

ANNUAL REPORT



2004

BEXIMCO
PHARMA

BEXIMCO PHARMACEUTICALS LTD.

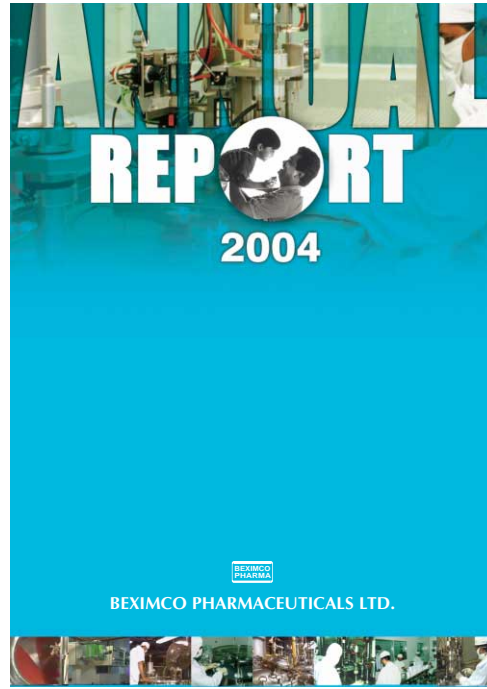




Our Mission

*Each of our activities must benefit and add value to the common wealth of our society. We firmly believe that, in the final analysis we are accountable to each of the constituents with whom we interact; namely: **our employees, our customers, our business associates, our fellow citizens and our shareholders.***





Responsibility, Happiness
and

Smile in Life



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Board and Management

Board of Directors

A S F Rahman	Chairman
Salman F Rahman	Vice Chairman
Iqbal Ahmed	Director
M.A. Qasem	Director
O.K. Chowdhury	Director
Dr. Abdul Alim Khan	Director
A.B. Siddiqur Rahman	Director
Dr. Farida Huq	Director
C. H. Rahman	Director
Barrister Faheemul Huq	Director
Advocate Ahsanul Karim	Director

Company Secretary

Md. Asad Ullah, FCS

Executive Committee

O.K. Chowdhury
C. H. Rahman
Nadim Shafiqullah
Nazmul Hassan
Afsar Uddin Ahmed
Ali Nawaz

Management Committee

O.K. Chowdhury
Nazmul Hassan
Afsar Uddin Ahmed
Ali Nawaz
Lutfur Rahman
Md. Zakaria S Chowdhury
A. R. M. Zahidur Rahman
Jamal Ahmed Choudhury



Board and Management

*R*esponsibility, Happiness and Smile in Life

Medicine is directly related to human life and therefore, its manufacturers have immense social responsibility of providing safe and effective medication, demanding uncompromising efforts at all levels of its activities. Beximco Pharmaceuticals Ltd.- the leading health care company in Bangladesh, has been making every effort to ensure the effectiveness and safety of the medicines that it produces. Physicians and patients of the country rely on the efficacy of the medicines of Beximco Pharma at the time of critical needs demonstrating their confidence and trust on BPL products.

BPL has a remarkable mission statement, which is being seriously pursued in its thoughts and actions. An increasing amount of contribution is ploughed back into social causes demonstrating BPL's commitment to the nation. As we continue to grow, it should not only benefit BPL itself, but it should also positively contribute to the nation and society where we live.

In BPL, we believe that we manufacture and sell medicines to provide health, happiness and smile back in life of our fellow citizens. We intend to help realize the ultimate aspiration of the nation for a lifetime of good health. Ensuring a healthier tomorrow for the people is our responsibility.





Smile in Life



The Profile

Corporate Headquarter	:	17 Dhanmondi R/A, Road No. 2, Dhaka 1205, Bangladesh
Operational Headquarter	:	19 Dhanmondi R/A, Road No. 7, Dhaka 1205, Bangladesh
Factory	:	126 Kathaldia, Tongi, Gazipur
Year of Establishment	:	1976
Commercial Production	:	1980
Status	:	Public Limited Company
Business Lines	:	Manufacturing and marketing of pharmaceutical finished products and Active Pharmaceutical Ingredients (APIs)
Overseas Offices & Associates	:	UK, USA, Pakistan, Myanmar, Singapore, Kenya, Yemen, Nepal, Czech Republic, Vietnam, Cambodia and Sri Lanka
Export Markets	:	Bhutan, Cambodia, Czech Republic, Germany, Hong Kong, Iran, Iraq, Kenya, Malaysia, Mozambique, Myanmar, Nepal, Pakistan, Philippines, Russia, Singapore, South Korea, Sri Lanka, Thailand, Ukraine, Vietnam, Yemen
Authorized Capital (Taka)	:	1,000 million
Paid-up Capital (Taka)	:	559.76 million
Net Turnover 2004 (Taka)	:	2,402.70 million
Number of Shareholders	:	50,750 (As on Dec 31, 2004)
Stock Exchange Listings	:	Dhaka, Chittagong
Number of Employees	:	1,385



The Profile

Major Achievements of the Company

- 1976 : ■ Registration of the company
- 1980 : ■ Started manufacturing and marketing of licensee products of Bayer AG of Germany and Upjohn Inc. of USA
- 1983 : ■ Launching of BPL's own brands
- 1985 : ■ Listing in the Dhaka Stock Exchange (DSE) as a Public Limited Company (PLC)
- 1990 : ■ Commissioning of Basic Chemical unit
- 1992 : ■ Started export operation with Active Pharmaceutical Ingredients (APIs)
- 1993 : ■ First export market operation with finished formulation
- 1996 : ■ Introduction of Sustained Release Dosage form
- 1997 : ■ Introduction of Suppository Dosage form
 - Commissioning of Metered Dose Inhaler (MDI) plant
 - Introduction of Metered Dose Nasal Spray
- 1998 : ■ First pharmaceutical company of the country achieving 'National Export Trophy (Gold)' for 1994-95
- 1999 : ■ UNICEF approval of BPL as an enlisted supplier
- 2000 : ■ Agreement to manufacture Metered Dose Inhaler (MDI) for Glaxo SmithKline
- 2001 : ■ Introduction of Small Volume Parenteral (SVP) products
 - Establishment of Analgesic-Anti-inflammatory bulk drug plant
- 2002 : ■ Won the first prize of ICAB National Awards 2000 for 'Best Published Accounts and Reports' in Non-Financial Sector Category
 - The first Bangladeshi company to supply pharmaceuticals to Raffles Hospital- the most prestigious hospital of Singapore
- 2003 : ■ Received "National Export Trophy (Gold)" for consecutive 2 years (1998-99, 1999-2000)
 - Won the Silver prize of ICAB National Awards 2003 for 'Best Published Accounts and Reports' in Non-Financial Sector Category
 - Won a tender to supply Neoceptin R and Neofloxin to Raffles Hospital of Singapore for the whole year's consumption
 - Introduced Anti-HIV drugs for the first time in Bangladesh
 - Diversification into Anti-Cancer therapeutic class
- 2004 : ■ Signed contract with Novartis to manufacture their liquid and suppository products under "Toll Manufacturing" agreement
 - Visit of Saudi delegates headed by Hon'ble Health Minister, Kingdom of Saudi Arabia



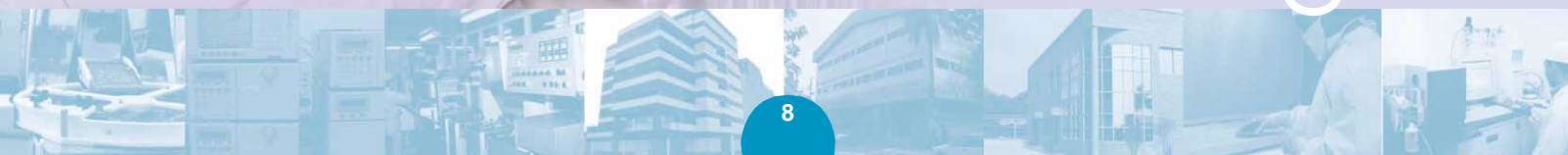
*P*harmaceutical Patent Regime:

An Opportunity for Bangladesh Pharmaceutical Industry

Completing 2004, we have entered the pharmaceutical patent regime with WTO/TRIPs being into effect from January 2005. All the member countries of WTO except the LDCs will have to abide by the pharmaceutical patent from January 2005. LDCs would enjoy exemption from meeting the WTO patent regulations until January 01, 2016. Among the LDCs Bangladesh is the only country who has its own strong manufacturing capability to manufacture pharmaceutical products. This exemption period, thus, has placed Bangladesh in a unique position to best capitalize the opportunities.



