-	69,983,052	69,983,052	-
		Advance payment	<u>25,732,445</u>	-	<u>15,163,538</u>	<u>10,568,907</u>
		Total	<u>25,732,445</u>	<u>69,983,052</u>	<u>85,146,590</u>	<u>10,568,907</u>

33. Subsequent events (disclosures under BAS-10 "Events after the reporting period")

The Board of Directors at the 158th Board Meeting held on 24 April 2010, recommended to the shareholders a cash dividend of Tk. 60 per share of Tk.100 each (amounting Tk. 86,759,040) and a stock dividend (bonus shares) in the ratio of one bonus share for every four fully paid shares (4:1B) of Tk.100 each (amounting Tk. 36,149,600). This will be considered for approval by the shareholders at the 37th Annual General Meeting (AGM).

34. General

34.1 Comparative information has been disclosed in respect of 2008 for all numerical information in the financial statements and also the narrative and descriptive information as found relevant for understanding of the current year's financial statements.

34.2 To facilitate comparison, certain relevant balances pertaining to the previous year have been rearranged or reclassified whenever considered necessary to conform to current year's presentation.

Renata Agro Industries Limited

REPORT AND FINANCIAL STATEMENTS

Board of Directors

- *Mr. Kaiser Kabir, Chairman*
- *Mr. Md. Shafiul Alam, Director*
- *Dr. Manzur Aziz, Director*

2009 was a year of mixed blessings for Renata Agro Industries Limited. Although Day-Old-Chick (DOC) production increased by 67% relative to the low production levels of 2008, it was still 33% below our standard yearly average. The supply and availability of DOCs in 2009 was significantly lower than the demand; countrywide lower production of DOCs in breeder farms was possibly the after effect of the acute Avian Influenza (AI) problems that affected many farms in 2008. However, in spite of the AI issue, the demand for chicken meat and consequently for DOCs increased slightly as a result of natural growth.

The combination of low production and supply of DOCs with increased demand exerted upward pressure on DOC prices, which on average were 19% higher than 2008 levels. This price increase coupled with significantly higher production levels compared to 2008 resulted in a 90% increase in sales revenue. On average our DOC prices were 5% higher than that of our competitors. Consequently profits as a percentage of sales increased five folds from 5% in 2008 to 26% in 2009. Since 2005, the company has earned a net profit every year and average annual profit margin over the last five years has been approximately 20%. However, the cyclical nature of our industry is evident from the volatility in our profit levels year-to-year. The equity of the company increased 37% on average annually from 2005 to 2009, while liabilities decreased 24% on average annually over the same period resulting in steady improvement of our balance sheet.

In 2009, we completed construction of an additional 16,000 sft space house in the Hazimarket farm. Also, two additional pairs of setter and hatcher machines were imported from the UK and installed in the hatchery. This is expected to increase the setting and hatching capacity of the hatchery by 50% and DOC production annually by 10%. However, given the general uncertainty surrounding the overall regulatory and business environment of the poultry industry, we will take a wait-and-see approach on decisions related to further expansion and product diversification.

In response to the extensive AI outbreaks in the country in 2008, we further strengthened our

Directors' Report

bio-security in 2009 by implementing several measures in our three farms. Technical experts from the USA and New Zealand visited these farms and gave us high marks on farm management and bio-security.

The government on several occasions attempted to introduce voluntary price controls on DOC prices in 2009. The move was strongly opposed by the poultry association and breeder farms. Artificial price controls in a free market environment, although politically popular, generally do not achieve the stated objectives of providing low priced DOCs to primary producers or farmers. This is because price controls generally result in windfall profits for the middleman with negligible benefits to DOC producers, breeder farms and poultry farmers. Thankfully the government did not force price controls on breeder farms in 2009.

High pathogenic avian influenza or HPAI still poses a serious threat to the Bangladeshi poultry industry. In spite of the demand from breeder farms and poultry associations, the government has not reversed its policy prohibiting AI vaccination of PS DOCs. It is our view that the anti-vaccination policy needs to be thoroughly reviewed and possibly rescinded taking into consideration the extent and pervasiveness of AI in Bangladesh and neighboring India. Otherwise many farms may be tempted to undertake poorly managed and poorly coordinated covert AI vaccination programs using low quality vaccines of doubtful effectiveness to save their flocks.

Although the Company is in a position to declare dividends, the Directors deem it prudent to build up reserves for uncertain times ahead.

On behalf of the Board of Directors



Kaiser Kabir
Chairman

April 22, 2010

Independent Auditors' Report of Renata Agro Industries Limited

We have audited the accompanying balance sheet of Renata Agro Industries Limited as of 31 December 2009, and the related profit and loss account and the cash flow statement for the year then ended. 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 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.

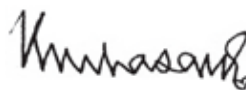
In our opinion, the financial statements, prepared in accordance with BAS, give a true and fair view of the state of the company's affairs as of 31 December 2009 and of the results of its operation and its cash flow for the year then ended and comply with the Companies Act 1994 and other applicable laws 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;

(c) the company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account.



