

## Directors' Report

### TO THE MEMBERS

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

### BUSINESS ACTIVITIES

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

The following formulations were introduced during the year 2005:

#### Pharmaceutical Products

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

### FINANCIAL RESULTS

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

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

### APPROPRIATION RECOMMENDED:

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

## **DIVIDEND**

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

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

## **CONTRIBUTION TO NATIONAL EXCHEQUER**

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

## **DIRECTORS**

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

## **AUDITORS**

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

## **CAPITAL EXPENDITURE**

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

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

The entire investment was made from internally generated funds.

## **CONSOLIDATION OF ACCOUNTS**

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

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

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

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

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

- k) The pattern of Shareholding

- (i) Parent/ subsidiary/ associated companies:

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

**(ii) Directors:**

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

**Chief Financial Officer & Company Secretary:**

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

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

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

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

**STATUS OF COMPLAINACE**

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

**PERSONNEL**

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

**ACKNOWLEDGEMENT:**

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

On behalf of the Board of Directors



Syed S. Kaiser Kabir  
Managing Director  
April 30, 2006



## Director's Report

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

On behalf of the Board of Directors

A handwritten signature in blue ink, appearing to read "Syed S. Kaiser Kabir". The signature is fluid and cursive, with a small dot at the end.

Syed S. Kaiser Kabir  
Chairman