Patent Regime



*B*eximco Pharma:

The Forerunner to Capitalize the Opportunity

BPL's history is one of innovation and adventure, of risks taken and bold decisions made towards a noble purpose- building a healthier tomorrow where our fellow citizens can live longer, happier, and better. We believe without proper understanding or exploration of what the future might hold we lack the freedom to make the most of our opportunities and to control our destinies in a fiercely competitive pharmaceutical market- both domestic and global.

The year 2004 was not an exception to this guiding principle. In 2004 we have achieved significant growth over 2003 and it helped BPL lever its advancement in strengthening a set of differentiated capability namely, our manufacturing capability with several production units, quality manufacturing process, our people, innovative sales and marketing capability in both domestic and foreign markets, well recognized expertise and know-how in meeting the stringent regulatory requirements, and our capability in R&D. These differentiated capabilities have placed BPL as forerunner to take the advantage of pharmaceutical patent regime.



Beximco Pharma

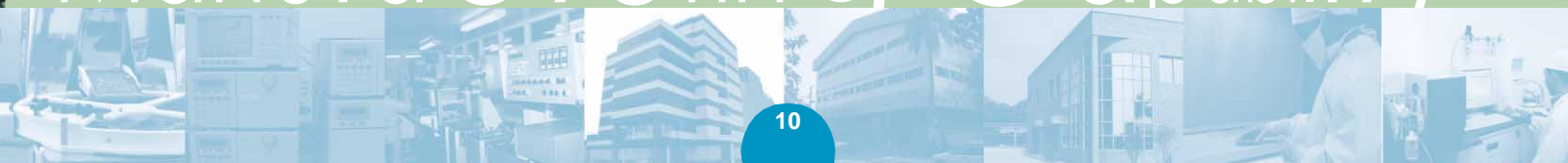
*M*anufacturing Capability:

Our Pride

Beximco Pharmaceuticals Ltd.- nation's leading pharmaceutical company produces pharmaceutical specialties of uncompromising quality in its several world-class pharmaceutical production units. Separate Solid production unit and Liquid/Cream/Ointment Production unit of BPL fully comply with the latest cGMP approved by WHO. In these production units, BPL manufactures comprehensive range of formulations, which come in tablet, capsule, powder, liquid, cream, suppository, nasal spray and others covering all the major therapeutic groups.



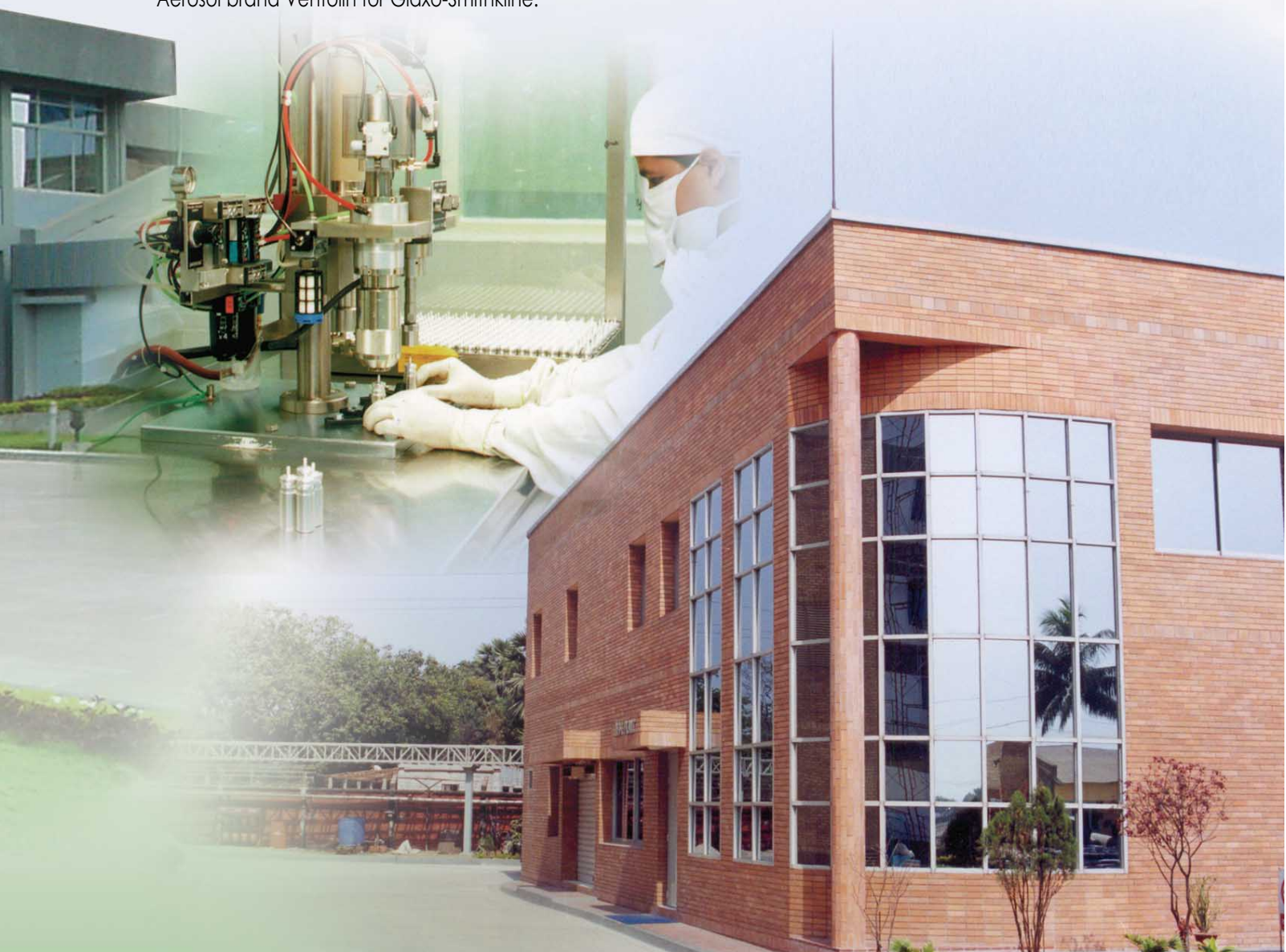
ManufaCtUring Capability



State-of-the-art MDI Plant

BPL continues its endeavor to be the pioneer in introducing high-technology products for better patient care. As a part of such endeavor, BPL introduced Metered Dose Inhalation Aerosols for the first time in Bangladesh by commissioning of its State-of-the-art MDI plant. The MDI plant has been designed in a way to ensure highest-possible quality at every stage of manufacturing and quality control. State-of-the-art technology is being used in each and every step including mixing, filling, testing, labeling, and other procedures to ensure production of world-class Inhalation Aerosols, which are very much known in both local and international markets. 10 Inhalation Aerosols namely Azmasol, Azmasol Refill, Bexitrol, Decomit 100, Decomit 250, Aeronid, Ipramid, Bexitrol-F 250, Bexitrol-F 125 and Bexitrol-F 50 are being manufactured currently in this State-of-the-art plant.

Besides the regular brands of Beximco Pharma, this MDI plant is also manufacturing world-renowned Inhalation Aerosol brand Ventolin for Glaxo-Smithkline.



The New Oral Solid Dosage (OSD) Plant: Promising Even Greater Capability

The future promises even greater prospects for Beximco Pharmaceuticals Ltd.. To meet the growing demand both at home and abroad in the pharmaceutical patent regime, this multi-million dollar new Oral Solid Dosage (OSD) plant is being built according to USFDA standard. To meet specific cGMP requirements for the USA and European markets, it incorporates modern technological advancements in material storage, handling, transfer and movement. All walls within this facility are made of preformed powder coated Sandwich Panels giving a smooth and easily cleanable surface, free of cracks or crevices. The ceiling is constructed of the same material and has been designed as a "Walk-on" ceiling. The wall and ceiling joints are finished with powder coated aluminium covers. All floors throughout the facility are made of Self-Levelling Epoxy (SLE) providing a hard impact and chemical resistant floor. All corners between the floor and walls are finished with coves made from special epoxy coving material.

Once completed and certified by USFDA, this plant will be one of the finest facilities to be available anywhere in the world. The company now aims to enter the developed markets of Europe and USA to dramatically increase the company's growth and profit.



New OSD Plant



Quality:

Our Passion to Strengthen Capability

Over the years the trust and reliability on our products has emerged as one of our core competencies. Today the name BPL has been synonymous with trust and reliability inherent in the term quality. Quality is our relentless passion. Quality is ingrained in our values and in all what we do. Our business processes and practices are designed to achieve quality results that would meet the expectation of patients and physicians through getting highest quality products, of shareholders and stakeholders through achieving returns.