K.M. HASAN & CO.
Chartered Accountants

Dated, Dhaka
7 April 2010

Renata

Agro Industries Limited

Balance Sheet as at 31 December 2009

SOURCES OF FUNDS

	Notes	2009	2008
Shareholders' Funds:			
Share capital	05	42,000,000	42,000,000
Tax holiday reserve	06	22,949,681	17,316,066
Unappropriated profit		177,647,812	126,945,282
		242,597,493	186,261,348
Loan Funds:			
Medium term loan	07	618,678	10,546,251
Total		243,216,171	196,807,599

APPLICATION OF FUNDS

Property, Plant & Equipment:			
At cost	08	255,944,565	191,649,594
Less: Accumulated depreciation		83,881,515	70,185,988
Net block		172,063,050	121,463,606
Work-in-progress		3,270	31,518,840
Investment at cost		14,965,954	14,364,200

CURRENT ASSETS

Inventories	46,362,828	27,061,177
Accounts receivable	9,191,344	6,175,836
Advances, deposits and prepayments	5,694,245	4,734,239
Cash and bank balances	26,437,954	13,215,802
	87,686,371	51,187,054

LESS: CURRENT LIABILITIES

Other finance	15,998,573	12,329,875
Accounts payable	7,037,055	2,350,711
Accrued expenses	8,466,846	7,045,515
	31,502,474	21,726,101
	56,183,897	29,460,953

NET WORKING CAPITAL

Total	243,216,171	196,807,599
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(Annexed notes form an integral part of these accounts)



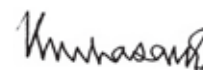
Director



General Manager



Chairman



K.M. HASAN & CO.
Chartered Accountants

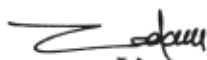
Dated, Dhaka
7 April 2010

Renata Agro Industries Limited

Profit And Loss Account for the year ended 31 December 2009

	Notes	2009	2008
		Amount in Taka	Amount in Taka
Turnover		214,005,874	113,482,663
Cost of goods sold		(139,336,354)	(94,993,286)
Gross Profit		74,669,520	18,489,377
Other Income		2,039,784	3,896,167
		<u>76,709,304</u>	<u>22,385,544</u>
Operating Expenses:			
Administrative expenses		(6,471,064)	(5,447,138)
Marketing expenses		(3,668,184)	(3,864,821)
Distribution expenses		(6,488,093)	(5,582,336)
		<u>(16,627,341)</u>	<u>(14,894,295)</u>
Operating Profit		60,081,963	7,491,249
Financial expenses		929,011	(1,694,480)
		<u>59,152,952</u>	<u>5,796,769</u>
Contribution to WPPF		(2,816,807)	(276,037)
Net Profit for the year		56,336,145	5,520,732
Unappropriated profit brought forward		126,945,282	121,976,623
		<u>183,281,427</u>	<u>127,497,355</u>
Profit available for appropriation			
Appropriation:			
Transfer to tax holiday reserve		5,633,615	552,073
Proposed dividend		-	-
		<u>(5,633,615)</u>	<u>(552,073)</u>
Unappropriated Profit carried forward		177,647,812	126,945,282
Basic earnings per share (Par value Tk. 100)		134.13	13.14

(Annexed notes form an integral part of these accounts)



Director

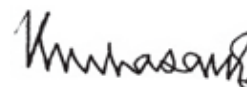


General Manager



Chairman

Signed in terms of our report of even date annexed.



K.M. HASAN & CO.
Chartered Accountants

Dated, Dhaka
7 April 2010

Renata Agro Industries Limited

Cash Flow Statement for the year
ended 31 December 2009

	Amount in Taka	
	<u>2009</u>	<u>2008</u>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Collections from customers and other income	214,044,330	113,053,619
Payment to suppliers and employees	(156,584,439)	(98,263,006)
Cash generated from operation	57,459,891	14,790,613
Financing cost	(929,011)	(1,694,480)
Net cash from operating activities	<u>56,530,880</u>	<u>13,096,133</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(32,779,401)	(31,280,584)
Investment in share	(601,754)	298,000
Net cash used in investing activities	<u>(33,381,155)</u>	<u>(30,982,584)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Medium term loan received / (repaid)	(9,927,573)	(11,900,120)
Bank overdraft	-	-
Net cash from financing activities	<u>(9,927,573)</u>	<u>(11,900,120)</u>
D. Net cash inflows/(outflows) for the year (A+B+C)		
Add: Opening cash and cash equivalents	13,222,152	(29,786,571)
Closing cash and cash equivalents	<u>13,215,802</u>	<u>43,002,373</u>
	<u>26,437,954</u>	<u>13,215,802</u>
* CLOSING CASH AND CASH EQUIVALENTS		
Cash in hand	1,765,210	805,840
Cash at banks	24,672,744	12,409,962
Closing cash and cash equivalents	<u>26,437,954</u>	<u>13,215,802</u>


Director


General Manager


Chairman

Signed in terms of our report of even date annexed.

Dated, Dhaka
7 April 2010


K.M. HASAN & CO.
Chartered Accountants

Renata

Agro Industries Limited

Statement of Changes in Equity for the year ended 31 December 2009

Amount in Taka

PARTICULARS	Share Capital	Tax holiday Reserve	Unappropriated Profit	Total
Balance at 31 December 2007	42,000,000	16,763,993	121,976,623	180,740,616
Net Profit/(Loss) for the year 2008	-	-	5,520,732	5,520,732
Tax holiday reserve	-	552,073	(552,073)	-
BALANCE AT 31 DECEMBER 2008	42,000,000	17,316,066	126,945,282	186,261,348
Net Profit/(Loss) for the year 2009	-	-	56,336,145	56,336,145
Tax holiday reserve	-	5,633,615	(5,633,615)	-
BALANCE AT 31 DECEMBER 2009	42,000,000	22,949,681	177,647,812	242,597,493

Renata Agro Industries Limited

Notes to the Accounts For the Year Ended 31 December 2009

1. STRUCTURE OF THE COMPANY

1.1 Renata Agro Industries Limited is a private company limited by shares incorporated on 7 September 1997 in Bangladesh under the Companies Act, 1994. The shares of the company shall be under the control of the Directors of the company.