When it comes to manufacturing, this guiding principle places even more social responsibility of ensuring quality in terms of quantity, purity, stability, safety, efficacy, and overall presentation of the products. Our quality assurance system establishes control or checkpoint to ensure the quality of the products during production and upon completion of production. It starts with raw material and component testing and includes in-process quality control, packaging, labeling, and finished product testing as well as batch auditing and stability monitoring. Standard Operating Procedures (SOPs) developed in accordance with the latest WHO approved current Good Manufacturing Practices (cGMP) are being strictly followed in every step.

To ensure all these, a highly dedicated academically sound and professionally competent team comprising of pharmacists, chemists, biochemists, microbiologists, and engineers are using most modern and sophisticated equipment like High Performance Liquid Chromatography (HPLC), Gas Chromatography (GC), Infrared (IR) Spectrophotometer, Ultraviolet (UV) Spectrophotometer, Homogenizer, In-Vitro Bioavailability tester, Lung simulator, Disintegrator, Dissolution tester, & many other latest computer-aided quality control instruments and accessories.

This passion to the total quality has helped BPL from its inception to create many blockbuster brands in a fiercely competitive generic pharma market.



Quality

People:

Our Human Capability

Investing on human capital maximizes the potential of financial and commercial assets. Guided by this principle and to achieve the full potential of our commercial and financial assets, BPL human resource comprises of over 900 young and highly motivated executives who reflect a diversity of background, experience and perspective. This guiding principle has been effective in building one of our core capabilities- Human capability.

Over the years company has implemented comprehensive development program to keep people motivated and to explore the core competencies of every individual to meet future business needs. This also helps to foster innovation and intrapreneurship among them. The extent of empowerment that is enjoyed by our people at various levels of the organization enables each employee, from the very bottom to the top, to contribute to the overall momentum of the company.

Today, our people are fundamental to our success. Their skills and intellect for capitalizing on emerging market opportunities and evolving customer needs, a bias for innovation and creativity, an appetite for prudent risk taking, and a strong sense of what needs to be done to grow and strengthen the business are key components in the successful implementation of our sound business strategy.



Largest Pharmaceutical Exporter

Well Poised to Capitalize Opportunity

Beximco Pharmaceuticals Ltd. (BPL) is the largest pharmaceutical exporter of Bangladesh. BPL was the first pharmaceutical company in Bangladesh to receive 'National Export Trophy (Gold)' in 1994-1995, which was the very first year for introduction of such award by the Govt. of Bangladesh. Beximco Pharma has also been awarded 'National Export Trophy (Gold)' recently for two consecutive years 1998-1999 and 1999-2000. It is the only company to be the record 3 times winner of such award for its outstanding export performance. It is worth mentioning that this award is the highest national recognition for excellence in export.

Beximco had always been highly proactive in exporting pharmaceuticals from Bangladesh and was the pioneer in almost all export activities of the country, such as

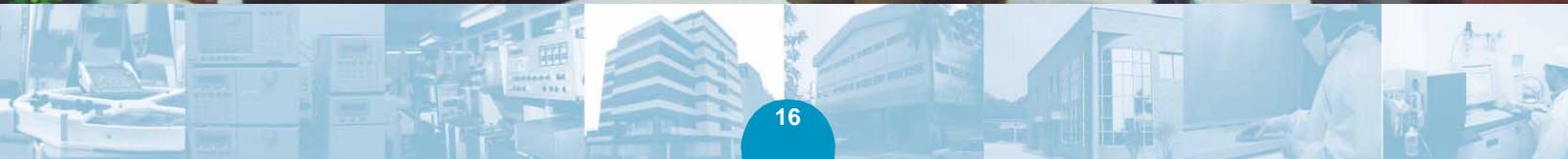
- Pioneer in entering the CIS countries.
- First pharmaceutical company of Bangladesh to enter Singapore- one of the most stringent and regulated markets in Asia.
- First & only Bangladeshi company to supply pharmaceuticals to Raffles Hospital – one of the most prestigious hospitals of the region.
- Only company to supply specialized & high-tech products like Inhalers, Suppositories and Nasal Sprays to overseas markets.
- Pioneer in entering African market.

We are delighted and proud of our pioneering achievements. More than that, we have probably fulfilled a national aspiration of turning an import based country into an exporter of quality medicines, by marking its presence in 19 countries across the globe.

In 2004, we have further consolidated our activities and attained encouraging growth in all our existing overseas markets like Pakistan, Kenya, Myanmar, Singapore, Nepal, Vietnam, Yemen etc. In most of the existing markets, we are strengthening our marketing activities and registering new molecules to best exploit their huge market potentials. We are also in the process of entering a large number of new overseas markets in Asia and Africa.

As an LDC, Bangladesh has been exempted from pharmaceutical patent protection upto 2016, which has opened the door to 'Enormous Export Opportunities' for Bangladesh pharmaceutical sector. We strongly believe, Beximco Pharma with its highly sophisticated machinery & equipment, human resources, process validation, documentation, expertise in international marketing etc. is well poised to take maximum advantage of this export opportunity.

Pharmaceutical Exp  rter



Capability for Carrying Innovation

BPL employs a significant part of its resources in R&D that makes BPL a forerunner in the Bangladesh pharmaceutical industry. The R&D team comprises of academically sound and professionally competent personnel who have firm commitment to new product development. R&D team of BPL is consistently striving towards

- Developing new formulations
- Simplifying manufacturing processes
- Bringing cost efficiency

The sincere and relentless effort of our R&D team has taken the company a step further in 2004 by developing Ultrafen Plus (Drug for pain & inflammation) and Pretin-D (Drug for allergic rhinitis with congestion) applying unique formulation technology for the first time in Bangladesh. These two drugs added new momentum to the sales revenue of 2004.

A good number of APIs are also in the development pipeline to ensure availability of raw materials in the pharmaceutical patent regime. Many APIs of different therapeutic classes have already been developed and manufactured and some more drugs of antifungal, antihistamine, cardiovascular, antiinflammatory, anti-HIV, anti-cancer and other therapeutic classes are in the final development stage.

This reverse engineering capability of our R&D team would be an added advantage for BPL in the pharmaceutical patent regime.



*B*lockbuster Products: Our Sales and Marketing Capability

Increased market complexity now-a-days places great demand on the sales and marketing operations of pharmaceutical companies, making it even more difficult and costly to manage. But our marketing and sales team was able to withstand competition successfully in 2004 which enabled us not only to retain market leadership of all the key brands but also to grow in other therapeutic areas. Several new brands like Bextrum/Bextrum Gold (Complete multivitamin-multimineral supplement for all), Frenxit (Drug for anxiety and depression), Ultrafen Plus (Drug for pain & inflammation), Bexitrol-F (New combination inhaler for asthma), Pretin-D (Drug for allergic rhinitis with congestion), Neofloxin-XR (First extended release antibiotic in Bangladesh), Vercef (Excellent drug for infection of pediatric population), Tycil DS (Antibiotic for convenience of children) etc. have already shown potential to become future blockbuster brands.

Neoceptin R

Highest selling drug in Bangladesh pharmaceutical market in terms of value (IMS 4Q, 2004) and the most prescribed antiulcerant brand.

Napa

Highest selling drug in Bangladesh pharmaceutical market in terms of unit and the most trusted brand in relieving pain and fever.

Bextrum/Bextrum Gold

Emerged as the most admired and highest selling nutritional supplement in Bangladesh pharmaceutical market in just one year.



Blockbuster Products

Amdocal

Highest selling cardiovascular drug in Bangladesh pharmaceutical market in terms of value and the most trusted brand by the physicians to treat hypertension.

Tofen

Highest selling oral anti-asthma drug in Bangladesh pharmaceutical market in terms of value.

Azmasol

Highest selling Metered Dose Inhaler brand in Bangladesh pharmaceutical market in terms of value and the most prescribed asthma reliever drug.

Successful blending of our scientific knowledge with innovative marketing approaches has positioned these blockbuster drugs as the engine of our drive for success.



New Products:

Securing the Future

Our market and customer driven strategy gives us a competitive edge in introducing new products in the market. In 2004 BPL introduced 55 new products including dosage forms and strengths, which have tremendous growth potential.

SL	Product Name	Indication	SL	Product Name	Indication
1	Aeronid Inhaler	Asthma			
2	Amdocal Plus 50 Tablet	Hypertension			
3	Aristovit-X Tablet	Antioxidant vitamins & minerals			
4	Arlin Suspension	Infection			
5	Arlin-400 Tablet	Infection			
6	Arlin-600 Tablet	Infection			
7	Avidro 0.5 Tablet	Migraine			
8	Avidro 1.5 Tablet	Migraine			
9	Bexitrol-F Inhaler 25/250	Asthma			
10	Bextrum Gold Tablet	High potency nutritional supplement	28	Momento Syrup	Allergy
11	Bronkolax- 4 Tablet	Asthma	29	Momvit Tablet	Nutritional supplement for lactating mother
12	Carofol Z Capsule	Hematinic combination	30	Monocast 10 Tablet	Asthma
13	Curin Tablet	Allergy	31	Monocast 4 Tablet	Asthma
14	Diaryl 1 Tablet	Diabetes	32	Monocast 5 Tablet	Asthma
15	Diaryl 2 Tablet	Diabetes	33	Neofloxin XR Tablet	Infection
16	Dilapress 6.25 Tablet	Hypertension	34	Nightus Tablet	Anxiety
17	Dilapress 12.5 Tablet	Hypertension	35	Onsat Tablet	Chemotherapy induced nausea
18	Dilapress 25 Tablet	Hypertension	36	Pregvit Capsule	Nutritional supplement for reproductive health
19	Ecotrim Cream	Topical antifungal anti-inflammatory	37	Pretin D Tablet	Allergic rhinitis
20	Epilep CR Tablet	Epilepsy	38	Prosan HZ Tablet	Hypertension
21	Fibril Capsule	Lipid lowering	39	Reflon Tablet	Osteoarthritis, Rheumatoid arthritis
22	Frelax Powder for Solution	Constipation	40	Resitone Tablet	Edema, Hypertension
23	Intracef DS Susp	Infection	41	Spulyt Syrup	Cough expectorant
24	Larnox LA SR Tablet	Asthma	42	Spulyt Tablet	Cough expectorant
25	Lonet 100 Tablet	Hypertension	43	Taverin Tablet	Antispasmodic
26	Lonet 50 Tablet	Hypertension	44	Tycil DS Suspension	Infection
27	Melev Tablet	Depression	45	Ultrafen Plus	Pain and inflammation
			46	Uricon Tablet	Overactive bladder
			47	Valcap Capsule	Hypertension
			48	V-Cox 10 Tablet	Pain and inflammation
			49	V-Cox 20 Tablet	Pain and inflammation
			50	Vercef 100 Suspension	Infection
			51	Vercef 50 Suspension	Infection
			52	Xegal Tablet	Infection
			53	Xidolac Tablet	Pain
			54	Xynor Tablet	Protozoal infection
			55	Zolfin Tablet	Pain and inflammation

NeW Products

nvironment, Health and Safety

Commitment to Care

One of the primary goals of BPL is to contribute to keep the earth clean. BPL is aware of its responsibility of caring for the environment and the importance of reducing environmental effects of manufacturing activities to a practical minimum.

BPL is committed to a green operation and its facilities are carefully designed and operated to prevent all forms of pollution. Discharge of conventional substances from the company's manufacturing plant is subject to stringent controls. Regular environmental monitoring is carried out. Effluent treatment plant reduces the hazardous impact of the emissions to a minimum. Solvents used in the synthesis processes are recovered in efficient recovery plants. Wherever practicable, BPL works to reduce the impact of its operations on the environment. BPL continuously strives to improve performance and optimize the use of all material and human resources, thereby minimizing adverse impact on environment.



Environment
Health and Safety

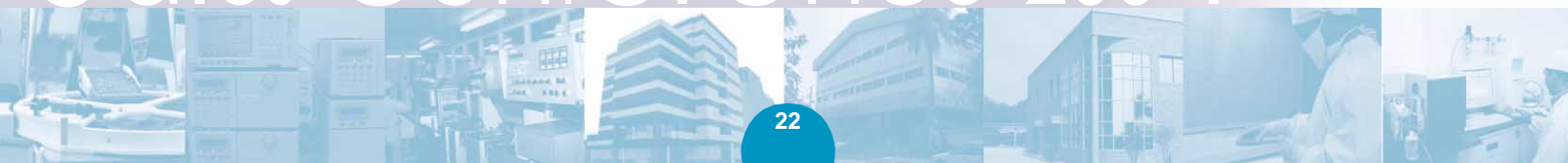
Annual

Sales Conference 2004

The Annual Sales Conference 2004 was held at Hotel Sea Gull in Cox's Bazar. Mr. Nazmul Hassan, Chief Executive Officer of Beximco Pharmaceuticals Ltd. chaired the conference. Director Commercial, Executive Director, Sales, Marketing Manager (BPL), Manager, Sales & Marketing (BIL) were also present. More than 900 marketing and sales people from all over the country attended the conference. During the morning session of the conference achievements of 2004 and strategies of 2005 were discussed. In the evening session, Mr. Nazmul Hassan distributed the prizes and the crests among the top achievers. The prize distribution ceremony was followed by dinner and a colorful cultural show.



Annual Sales Conference 2004



Twenty Eighth Annual General Meeting

The 28th Annual General Meeting of the shareholders of BPL was held on 24th June 2004. Around 9,400 shareholders attended the meeting. Mr. A S F Rahman, Chairman of the Board of Directors presided over the meeting. The chairman thanked the shareholders for their interest and confidence upon the company. The shareholders were informed about the performance of the company in 2003. Strategies and future vision of the company were also briefed at the AGM.

The meeting approved 10% cash dividend and 10% stock dividend (Bonus Shares) for the year 2003.



Post Balance Sheet Activity

Once Again BPL Stands by the People

BPL from its very inception has been continuing its pioneering role in the industry in serving the distressed community of the country in a better way. We at Beximco Pharma strongly believe that our responsibility does not end in producing quality medicines only but also includes providing additional benefits to the society where we interact. As part of our such commitment we have launched Anti-retrovirals or Anti-AIDS drugs for the first time in Bangladesh.

We have proven it again in the year 2005 by launching Zybex SR- the first and only anti-smoking drug in Bangladesh. Majority of smokers today are aware of the injurious effects of smoking, many of them can also resist the powerful stimulus of advertisements yet they still can not stop smoking. One of the major reasons for that is probably the fact that they can not overcome the physical and psychological dependence on smoking. Keeping these in mind we have launched our product Zybex-SR. The product was formally launched by Minister for Health and Family Welfare Dr. Khandaker Mosharraf Hossain MP in a clinical seminar attended by around 1500 doctors, NGO representatives, UN officials, high government officials and other healthcare providers. Minister for Health & Family Welfare Dr. Khandaker Mosharraf Hossain MP in his speech acknowledged and appreciated the valiant efforts that Beximco Pharmaceuticals Ltd. has taken as a commitment to the society. Later, Minister for Health & Family Welfare Dr. Khandaker Mosharraf Hossain MP also unveiled three posters of anti-smoking campaign which would definitely strengthen the "No Tobacco" movement of Bangladesh.



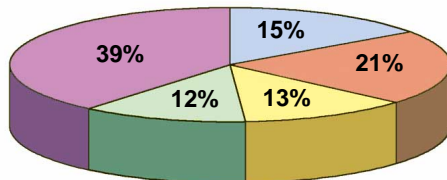
Post Balance

Value Added Statement

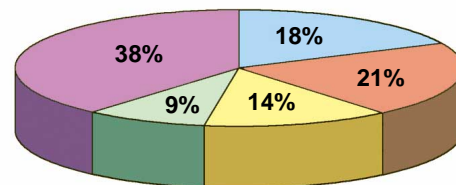
Figures in Taka

	2004	%	2003	%
Turnover & Other Income	2,797,103,666		2,534,893,735	
Brought-in-Materials & Services	(1,422,376,727)		(1,387,826,683)	
Value Added	1,374,726,939	100	1,147,067,052	100
APPLICATIONS				
Retained by the Company	208,453,100	15	207,550,839	18
Salaries and Benefits to Employees	291,976,823	21	237,635,125	21
Interest to Lenders	172,054,306	13	156,601,506	14
Dividend to Shareholders	167,928,750	12	101,775,000	9
Duties & Taxes to Govt. Exchequer	534,313,960	39	443,504,582	38
Total	1,374,726,939	100	1,147,067,052	100

2004



2003



- Retained by the Company
- Salaries and Benefits to Employees
- Interest to Lenders
- Dividend to Shareholders
- Duties & Taxes to Government Exchequer