1.2 Registered Office and Principal Place of Business:

The registered office of the Company is situated at Dhaka. The farm is located at Barakashar, Bhaluka, Mymensingh.

2. NATURE OF BUSINESS ACTIVITIES

The principal activities of the company are to carry on business for producing and sale of various agro based products, and poultry breeding & hatching and sale of poultry products. The company commenced its commercial operation from October 1998.

3. PRINCIPAL ACCOUNTING POLICIES

3.1 Basis of Accounting:

The financial statements are prepared under historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP).

3.2 Compliance with Local Laws:

The financial statements have been prepared in compliance with requirements of Companies Act, 1994 and other relevant local laws and rules.

3.3 Component of the Financial Statements:

According to the Bangladesh Accounting Standard "BAS-1", "Presentation of Financial Statements" to complete set of Financial Statements include the following components:

- (a) Balance Sheet as of 31 December 2009
- (b) Profit and Loss Account for the year ended 31 December 2009
- (c) Cash Flow Statement for the year ended 31 December 2009
- (d) Statement of Changes in Equity
- (e) Accounting Policies and Explanatory Notes

3.4 Risk and uncertainties for use of estimates in preparation of Financial Statements:

The preparation of financial statements in conformity with the Bangladesh Accounting Standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and revenues and expenses during the reported period. Actual results could differ from those estimates. Estimates are used for Accounting of certain items such as provision for doubtful accounts, depreciation, taxes, reserves and contingencies.

3.5 Transaction with related parties:

The Company has carried on transaction with related parties in the normal course of business.

3.6 Reporting Period:

Financial statements of the Company cover on financial year from 01 January 2009 to 31 December 2009.

3.7 Recognition of Property, Plant & Equipment and Depreciation:

Property, Plant & Equipment are stated at cost less accumulated depreciation in accordance with BAS 16 "Property, Plant and Equipment." Cost represents cost of acquisition.

No depreciation is charged on land and land development. Depreciation on all other fixed assets is charged on straight line method in amount sufficient to write off depreciable assets over their estimated useful life. Depreciation is charged for the full year on assets acquired during the first half of the year while half year depreciation is charged on assets acquired during the second half of the year. The rates of depreciation are indicated in Note-8.

Physical inventory of fixed assets are not undertaken by the management. The management should take physical inventory of fixed assets other than land and land development at regular basis preferably at the close of the each year to be determined by the management to ascertain the existence and present working condition of the fixed assets.

Depreciation has been charged on farm overhead and administrative, marketing and distribution expenses proportionately.

3.8 Inventories:

Inventories comprise of parent stock, feed stock, medicine, feed ingredient, litter, generator fuel and spare parts. All these are stated at cost and considered realisable value. No due allowance for any obsolete or slow moving items have been accounted for.

3.9 Accounts Receivable:

These are carried at original invoice amount. This is considered good and collectible. However, an amount of Tk. 314,726 have been provided for reserve for bad debt.

3.10 Current Account with Associates:

These represent day-to-day transaction with Associates concerns. These are not long-term transaction. However, interest income is earned from such transactions.

3.11 Cash and Cash Equivalents:

According to BAS-7 "Cash flow statement", Cash comprises cash in hand and demand deposits and, cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. BAS-1 "Presentation of Financial Statements" provides that Cash and Cash equivalents are not restricted in use. Considering the provisions of BAS-1 & BAS-7, cash in hand and bank balance have been considered as cash and cash equivalents.

Cash flow statement is prepared principally in accordance with BAS-7 "Cash flow statements" and the cash flow from operating activities has been presented under direct method.

3.12 Accounts Payable:

Liabilities are recognised for amounts to be paid in future for goods and services received, whether or not billed by the suppliers and service provider.

3.13 Foreign Currency Translation:

Transaction denominated in foreign currencies are translated into Bangladesh Taka and recorded at the exchange rates ruling on the date of transaction in accordance with BAS-21 "The Effects of Changes in Foreign Currency Rates."

3.14 Turnover from Net Sales:

Net sales comprise the invoice value of goods supplied by the company and consists of local sales of products.

3.15 Revenue Recognition:

The revenue are recognised under satisfying all the conditions for revenue recognition as provided in BAS-18 "Revenue Recognition".

- * Sales are recognized at the time of delivery of products from farm whether or not billed.
- * Other sales are recognized at the time of delivery from farm.

3.16 Earnings Per Share (EPS):

The company calculates Earning per Share (EPS) in accordance with BAS-33 "Earning per Share".

4. General

4.1 Figures have been rounded off to the nearest taka.

4.2 Previous year's figures have been re-arranged where necessary to conform to current year's presentation.

5. SHARE CAPITAL: TAKA 42,000,000

	Amount in Taka	
	<u>2009</u>	<u>2008</u>
Authorized Capital:		
1,500,000 ordinary share of Tk. 100 each	<u>150,000,000</u>	<u>150,000,000</u>
Issued and Paid-up Capital:		
420,000 ordinary shares of Tk. 100 each	<u>42,000,000</u>	<u>42,000,000</u>

At 31 December 2009, shareholding position of the company was as follows:

Shareholders	<u>No. of share</u>	<u>Face Value</u>	<u>% of total holdings</u>
Renata Limited	419,949	41,994,900	99.988%
Mr. Kaiser Kabir	51	5,100	0.012%
Total	<u>420,000</u>	<u>42,000,000</u>	<u>100.00%</u>

6. TAX HOLIDAY RESERVE: TAKA 22,949,681

Opening balance	17,316,066	16,763,993
Add: Provided during the year	5,633,615	552,073
Total	<u>22,949,681</u>	<u>17,316,066</u>