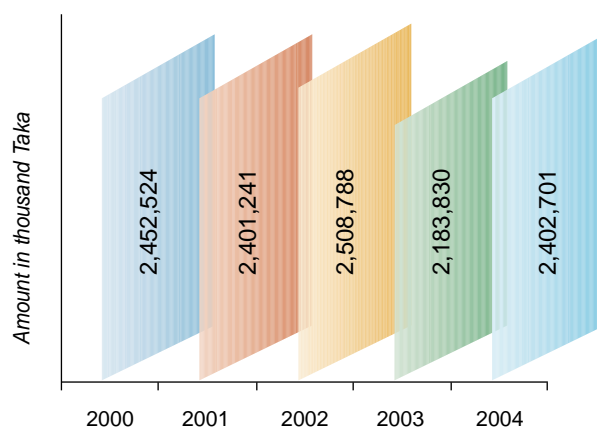


2004 at a Glance

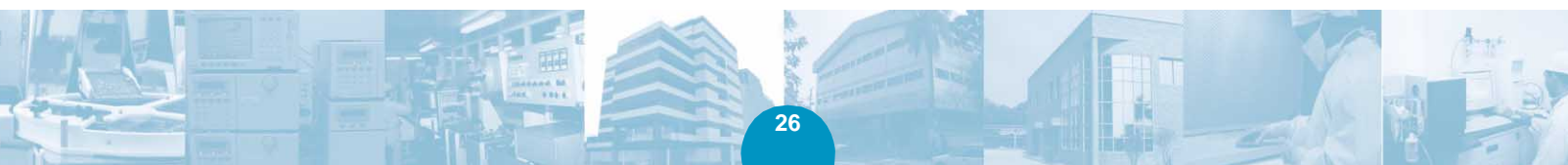
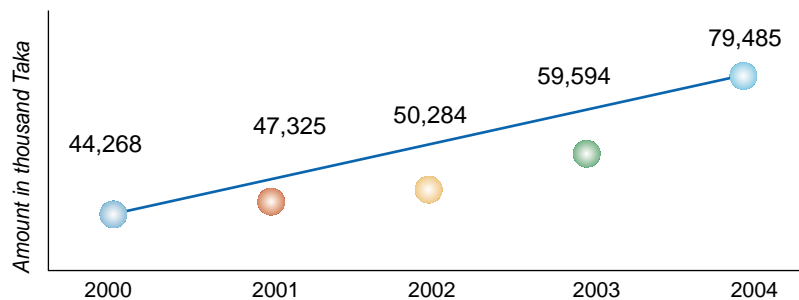
Figures in thousand Taka

	2004	2003	Growth	
			Amount	%
Income & Profitability				
Turnover (Net)	2,402,701	2,183,830	218,871	10.0
Net Profit	294,303	207,140	87,163	42.1
Earnings per share (Taka)	5.26	3.70	1.56	42.1

Net Turnover



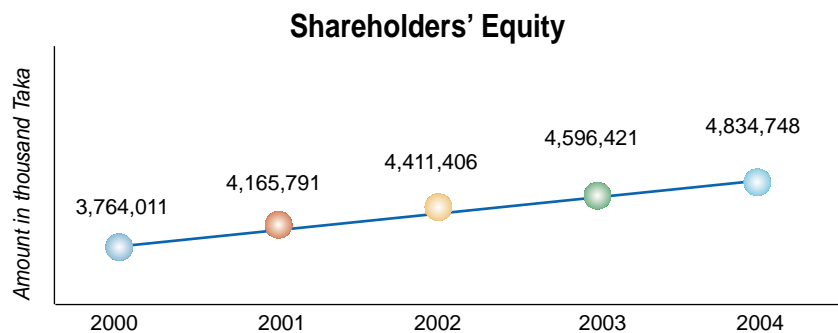
Turnover (Export)



5 Years' Statistics

Particulars	2004	2003	2002	2001	2000
	<i>Amounts in thousand Taka</i>				
Authorized Capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Paid up Capital	559,763	508,875	442,500	442,500	442,500
Total Turnover (Net)	2,402,701	2,183,830	2,508,788	2,401,241	2,452,524
Turnover (Export)	79,485	59,594	50,284	47,325	44,268
Gross Margin	972,111	828,081	888,295	942,133	895,783
Profit Before Tax	318,588	263,619	362,232	430,420	422,644
Net Profit	294,303	207,140	341,680	401,780	398,295
Tangible Assets (Gross)	6,822,860	6,669,824	5,512,974	5,141,780	4,062,660
Shareholders' Equity	4,834,748	4,596,421	4,411,406	4,165,791	3,764,011
Dividend	30%	20%	20%	15%	20%
Return on Paid up Capital	57%	52%	82%	97%	96%
Shareholders' Equity Per Share	86	90	100	94	85
Earning Per Share (EPS)*	5.26	3.70	6.10	7.18	7.12
Market Price Per Share (at end of the year)	92.10	39.72	41.83	49.50	66.90
Price Earning Ratio (Time)	17.52	10.73	6.85	6.90	9.40
Number of shareholders	50,750	47,811	49,960	50,367	50,618
Foreign Investors	49	42	43	43	43
ICB including ICB Investors Account	8,819	12,201	12,600	12,756	12,128
Sponsors, General Public & Other Institutions	41,882	35,568	37,317	37,568	38,447
Human Resources					
Number of Employees	1,385	1,328	1,218	1,151	1,047
Officers	964	862	747	695	581
Staff	421	466	471	456	466

* EPS has been calculated based on current number of outstanding shares.



BEXIMCO PHARMACEUTICALS LIMITED

17, Dhanmondi R/A, Road No. 2, Dhaka-1205

Notice of the Twenty – Ninth Annual General Meeting

Notice is hereby given that the TWENTY-NINTH ANNUAL GENERAL MEETING of the Shareholders of Beximco Pharmaceuticals Limited will be held on Thursday, the 2nd June 2005 at 10.30 a.m. at 1, Shahbag C/A, Dhaka to transact the following business:

AGENDA

1. To confirm the proceedings of the Twenty-Eighth Annual General Meeting of the Company held on 24th June 2004.
2. To receive, consider and adopt the Audited Accounts as of 31st December 2004 together with reports of the Auditors and the Directors thereon.
3. To elect Directors.
4. To declare 5% cash dividend and 25% stock dividend (Bonus Share).
5. To appoint Auditors for the year 2005 and to fix their remuneration.
6. To transact any other business of the Company with the permission of the Chair.

By order of the Board,



(MD. ASAD ULLAH, FCS)
Company Secretary

Dated: April 27, 2005

NOTES :

- (1) The Record Date in lieu of Book Closure shall be on May 17, 2005. The Shareholders whose names will appear in the Share Register of the Company on the Record date will be entitled to the dividend.
- (2) A member entitled to attend and vote at the General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
- (3) Members are requested to notify change of address, if any, to the Company.
- (4) **Admission to the meeting room will be strictly on production of the attendance slip sent with the Notice.**

শেয়ারম্যানের প্রতিবেদন



সম্মানিত শেয়ারহোল্ডারগন,

বেস্কিমকো ফার্মাসিউটিক্যালস্ লিমিটেডের ২৯তম বার্ষিক সাধারণ সভায় পরিচালনা পর্ষদ ও আমার পক্ষ থেকে আপনাদের স্বাগত জানাচ্ছি।

কোম্পানীর সার্বিক কার্যক্রমের একটি সংক্ষিপ্ত চিত্র এবং তার সাথে ২০০৪ সালের নিরীক্ষকের প্রতিবেদন আপনাদের সামনে উপস্থাপন করার সুযোগ পেয়ে আমি সত্যিই আনন্দিত।

আলোচ্য বছরে অভ্যন্তরীণ বাজারে বিক্রয় প্রবৃদ্ধির পাশাপাশি রপ্তানীও উল্লেখযোগ্য হারে বৃদ্ধি পেয়েছে। অনুরূপভাবে এ বছরে মুনাফার হার এবং শেয়ার প্রতি আয়ও তুলনামূলকভাবে বেড়েছে। এ পর্যায়ে কোম্পানীর কিছু গুরুত্বপূর্ণ কার্যক্রমের প্রতি আমি আপনাদের মনযোগ আকর্ষণ করছি।

ব্যবসায়িক কর্মকাণ্ড:

২০০৪ সালে অভ্যন্তরীণ বাজারে আমরা সকল থেরাপিউটিক গ্রুপে আমাদের অবস্থান অক্ষুন্ন রাখার পাশাপাশি তা আরও সুসংহত করতে সক্ষম হয়েছি। ২০০৪ সালে আমাদের মোট বিক্রয় হয়েছে ২,৪০২.৭০ মিলিয়ন টাকা যা ২০০৩ সালে ছিল ২,১৮৩.৮৩ মিলিয়ন টাকা। সার্বিক বিক্রয় প্রবৃদ্ধির হার শতকরা ১০ ভাগ হলেও ফর্মুলেশন পণ্যের বিক্রয় বিগত বছরের তুলনায় ১৫.৪৫% বেড়েছে। বিতরণ ব্যবস্থা ও বিক্রয় কর্মীবাহিনী শক্তিশালীকরণ ও দূরদর্শী বিপণন কৌশলের কারণেই এ সাফল্য অর্জন সম্ভব হয়েছে।

আপনারা জেনে খুশি হবেন আগের বছরগুলোর মত ২০০৪ সালেও আন্তর্জাতিক বাজারে আমাদের অবস্থান প্রসারিত হয়েছে। আমাদের রপ্তানী প্রবৃদ্ধির হার ৩৩.৩৮%, যা প্রশংসার দাবীদার। আলোচ্য বছরে আমরা সিংগাপুর এর Raffles Hospital এ ২০০৫ এবং ২০০৬ সালের জন্য Azmasol Inhaler সরবরাহের কার্যাদেশ পেয়েছি। ২০০৪ সালে আমরা সফলভাবে নেপালের বাজারে প্রবেশ করেছি। বর্তমানে আফ্রিকা ও মধ্যপ্রাচ্যের বিভিন্ন দেশে ঔষধ নিবন্ধন কার্যক্রম প্রক্রিয়াধীন রয়েছে।

বিক্রয়ের পাশাপাশি আমাদের মুনাফার হারও আলোচ্য বছরে বৃদ্ধি পেয়েছে। এ বছর গ্রস মুনাফার হার ২.৫৪% বেড়েছে। আমাদের কর-পূর্ব মুনাফাও তুলনামূলক হারে বেড়ে এখন ৩১৮.৫৯ মিলিয়নে দাঁড়িয়েছে যা বিগত বছরে ছিল ২৬৩.৬২ মিলিয়ন টাকা - বৃদ্ধির হার ২০.৮৫%।

আমাদের উৎপাদিত বান্ধ পেনিসিলিনের অনাকর্ষণীয় বাজার ও ক্রমহ্রাসমান মুনাফার কারণে Ampicillin ও Amoxycillin কাঁচামালের উৎপাদন বন্ধ রাখার কথা বিগত প্রতিবেদনে আপনাদের জানিয়েছিলাম। আপনারা অবগত আছেন যে আমাদের US FDA মানসম্পন্ন কারখানাটি বর্তমানে সমাপ্তির পথে। সমাপ্তির পরপরই আমরা আন্তর্জাতিক সনদ প্রাপ্তির জন্য উদ্যোগ নেব। কিন্তু উক্ত কারখানাটির পাশেই আলোচ্য Penicillin উৎপাদন কারখানাটির কারণে সনদপ্রাপ্তি অসম্ভব বিধায় অতি সম্প্রতি আমরা উক্ত স্থাপনাটি বন্ধ করে দিয়েছি।

একীভূতকরণ:

আমরা আপনাদের কোম্পানীকে আরও অধিক কার্যকরী ও লাভজনক প্রতিষ্ঠানে পরিণত করার লক্ষ্যে বেস্কিমকো ইনফিউশনস্ লি: কে বেস্কিমকো ফার্মাসিউটিক্যালস্ লি: এর সাথে একীভূতকরণের উদ্যোগ গ্রহণ করেছি। যুক্তরাষ্ট্রের স্বনামধন্য নিরীক্ষা প্রতিষ্ঠান Ernst & Young International Inc. এর বাংলাদেশস্থ সহযোগী প্রতিষ্ঠান মেসার্স এস. এফ. আহমেদ এন্ড কোং কে কোম্পানী দুটির ভ্যালুয়েশন ও শেয়ার বিনিময় হার নির্ধারণের দায়িত্ব দেয়া হয়। মূল্যায়নকারী প্রতিষ্ঠান কোম্পানী দুটির সার্বিক আর্থিক অবস্থা বিবেচনা করে বেস্কিমকো ইনফিউশনস্ এর প্রতিটি শেয়ারের বিনিময়ে বেস্কিমকো ফার্মার ৪.৫ টি শেয়ারের বিনিময় হার প্রস্তাব করেছে। কোম্পানীর পরিচালক মন্ডলী সর্বসম্মতিক্রমে একীভূতকরণের এই প্রস্তাব গ্রহণ করেছেন। এই একীভূতকরণ উভয় কোম্পানীর শেয়ারহোল্ডারদের সম্পদ বৃদ্ধি করবে বলে আশা করা যায়। এই প্রস্তাবনা বাস্তবায়নের লক্ষ্যে কোম্পানী ইতোমধ্যে বাংলাদেশ সুপ্রিম কোর্টের হাইকোর্ট বিভাগ হতে বিশেষ সাধারণ সভা আহবান করে শেয়ারহোল্ডারদের অনুমোদন গ্রহণের আদেশ লাভ করেছে।

নতুন পণ্য:

পণ্য তালিকা সমৃদ্ধ করার জন্য আমাদের প্রচেষ্টা অন্য বছরের ন্যায় ২০০৪ সালেও সমানভাবে অব্যাহত ছিল। নতুন পণ্য সংযোজনের জন্য নিবিড় গবেষণার ফলস্বরূপ এ বছর পণ্য সম্ভারে আমরা বিভিন্ন Dosage Form ও মাত্রার ৫৫টি নতুন পণ্য সংযোজন করেছি। দেশের স্বাস্থ্য খাতের চাহিদা মিটাতে পণ্যগুলো গুরুত্বপূর্ণ অবদান রাখতে সক্ষম হবে। এ সকল নতুন পণ্য চিকিৎসক মহলে ব্যাপক প্রশংসা এবং গ্রহণযোগ্যতা অর্জন করেছে। বর্তমান পণ্য সম্ভারের সাথে এই পণ্যগুলোর সংযোজন বিক্রয় এবং মুনাফায় উল্লেখযোগ্য অবদান রাখবে।

ভবিষ্যত পরিকল্পনা:

স্বল্পোন্নত দেশগুলোর মধ্যে বাংলাদেশই একমাত্র দেশ যেখানে ঔষধ শিল্পের জন্য প্রয়োজনীয় সুদৃঢ় অবকাঠামো রয়েছে। WTO - TRIPs পরবর্তী নতুন পরিস্থিতি একদিকে যেমন আমাদের জন্য চ্যালেঞ্জ অন্যদিকে সম্ভাবনাময়ও বটে। আমরা এ ব্যাপারে সম্পূর্ণ সজাগ এবং নতুন প্রেক্ষাপট মোকাবেলার জন্য যথাযথ প্রস্তুতিও আমাদের রয়েছে। উদ্ভূত সকল সুযোগের সর্বোত্তম ব্যবহার সুনিশ্চিত করার জন্য সম্ভাব্য সকল পন্থাই আমরা অনুসরণ করব। অভ্যন্তরীণ বাজার ধরে রাখা এবং বাজার উত্তরোত্তর বৃদ্ধি করার বর্তমান বিপণন কৌশল ভবিষ্যতেও অপরিবর্তিত থাকবে। নতুন পণ্য উদ্ভাবন ও বাজার সম্প্রসারণে আমাদের বিনিয়োগ অব্যাহত থাকবে। রপ্তানী বৃদ্ধির জন্যে আন্তর্জাতিক বাজারে আমাদের বর্তমান অবস্থান সুসংহত করা, বৃদ্ধি করা এবং নতুন বাজার বিশেষ করে উন্নত বিশ্বের বাজারে প্রবেশকে আমরা প্রাধান্য দিচ্ছি।

সম্প্রসারণ প্রকল্প:

আমাদের সম্প্রসারণ প্রকল্পের কাজ পূর্ণ গতিতে এগিয়ে চলছে। ইতোমধ্যেই ইউরোপ থেকে যন্ত্রপাতি সংগ্রহের জন্য প্রয়োজনীয় LC খোলা হয়েছে। পূর্ত এবং অন্যান্য কাজ কাজিত গতিতে এগিয়ে চলছে। আশা করা যাচ্ছে এ বছরের শেষের দিকে প্রকল্পটি চালু হবে।

জাতীয় কোষাগারে প্রদান:

বেঞ্জিমকো ফার্মা ২০০৪ সালে জাতীয় কোষাগারে আমদানী কর, মূল্য সংযোজন কর এবং আয় কর বাবদ ৫৩৪.৩১ মিলিয়ন টাকা প্রদান করেছে।

উপসংহার:

পরিশেষে আমি আপনাদের নিশ্চিত করতে চাই যে, ব্যবসায়ের তথা শেয়ারহোল্ডারগণের স্বল্প এবং দীর্ঘ মেয়াদী সম্পদ বৃদ্ধি করতে আমরা প্রতিশ্রুতিবদ্ধ। এ লক্ষ্যে আমাদের অক্লান্ত প্রচেষ্টা পূর্বের মত ভবিষ্যতেও অব্যাহত থাকবে। আপনাদের কোম্পানীর এ পর্যন্ত অর্জিত সাফল্যের মূলে রয়েছে দক্ষ কর্মী বাহিনী, চিকিৎসক সমাজ, ব্যাংকার, সরবরাহকারী, ক্রেতা সাধারণ, সরকারী বিভাগ, নিয়ন্ত্রণকারী সংস্থাসমূহ সহ অন্যান্য সংশ্লিষ্ট সকলের সম্মিলিত প্রচেষ্টা। সর্বোপরি, আমাদের সম্মানিত শেয়ারহোল্ডারদের সার্বিক সহযোগিতার কথা আমরা কৃতজ্ঞতার সাথে স্মরণ করছি।

আমি পরিচালনা পর্ষদ এবং আমার পক্ষ থেকে আপনাদের সকলকে আন্তরিক ধন্যবাদ জানাচ্ছি। আশা করি আপনাদের সহযোগিতা এবং সমর্থন ভবিষ্যতেও অব্যাহত থাকবে।

সকলকে ধন্যবাদ।

X. K. S. Kabir

এ এস এফ রহমান
চেয়ারম্যান

২৭ এপ্রিল ২০০৫



Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors and on my own behalf I welcome you all to the 29th Annual General Meeting of your company, Beximco Pharmaceuticals Limited.