7. MEDIUM TERM LOAN: TAKA 618,678

This represents five years loans provided by:		
Term loan - 3 from EBL	618,678	7,990,693
IIDFCL	-	2,555,558
Total	<u>618,678</u>	<u>10,546,251</u>

Renata

Agro Industries Limited

Fixed Assets as at 31 December 2009

8. PROPERTY, PLANT AND EQUIPMENT: TAKA 172,063,050

Amount in Taka

Particulars	Cost				Rate (%)	Depreciation				Written down value as on 31.12.09
	Balance as on 01.01.09	Addition during the year	Disposal/ adjustment	Balance as on 31.12.09		Balance as on 01.01.09	Charge during the year	Disposal/ adjustment	Balance as on 31.12.09	
Freehold Land & land development - At cost	10,050,290	759,500	-	10,809,790	-	-	-	-	-	10,809,790
Buildings at cost :										
Building on freehold land	65,820,996	38,133,048	-	103,954,044	5.07-6.59	22,221,921	5,977,610	-	28,199,531	75,754,513
Semi pucca building on freehold land	1,741,817	-	-	1,741,817	12.5	888,812	217,727	-	1,106,539	635,278
	67,562,813	38,133,048	-	105,695,861		23,110,733	6,195,337	-	29,306,070	76,389,791
Plant and Machinery	100,876,681	22,820,209	-	123,696,890	5	40,682,305	5,739,101	(3,042)	46,418,364	77,278,526
Office Equipments	1,630,470	560,035	-	2,190,505	12.5	477,358	248,723	3,042	729,123	1,461,382
Automobiles and Trucks	9,474,719	2,462,307	(551,000)	11,386,026	20	5,076,554	1,955,678	(551,000)	6,481,232	4,904,794
Furniture & fixture	2,054,621	110,872	-	2,165,493	5	839,038	107,688	-	946,726	1,218,767
Total	191,649,594	64,845,971	(551,000)	255,944,565		70,185,988	14,246,527	(551,000)	83,881,515	172,063,050

Allocation of depreciation:

Farm overhead	10,031,253
Administrative expenses	1,115,371
Marketing expenses	255,095
Distribution expenses	556,845
Hatchery expenses	1,887,437
Feed expenses	322,458
Laboratory expenses	78,068
Total	14,246,527

Purnava Limited

REPORT AND FINANCIAL STATEMENTS

Board of Directors

- *Mr. Kaiser Kabir, Chairman*
- *Mr. Md. Shafiul Alam, Director*
- *Dr. Manzur Aziz, Director*

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 2009. In 2010, we will begin full-scale commercial activity with at least three new products.

On behalf of the Board of Directors



Kaiser Kabir
Chairman

April 22, 2010

Independent Auditors' Report to the Shareholders of Purnava Limited

We have audited the accompanying balance sheet of PURNAVA LIMITED as at 31 December 2009 and the related profit & loss account and cash flow statement for the year then ended. 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 2009 and of the results of its operations and its cash flow statement for the year then ended 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, profit & loss account and the cash flow statement dealt with by the report are in agreement with the books of account.



K.M. HASAN & CO.
Chartered Accountants
Dated, Dhaka

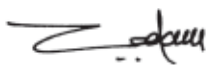
29 March, 2010

Purnava Limited

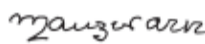
Balance Sheet As at 31 December 2009

		Figures in Taka	
	Notes	<u>2009</u>	<u>2008</u>
SOURCES OF FUNDS			
Shareholders' Fund			
Share capital	3	2,500,000	2,500,000
Reserve & surplus		255,891	-
	Total	<u>2,755,891</u>	<u>2,500,000</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	4	1,539,028	-
Less: Depreciation		364,591	-
Net block		1,174,437	-
Current Assets			
Inventories		11,752,432	21,806,568
Advance income tax		172,135	-
Cash and cash equivalents		577,199	6,425,877
		12,501,766	28,232,445
Less: Current Liabilities			
Other finance (Renata Limited)		10,568,907	25,732,445
Accrued expenses		197,270	-
Provision for corporate tax		154,135	-
		10,920,312	25,732,445
		1,581,454	2,500,000
	Total	<u>2,755,891</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
29 March 2010



K.M. HASAN & CO.
Chartered Accountants

Purnava Limited

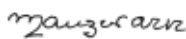
Profit And Loss Account For the year ended 31 December 2009

		Amount in Taka
		<u>2009</u>
	Notes	
Sales		69,983,052
Less: Cost of goods sold	5	<u>68,444,763</u>
		1,538,289
Less: Administrative expenses		
Salaries and allowances		582,911
Travelling & conveyance		123,434
Donation		16,000
Utilities		21,572
Trade licence		4,755
Audit fee		15,000
Depreciation		364,591
		<u>1,128,263</u>
Net profit before tax		410,026
Less: Provision for corporate tax		<u>154,135</u>
NET PROFIT AFTER TAX TRANSFERRED TO RESERVE AND SURPLUS ACCOUNT		<u>255,891</u>

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



Director



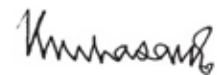
Director



Chairman

(Signed in terms of our report of even date annexed.)

Dated, Dhaka
29 March 2010

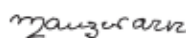


K.M. HASAN & CO.
Chartered Accountants

Purnava Limited

Cash Flow Statement For the year ended 31 December 2009

	Amount in Taka	
	<u>2009</u>	<u>2008</u>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Collections from customers and other income	69,983,052	-
Payment to suppliers, employees and others	(58,957,029)	(8,164,139)
Cash generated from operation	<u>11,026,023</u>	<u>(8,164,139)</u>
Financing cost	-	-
Payment of tax	172,135	-
Net cash from operating activities	<u>10,853,888</u>	<u>(8,164,139)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,539,028)	-
Investment in shares	-	-
Sale proceeds of property, plant and equipment	-	-
Net cash used in investing activities	<u>(1,539,028)</u>	<u>-</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Medium term loan received / (repaid)	-	-
Loan paid	(15,163,538)	10,057,875
Dividend paid	-	-
Net cash from financing activities	<u>(15,163,538)</u>	<u>10,057,875</u>
D. Net cash inflows/(outflows) for the year (A+B+C)		
	(5,848,678)	1,893,736
Add: Opening cash and cash equivalents	6,425,877	4,532,141
Closing cash and cash equivalents	<u>577,199</u>	<u>6,425,877</u>
* CLOSING CASH AND CASH EQUIVALENTS		
Cash in hand	-	100
Cash at banks	577,199	6,425,777
Closing cash and cash equivalents	<u>577,199</u>	<u>6,425,877</u>


(Signed in terms of our report of even date annexed.)

Dated, Dhaka
29 March 2010


Chartered Accountants

Purnava Limited

Notes to the Accounts for the year ended 31 December 2009

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 Preparation 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 2009 to 31 December 2009.

2.3 General:

Previous year's figures and phrases have been rearranged where necessary to conform to the current year's presentation.

Figures have been rounded off to the nearest taka.

3. SHARE CAPITAL: TAKA 2,500,000

Authorised Capital:

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

Amount in Taka
2009

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	No. of Shares	Face Value	
Renata Limited	24,999	100	2,499,900
Mr. Kaiser Kabir	1	100	100
	25,000		2,500,000

4. FIXED ASSETS: TAKA 1,174,437

Amount in Taka

PARTICULARS	ORIGINAL COST			Rate (%)	DEPRECIATION			Written Down Value as on 31.12.09
	Opening as on 01.01.09	Addition during the year	Total as on 31.12.09		Opening as on 01.01.09	Charged during the year	Total as on 31.12.09	
Vehicle	-	1,398,000	1,398,000	25	-	349,500	349,500	1,048,500
Furniture & fixture	-	33,828	33,828	5	-	1,691	1,691	32,137
Computer	-	107,200	107,200	12.5	-	13,400	13,400	93,800
Total	-	1,539,028	1,539,028		-	364,591	364,591	1,174,437

5. COST OF GOODS SOLD: TAKA 68,444,763**2009**

Opening inventories	21,806,568
Add: Purchase (Annexure- A)	58,390,627
Goods available for sales	80,197,195
Less: Closing inventories	11,752,432
	68,444,763

Consolidated
Accounts of
Renata Limited
and its Subsidiaries

RENATA LIMITED
CONSOLIDATED BALANCE SHEET AS
AT 31 DECEMBER 2009

Figures in Taka

ASSETS	Notes	2009	2008
Non-current assets			
Property, plant and equipment	4.a	1,569,538,354	1,135,899,440
Capital work-in-progress	5.a	736,963,803	601,796,838
Investment	7.a	26,897,033	22,741,954
Total non-current assets		<u>2,333,399,190</u>	<u>1,760,438,232</u>
Current assets			
Inventories	8.a	1,133,425,841	1,008,282,335
Trade and other receivables	9.a	340,072,508	322,495,182
Advances, deposits and prepayments	10.a	86,371,582	84,015,650
Cash and cash equivalents	11.a	170,263,325	142,789,717
Total current assets		<u>1,730,133,256</u>	<u>1,557,582,884</u>
Total assets		<u>4,063,532,446</u>	<u>3,318,021,116</u>
EQUITY & LIABILITIES			
Share capital	12	144,598,400	115,678,700
Revaluation surplus	13	154,596,958	155,075,461
Capital reserve		535,560	535,560
Tax holiday reserve		106,295,813	70,178,076
Retained earnings		1,983,506,664	1,446,273,815
Total equity attributable to equity holders of the group company		<u>2,389,533,395</u>	<u>1,787,741,612</u>
Minority interest		29,569	22,717
Total equity		<u>2,389,562,964</u>	<u>1,787,764,329</u>
Non-current liabilities			
Loans and borrowings		618,678	10,546,251
Deferred liability-staff gratuity	15	124,183,595	105,224,160
Deferred tax liabilities	16.a	110,179,135	81,542,581
Total non-current liabilities		<u>234,981,408</u>	<u>197,312,992</u>
Current liabilities			
Bank overdraft	17.a	794,424,620	823,163,615
Creditors for goods		32,513,710	127,283,258
Accrued expenses		180,592,963	140,059,119
Other payables	18.a	253,309,219	92,232,713
Unclaimed dividend		3,961,604	3,173,467
Provision for taxation	19.a	174,185,958	147,031,623
Total current liabilities		<u>1,438,988,074</u>	<u>1,332,943,795</u>
Total liabilities		<u>1,673,969,482</u>	<u>1,530,256,787</u>
Total equity and liabilities		<u>4,063,532,446</u>	<u>3,318,021,116</u>

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



CEO & Managing Director

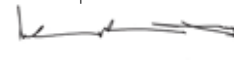


Director



Company Secretary

As per our annexed report of same date.