It is indeed my pleasure to present a brief resume of the affairs of the company together with the Auditor's Report for the year 2004.

OPERATION 2004

I am pleased to announce that your company had an improved performance in 2004 as compared to 2003. Enhanced domestic sales coupled with impressive sales growth in the international market, improved profitability and higher EPS marked 2004 as another year of success. I would however, like to draw your attention to some of the key operational issues of your company:

- During 2004, we have not only maintained our positions in the local market in all major therapeutic classes, rather we improved it further. Sales of the formulation products in the domestic market have registered an appreciable 15.45% growth over prior year. The company achieved net sales of Tk. 2,402.70 million in 2004 over Tk. 2,183.83 million of 2003. Overall growth in sales is however, 10% on comparable basis. This was only possible due to the effective marketing strategies and prior years' visionary decision to invest in strengthening the sales force and distribution network.
- You would appreciate that our penetration in the international market has been widening over the years and in 2004, export sales have increased significantly by 33.38%. All our export markets maintained satisfactory sales growth. During the year we succeeded to obtain tender order from prestigious Raffles Hospital of Singapore for supply of Azmasol Inhaler for the year 2005 and 2006. We have successfully entered into Nepal Market in 2004. Registration in a number of African and Middle East countries are also under process.
- We are pleased to inform that along with sales, the company succeeded to maintain its growth in profit as well. The rate of gross profit has improved by 2.54%. The Pre-tax Profit also increased on comparable basis. The Net Profit before tax in 2004 was Tk. 318.59 million as compared to Tk. 263.62 million of 2003. This reflects an appreciable 20.85% increase.
- In the earlier years we mentioned about the unappealing market and gradually eroding profitability of bulk penicillins. In our last report we informed you about discontinuation of manufacturing of Ampicillin and Amoxicillin - two of our key products of basic chemical unit. Subsequently, we found it prudent to dismantle Ampicillin and Amoxicillin manufacturing facility as it became critical for international certification of our newly built US FDA approvable plant.

MERGER FOR HIGHER VALUE

We are working to transform Beximco Pharmaceuticals into a high-performance and more value adding company. In this direction a proposal for amalgamation of Beximco Infusions Limited with Beximco Pharmaceuticals Limited was considered. M/S S. F. Ahmed & Co, Chartered Accountants, an associate firm of Ernst & Young International Inc. of USA, was appointed to determine the value of shares of Beximco Infusions Limited and Beximco Pharmaceuticals Limited and also the Share Exchange Ratio. The valuers have recommended exchange of 1 (one)

ordinary share of Beximco Infusions Limited for 4.5 (four and half) ordinary shares of Beximco Pharmaceuticals Limited taking into account the underlying financial and market fundamentals of these companies. Such amalgamation is expected to create greater value for the shareholders of both the companies. Board of Directors has unanimously approved the draft scheme of amalgamation. Subsequently, the honorable high court division of the Supreme Court of Bangladesh have ordered for holding of Extra-Ordinary General Meeting to get approval of the shareholders.

NEW PRODUCT

Our efforts to enrich the product portfolios continued uninterrupted in 2004 as well. Consequent to our intense Research and Development activities and drive to innovate quality products to better serve the health care needs of the people, we have added record number of new products in our portfolio. Fifty five new products including dosage forms and strengths were introduced in 2004. These new products have got wide acceptance and appreciation from the medical community. Inclusions of these products in the existing portfolio are expected to significantly contribute towards augmenting the sales and profitability of the company.

EXPANSION PROJECT

We are pleased to inform that the work on the project is going on in full pace. We have already opened LCs for the process equipment to be procured from European sources. Civil and other soft and hard tasks are complete to the required extent. We are hopeful that the project will be operational by the end of this year.



FUTURE PLAN

Bangladesh being the only LDC country with strong pharmaceutical manufacturing base has got some competitive edge in the Post-TRIPs era. In the new economic world order we have challenges to encounter as well as opportunities to exploit. I am pleased to announce that your company is quite aware of the challenges ahead and confident of its capabilities to face them. While reinforcing our base, we are also putting our best efforts to take the advantage of the opportunities lying before us.

As in the past, retaining and expanding the domestic market share will continue to be the focus of our marketing strategy. Our investment in new products and market will continue to consolidate the base. Increased focus will also be given on R & D activities to strengthen our reverse engineering capabilities.

While growing in the domestic market, BPL will aggressively pursue to secure significant growth in export sales. In this direction our strategy is to expand the already explored international markets and further intensify our search for potential new geographic locations with particular focus on markets of developed countries.

CONTRIBUTION TO NATIONAL EXCHEQUER

During 2004, Beximco Pharma contributed Tk. 534.31 million in the form of import related taxes, VAT and Income tax to the national exchequer.

CONCLUSION

In the end, I would like to re-assure you that we are committed to build values for our shareholders. Our efforts to add value to the business and thus to the shareholders' wealth will continue relentlessly in the future days as well. The success so far achieved was only possible because of the collective efforts of the employees of the company, the medical community, bankers, suppliers, customers, government agencies, regulatory bodies and everyone the company interacted with, in conducting its business. Above all, we are grateful to our shareholders for extending at all times the invaluable support and cooperation to bring the company to the level it has reached today.

I avail this opportunity to express my sincere thanks to all concerned and look forward for the continued support and cooperation in the future as well.

Thank you all.



A S F Rahman
Chairman

Dhaka
27th April 2005



Statement on Corporate Governance

In Beximco Pharma we always nurture and nourish good corporate governance. Board of Beximco Pharma places greatest emphasis on maintaining the highest standard of corporate governance. As trustee of all the stakeholders of the company, the board is fully aware of its responsibilities and therefore, endeavors to safeguard the interest of all concerned. The statement below describes how the principles of good governance are applied in Beximco Pharma.

Size, Composition and Functioning of the Board

The board of directors is the highest level of authority in the organization structure of Beximco Pharma. The board is responsible for the overall direction and is ultimately accountable to the shareholders for the activities, strategies and performance of the company. Currently, it comprises of 11 members with Mr. A S F Rahman as Chairman and Mr. Salman F Rahman as Vice Chairman.

The prime concern of the board is to ensure that the overall activities of the business are conducted responsibly and with focus on long – term value creation. The board meets periodically to transact matters placed before them that require board's approval and/or direction. Board reviews the overall activities of the business and where necessary, strategic guidelines are given for onward implementation.

Executive Committee

Next to the board, there is a six-member Executive Committee (EC) for closer monitoring of business performance and to provide operational guidance. The scope of work of the committee includes but not limited to, review of business performance, approval of budget, evaluation of capital expenditure proposals, appraisal of senior level managers etc. The review, evaluation and recommendations of the Executive Committee provide significant input to enable the board to take well-informed decisions.

Management Committee

The responsibility to implement EC decisions and supervision of day to day business affairs of the company lies with the management committee. They are also responsible for achieving the business plan. The committee consists of functional heads of different operating/business segments and is headed by CEO.

Internal Control

Beximco Pharma employs a sound system of internal control including internal financial control to ensure compliance of its activities with the desired objectives. Over the years we have successfully implemented a well designed corporate management structure with clearly defined responsibility, delegation of authority and proper accountability. Beximco Pharma has an appropriate organization structure manned with qualified professionals for properly carrying out planning, executing, controlling and monitoring functions of each of the business subunits.

The company has a specially assigned team to carry out internal financial audits of different segments of the business. The team is headed by a manager who reports to the CEO. After appropriate review of the report necessary corrective actions are undertaken.

Shareholder Relations

The Company has about fifty thousand shareholders. The directors place high importance on maintaining good relationships with the shareholders and ensure to keep them informed of significant company developments. The company formally reports twice a year-summarized half yearly report and detailed annual report. Annual general

meeting is an important opportunity to meet and communicate with shareholders. Every Shareholder or his duly authorized representative has the right to attend such meeting. It provides the forum for discussion of the business, its future prospects and other matters of interest and concern to the shareholders. In addition, the Company has a full fledged corporate affairs secretarial department who addresses different issues like dividend payment enquiries, share transfer, loss of share certificate/dividend warrants etc.