Auditors

RENATA LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

Figures in Taka

	Notes	2009	2008
Turnover	20.a	4,102,594,775	3,203,229,080
Cost of sales	21.a	(1,946,151,429)	(1,621,507,971)
Gross profit		2,156,443,346	1,581,721,109
Other income		10,090,299	19,316,511
		<u>2,166,533,645</u>	<u>1,601,037,620</u>
Operating expenses:			
Administrative, selling and distribution expenses	23.a	(1,136,524,399)	(860,064,218)
Operating profit		1,030,009,246	740,973,402
Gain on disposal of property, plant and equipment	4.5	930,500	118,000
Interest on overdraft		(100,442,649)	(88,965,145)
Other expenses		(6,752,520)	(5,913,520)
Contribution to WPPF		(43,968,311)	(30,772,037)
Profit before tax		<u>879,776,266</u>	<u>615,440,700</u>
Tax expenses			
Current tax	19.a	(190,865,842)	(166,444,936)
Deferred tax	16	(28,793,936)	(10,329,228)
		(219,659,778)	(176,774,164)
Net profit after tax for the year		<u>660,116,488</u>	<u>438,666,536</u>
Basic earnings per share (par value of Tk 100)	24.a	<u>456.52</u>	<u>303.37</u>

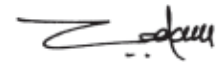
The annexed notes 1 to 34 form an integral part of these financial statements.



CEO & Managing Director



Director



Company Secretary

As per our annexed report of same date.

Dhaka, 20 April 2010



Auditors

RENATA LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

Figures in Taka

Particulars	Equity attributable to group company shareholders						Minority interest	Total equity
	Share capital	Revaluation surplus	Tax holiday reserve	Capital reserve	Retained earnings	Total		
Balance as at 1 January 2008	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
Stock dividend issued	19,279,800	-	-	-	(19,279,800)	-	-	-
Cash dividend	-	-	-	-	(48,199,450)	(48,199,450)	-	(48,199,450)
Deferred tax on revaluation surplus	-	157,382	-	-	-	157,382	-	157,382
Depreciation adjustment	-	(635,885)	-	-	-	(635,885)	-	(635,885)
Net profit after tax for the year	-	-	-	-	438,665,866	438,665,866	670	438,666,536
Transferred to tax holiday reserve	-	-	6,552,073	-	(6,552,073)	-	-	-
Balance at 31 December 2008	115,678,700	155,075,461	70,178,076	535,560	1,446,273,815	1,787,741,612	22,717	1,787,764,329
Balance as at 1 January 2009	115,678,700	155,075,461	70,178,076	535,560	1,446,273,815	1,787,741,612	22,717	1,787,764,329
Stock dividend issued	28,919,700	-	-	-	(28,919,700)	-	-	-
Cash dividend	-	-	-	-	(57,839,350)	(57,839,350)	-	(57,839,350)
Deferred tax on revaluation surplus	-	157,382	-	-	-	157,382	-	157,382
Depreciation adjustment	-	(635,885)	-	-	-	(635,885)	-	(635,885)
Net profit after tax for the year	-	-	-	-	660,109,636	660,109,636	6,852	660,116,488
Transferred to tax holiday reserve	-	-	36,117,737	-	(36,117,737)	-	-	-
Balance at 31 December 2009	144,598,400	154,596,958	106,295,813	535,560	1,983,506,664	2,389,533,395	29,569	2,389,562,964

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

RENATA LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

Figures in Taka

	2009	2008
A. Cash flows from operating activities		
Collection from customers and other income	4,808,761,981	3,577,080,190
Payment of VAT	(576,244,068)	(446,920,865)
Payment to suppliers and employees	<u>(3,149,895,253)</u>	<u>(2,705,414,968)</u>
Cash generated from operation	1,082,622,660	424,744,357
Financing cost	(100,442,649)	(88,965,145)
Payment of tax	<u>(163,711,507)</u>	<u>(113,369,101)</u>
<i>Net cash from operating activities</i>	<u>818,468,504</u>	<u>222,410,111</u>
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(676,888,998)	(580,785,056)
Investment in shares	(4,155,079)	(7,079,754)
Sale proceeds of property, plant and equipment	930,500	118,000
Net cash from/(used in) investing activities	<u>(680,113,577)</u>	<u>(587,746,810)</u>
C. Cash flows from financing activities		
Medium term loan (repaid)/ received (net)	(53,830,106)	459,846,355
Dividend paid	(57,051,213)	(47,511,431)
Net cash from/(used in) financing activities	<u>(110,881,319)</u>	<u>412,334,924</u>
D. Net cash increase (decrease) for the year (A+B+C)	27,473,608	46,998,225
E. Opening cash and cash equivalent	142,789,717	95,791,492
F. Closing cash and cash equivalent (D+E)	<u>170,263,325</u>	<u>142,789,717</u>

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

4.a Consolidated property, plant and equipment

Particulars	Cost/revaluation				Depreciation					Written down value at 31 December 2009 Taka
	At 1 January 2009 Taka	Additions during the year Taka	Disposal/adjustment during the year Taka	At 31 December 2009 Taka	Rate %	At 1 January 2009 Taka	Charged during the year Taka	Disposal/adjustment during the year Taka	At 31 December 2009 Taka	
Freehold land:										
At cost	89,255,729	72,595,169	-	161,850,898		-	-	-	-	161,850,898
On revaluation	179,132,078	-	-	179,132,078		-	-	-	-	179,132,078
	268,387,807	72,595,169	-	340,982,976	-	-	-	-	-	340,982,976
Building:										
At cost on freehold land	259,540,328	106,434,003	-	365,974,331	1.33-4	46,258,599	13,897,024	-	60,155,623	305,818,708
On revaluation	41,291,251	-	-	41,291,251	1.33-4	8,820,663	635,885	-	9,456,548	31,834,703
	300,831,579	106,434,003	-	407,265,582		55,079,262	14,532,909	-	69,612,171	337,653,411
Plant and machinery	812,953,097	292,754,297	-	1,105,707,394	5-20	290,498,251	66,673,979	3,042	357,169,188	748,538,206
Automobiles and trucks	95,646,079	57,251,932	1,751,000	151,147,011	25-20	38,229,108	18,961,811	1,751,000	55,439,919	95,707,092
Office equipment	66,914,838	12,606,834	190,000	79,331,672	10-12.5	35,985,725	7,514,769	82,458	43,418,036	35,913,636
Furniture and fixtures	18,829,261	630,800	-	19,460,061	5	7,870,875	846,153	-	8,717,028	10,743,033
Total 2009	<u>1,563,562,661</u>	<u>542,273,035</u>	<u>1,941,000</u>	<u>2,103,894,696</u>		<u>427,663,221</u>	<u>108,529,621</u>	<u>1,836,500</u>	<u>534,356,342</u>	<u>1,569,538,354</u>
Total 2008	<u>1,277,046,077</u>	<u>287,044,584</u>	<u>528,000</u>	<u>1,563,562,661</u>		<u>349,217,326</u>	<u>78,973,895</u>	<u>528,000</u>	<u>427,663,221</u>	<u>1,135,899,440</u>

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

	<u>Cost Taka</u>
Building	3,555,587
Plant and machinery	114,733,104
Automobiles and trucks	21,492,570
Office equipments	14,216,362
Furniture and fixture	2,326,305
	<u>156,323,928</u>

4.a.2 The land of the Company measuring 12 acres freehold is located at Mirpur, Dhaka and is 9 feet above the highest flood level recorded in 1988. Out of 12 acres of land, 4.75 acres has been kept as security against short-term bank loans by registered mortgage.

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

	<u>Taka</u>
Cost of goods sold - Non-tax holiday units 1, 2 & 3 (Note 21.1)	60,569,958
Cost of goods sold - Tax holiday unit 4 (Note 21.1)	10,928,284
	71,498,242
Renata Agro Industries Limited	14,246,527
Purnava Limited	364,591
Operating expenses (Note 23)	21,784,376
Revaluation surplus (Note 13)	635,885
	<u>108,529,621</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

Figures in Taka

	2009	2008
Opening Balance	601,796,838	308,056,367
Add: Addition during the year	677,440,000	580,785,055
	<u>1,279,236,838</u>	<u>888,841,422</u>
Less: Capitalised as property, plant and equipment	542,273,035	287,044,584
	<u><u>736,963,803</u></u>	<u><u>601,796,838</u></u>

7.a Consolidated Investment

Figures in Taka

Detail of the above amount is given as under:

	Market value	Book value	
	2009	2009	2008
1 Ordinary Share of Tk. 1,000,000/- in Central Depository Bangladesh Ltd.	1,000,000	1,000,000	1,000,000
1,560 Ordinary Shares of Tk. 100/- Each in BRAC Bank Limited	1,072,500	1,107,012	1,111,906
2,000 Ordinary Shares of Tk. 100/- each in Eastland Insurance Company Ltd.	-	-	2,340,103
2,457 Ordinary Shares of Tk. 100/-each in Social Investment Bank Ltd.	756,756	465,689	348,689
4,680 Ordinary Shares of Tk. 100/-each in Al-Arafa Islamic Bank Ltd.	2,509,650	1,397,568	1,397,568
3,150 Ordinary Shares of Tk. 100/- each in EXIM Bank Ltd.	1,177,313	882,717	882,717
12,000 Ordinary Shares of Tk. 10/- each in Square Textile Ltd.	1,336,800	1,296,772	1,296,771
1,080 Ordinary Shares of Tk. 100/- each in Green Delta Insurance Company Ltd.	1,803,330	1,008,553	-
3,000 Ordinary Shares of Tk. 100/- each in ICB AMCL 2nd NRB Mutual Fund.	558,000	547,682	-
1,257 Ordinary Shares of Tk. 100/- each in United Leasing Company Ltd.	1,668,700	578,923	578,923
2,000 Ordinary Shares of Tk. 10/- each in Bata Shoe Company Bangladesh Ltd.	1,056,600	264,500	264,500
2,666 Ordinary Shares of Tk. 10/- each in Atlas Bangladesh Ltd.	1,045,072	396,529	396,529
13,935 Ordinary Shares of Tk. 100/- each in Square Pharmaceuticals Ltd.	40,080,544	15,744,088	10,917,248
4,350 Ordinary Shares of Tk. 100/- each in Lafarge Surma Cement Ltd.	2,196,750	2,207,000	2,207,000
	<u><u>56,262,015</u></u>	<u><u>26,897,033</u></u>	<u><u>22,741,954</u></u>

8.a Consolidated inventories

Figures in Taka

	2009	2008
Finished goods		
-Pharmaceutical (Unit-1)	351,714,028	186,994,030
-Premix (Unit-2)	166,438,190	133,221,551
-Contract Manufacturing (Unit-3)	-	1,114,200
-Potent Product Facility (Unit-4)	14,616,205	9,085,198
	532,768,423	330,414,979
Work-in-progress	70,578,009	57,946,757
Raw materials	65,690,623	81,431,767
Bulk materials	103,773,861	120,689,523
Packing materials	62,898,497	74,911,011
Raw and packaging materials-Premix (Unit-2)	56,102,900	37,847,322
Raw and packaging materials-Contract-manufacturing (Unit-3)	7,533,464	6,299,092
Raw and packaging materials-Potent products (Unit-4)	16,566,688	12,527,534
Consumable stores and spares	5,325,749	14,624,527
Less: Provision for slow moving and obsolete items	(15,558,619)	-
Stock-in transit	169,630,986	222,722,078
Stock - Purnava Limited	11,752,432	21,806,568
Stock - Renata Agro Industries Limited	46,362,828	27,061,177
	<u>1,133,425,841</u>	<u>1,008,282,335</u>

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

9.a Consolidated trade and other receivables

Figures in Taka

	2009	2008
Trade debtors (Notes-9.a.1)	197,567,472	234,544,940
Less: Provision for doubtful debts	7,783,388	8,068,662
Trade debtors considered good	189,784,084	226,476,278
Sundry debtors - considered good	63,591,178	40,783,626
Value Added Tax (VAT) recoverable	86,697,246	55,235,278
	<u>340,072,508</u>	<u>322,495,182</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	110,250,646	91,300,090
Debts due over six months	87,316,826	143,244,850
	<u>197,567,472</u>	<u>234,544,940</u>

10.a Consolidated advances, deposits and prepayments

Figures in Taka

	2009	2008
Advances:		
For inventories	2,612,482	7,285,613
To employees	59,556,707	50,402,007
	<u>62,169,189</u>	<u>57,687,620</u>
Deposits and prepayments:		
Security deposits	9,690,858	9,809,595
Prepaid expenses	10,220,851	12,830,044
Other advances	4,290,684	3,688,391
	<u>24,202,393</u>	<u>26,328,030</u>
	<u>86,371,582</u>	<u>84,015,650</u>

11.a Consolidated cash and cash equivalent

Cash in hand	2,440,210	1,355,840
Cash at bank	167,823,115	141,433,877
	<u>170,263,325</u>	<u>142,789,717</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 has been considered.

Since Purnava Limited just started trial operation, no deferred tax adjustment has been considered.

Figures in Taka

17.a Consolidated short term bank loans

	Limit	2009	2008
Overdraft accounts with:			
Eastern Bank Limited, Dhaka	375,000,000	224,935,217	145,122,154
The Hongkong and Shanghai Banking Corporation Ltd., Dhaka	680,000,000	86,474,899	301,489,000
Standard Chartered Bank, Dhaka	625,000,000	332,160,761	205,473,714
Citibank, N.A., Dhaka	270,000,000	150,853,743	171,078,747
	<u>1,950,000,000</u>	<u>794,424,620</u>	<u>823,163,615</u>

18.a Consolidated other payables

Workers' profit participation fund	101,784,623	73,983,348
Others	151,524,596	18,249,365
	<u>253,309,219</u>	<u>92,232,713</u>

19.a Consolidated Provision for taxation

Figures in Taka

	2009	2008
Opening balance	147,031,623	93,955,788
Add: Provision for current year	190,865,842	166,444,936
	<u>337,897,465</u>	<u>260,400,724</u>
Less: Tax paid during the year	163,711,507	113,369,101
Closing balance	<u>174,185,958</u>	<u>147,031,623</u>

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

20.a Consolidated turnover

Figures in Taka

	2009	2008
Non-tax holiday (unit 1, 2 & 3)		
Pharmaceutical products	2,812,225,147	2,273,271,291
Animal health products	445,834,466	353,866,196
Animal nutritional products (Premix)	380,921,700	306,703,184
Contact manufacturing	24,619,708	24,352,730
	<u>3,663,601,021</u>	<u>2,958,193,401</u>
Tax holiday (Unit-4): Potent product facility	224,987,880	131,553,016
	<u>3,88,588,901</u>	<u>3,089,746,417</u>
Renata Agro Industries Limited-Products	214,005,874	113,482,663
	<u>4,102,594,775</u>	<u>3,203,229,080</u>

21.a Consolidated cost of goods sold

Figures in Taka

	2009	2008
Opening stock of finished goods	330,414,979	222,699,701
Add: Cost of goods manufactured	2,035,797,564	1,674,396,349
Cost of finished goods purchased	112,707,309	54,826,900
	<u>2,478,919,852</u>	<u>1,951,922,950</u>
Less: Closing stock of finished goods	532,768,423	330,414,979
	<u>1,946,151,429</u>	<u>1,621,507,971</u>

23.a Consolidated administrative, selling and distribution expenses

Figures in Taka

	2009	2008
Salaries, wages and allowances	393,785,455	309,137,629
Contribution to Provident Fund	7,908,334	6,827,002
Gratuity	18,612,400	13,680,000
Fuel and power	14,747,692	14,514,843
Rent, rates and taxes	18,697,443	22,786,777
Insurance	10,444,646	8,880,847
Travelling, moving and entertainment expenses	181,855,707	150,494,890
Repairs and maintenances	12,171,853	10,361,902
Legal and professional expenses	1,901,105	321,743
Audit fee	390,000	330,000
Directors' fee	310,000	870,000
Membership fees and subscription	4,216,288	4,870,107
Meeting and corporate expenses	25,548,324	21,524,659
Advertising and sales promotion	180,313,571	77,757,338
Field expenses	73,118,149	58,628,109
Depreciation	24,076,278	18,136,075
Printing and stationery	12,904,617	10,289,978
Postage, telex, fax and telephone	17,972,164	15,018,557
Distribution freight	89,368,057	77,815,719
Lunch, Snacks, Tea and Welfare expenses	26,601,479	23,128,217
Other overhead expenses	21,580,837	14,689,826
	<u>1,136,524,399</u>	<u>860,064,218</u>

24.a Consolidated basic earnings per share (EPS)

Figures in Taka

	2009	2008
<u>The computation of EPS is given below</u>		
Earnings attributable to the ordinary shareholders (Group profit for the year)	660,116,488	438,666,536
Weighted average number of ordinary shares outstanding during the year	<u>1,445,984</u>	<u>1,445,984</u>
Basic Earning Per Share (EPS)	<u>456.52</u>	<u>303.37</u>