Statement of Directors' Responsibilities for Preparation and Presentation of the Financial Statements

The following statement is made to distinguish the responsibilities of the directors and the auditors in relation to the preparation of financial statements.

The Companies Act 1994 requires the directors to prepare financial statements for each financial year. In preparing those financial statements directors are required:

To select suitable accounting policies and apply those policies consistently;

To make reasonable and prudent judgments and estimates where necessary;

To state whether all applicable accounting standards have been followed, subject to any material departure disclosed and explained in the notes to the financial statements;

To take such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities;

To ensure that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the requirements of the Companies Act 1994 and the Securities and Exchange Rules 1987; and

To prepare the financial statements on going concern basis unless it is inappropriate to presume that the company will continue in business.

Going Concern

Directors are convinced after making appropriate enquires at the time of approving the financial statements that the company has adequate resources to carry out its operational existence for the foreseeable future. It is therefore appropriate to adopt going concern basis in preparing the financial statements.



Directors' Report

For the year ended 31 December 2004

The Directors are pleased to present their report to the shareholders together with the audited accounts for the year ended 31 December, 2004.

Financial Results and Profit Appropriations

	Figure in '000 Taka	
	2004	2003
Net Profit Before Providing Income Tax	318,588	263,618
Less : Income Tax Expense	(24,285)	(56,478)
Net Profit After Tax	294,303	207,140
Add : Profit Brought Forward from Previous Year	1,400,879	1,391,965
Profit Available for Appropriation	1,695,182	1,599,105
Recommended for Appropriation:		
Transfer to Tax-Holiday Reserve	(99,575)	(91,362)
Proposed Dividend	(167,929)	(101,775)
Dividend Distribution Tax	(2,799)	(5,089)
Tax Holiday Reserve no longer required	744,272	-
Un-appropriated Profit Carried Forward	2,169,151	1,400,879

Dividend

The Board of Directors have recommended 5% cash dividend and 25% stock dividend (Bonus Share) for your approval for the year ended 31st December, 2004.

Directors

Dr. Farida Huq, Director of the Company retires by rotation as per Articles 126 and 127 of the Articles of Association of the Company and being eligible, offer herself for re-election.

Mr. M. A. Qasem and Mr. C. H. Rahman (Nominees of Bangladesh Export Import Company Limited) and Dr. Abdul Alim Khan (Nominee of Beximco Holdings Limited) Directors of the Company, retire by rotation as per Articles 126 and 127 of the Articles of Association of the Company and being eligible, offer themselves for re-election.

Auditors

The Directors hereby report that the existing Auditors, M/S M. J. Abedin & Co., Chartered Accountants, National Plaza (6th Floor), 1/G Free School Street, Sonargaon Road, Dhaka-1205 who were appointed as Auditors of the Company in the Twenty-Eighth Annual General Meeting of the Company have carried out the audit for the year ended 31 December 2004.

M/S M.J. Abedin & Co., Chartered Accountants, National Plaza (6th Floor), 1/G Free School Street, Sonargaon Road, Dhaka-1205, the Auditors of the Company retire at this meeting and have expressed their willingness to continue in office for the year 2005.

On behalf of the Board

A. S. F. Rahman

A S F Rahman

Chairman

Dhaka
27 April 2005

*R*eport of Auditors to the Shareholders

We have audited the accompanying Financial Statements of Beximco Pharmaceuticals Limited consisting of Balance Sheet, Profit and Loss Account and the Statement of Changes in Equity and Cash Flow as well as the Notes to the financial statements for the year from January 1 to December 31, 2004.

The company law requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you, in accordance with section 213 of the Companies Act, 1994.

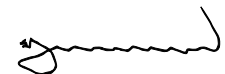
We conducted our audit in accordance with Bangladesh Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Evidence supporting the amounts and disclosures in the financial statements is examined on a test basis within the framework of the audit. An audit also includes assessing the accounting principles used and significant estimates made by the board of directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above give a true and fair view of the financial position, the results of operations and cash flows of the company, in all material respects, for the year referred to above, in accordance with the Companies Act 1994, the Securities and Exchange Rules 1987 and the Bangladesh Accounting Standards.

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 accounts as required by law have been kept by the company so far as it appeared from our examination of those books ;
- (c) the Company's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts ; and
- (d) the expenditure incurred were for the purpose of the Company's business.

National Plaza (6th Floor)
1/G, Sonargaon Road
Dhaka - 1205
27 April, 2005



M. J. ABEDIN & CO.
Chartered Accountants

BEXIMCO PHARMACEUTICALS LIMITED

Balance Sheet

As at 31 December 2004

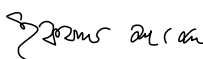
	Notes	2004	2003
ASSETS			
Non-Current Assets			
Property, Plant and Equipment- Carrying Value	8	6,043,243,087	5,895,916,746
Investment in Shares	9	45,624,120	44,176,250
Current Assets			
Inventories	10	1,394,794,907	1,143,710,812
Accounts Receivable	11	600,028,183	499,677,576
Loans, Advances and Deposits	12	468,680,833	424,464,615
Cash and Cash Equivalents	13	8,009,302	4,911,867
TOTAL ASSETS		Tk. 8,560,380,432	8,012,857,866
EQUITY AND LIABILITIES			
Shareholders' Equity			
Issued Share Capital	14	559,762,500	508,875,000
Share Premium	15	1,489,750,000	1,489,750,000
Tax-Holiday Reserve	16	445,355,048	1,090,052,509
Retained Earnings		2,339,880,113	1,507,743,468
Non-Current Liabilities			
Long Term Borrowing-Net off Current Maturity (Secured)	17	1,864,767,749	1,996,908,089
Liability for Gratuity & WPPF	18	158,595,611	142,474,270
Deferred Tax Liability	7 (i) & 19	43,008,809	47,193,542
Current Liabilities and Provisions			
Customs Debentures	20	1,758,387	1,758,387
Short Term Borrowing from Banks	21	1,121,910,904	939,872,641
Long Term Borrowing-Current Maturity	22	256,179,379	39,313,860
Creditors and other Payables	23	170,176,125	139,591,269
Accrued Expenses	24	81,230,153	81,568,363
Dividend Payable		1,065,437	1,206,751
Income Tax Payable	25	26,940,217	26,549,717
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		Tk. 8,560,380,432	8,012,857,866

The Notes are integral part of the Financial Statements.

Approved and authorised for issue by the board of directors on 27 April 2005 and signed for and on behalf of the Board :



C. H. Rahman
Director

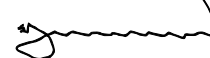


Iqbal Ahmed
Director



Md. Asad Ullah
Company Secretary

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

Dhaka
27 April 2005

BEXIMCO PHARMACEUTICALS LIMITED

Profit and Loss Account

For the year ended 31 December 2004

	Notes	2004	2003
Net Sales Revenue	26	2,402,700,962	2,183,829,795
Cost of Goods Sold	27	(1,430,590,446)	(1,355,748,848)
Gross Profit		972,110,516	828,080,947
Operating Expenses :		(470,837,493)	(397,998,572)
Administrative Expenses	32	(88,095,645)	(84,329,332)
Selling and Distribution Expenses	33	(382,741,848)	(313,669,240)
Profit from Operations		501,273,023	430,082,375
Other Income	34	5,298,876	3,318,590
Finance Cost	35	(172,054,306)	(156,601,506)
Net Profit Before Contribution to WPPF		334,517,593	276,799,459
Contribution to Workers' Profit Participation/ Welfare Funds	36	(15,929,409)	(13,180,926)
Net Profit Before Tax		318,588,184	263,618,533
Income Tax Expense	7 (i), 19 & 37	(24,285,250)	(56,478,167)
Current Tax		(28,469,983)	(38,975,206)
Deferred Tax Income/(Expense)		4,184,733	(17,502,961)
Net Profit After Tax Transferred to Statement of Changes in Equity	Tk.	294,302,934	207,140,366
Earnings Per Share (Par value Tk.10/-) / Adjusted EPS of 2003	38 Tk.	5.26	3.70
Number of shares used to compute EPS		55,976,250	55,976,250

The Notes are integral part of the Financial Statements.

Approved and authorised for issue by the board of directors on 27 April 2005 and signed for and on behalf of the Board :

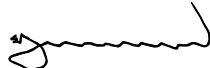

C. H. Rahman
 Director


Iqbal Ahmed
 Director


Md. Asad Ullah
 Company Secretary

Per our report of even date.

Dhaka
 27 April 2005


M. J. Abedin & Co.
 Chartered Accountants

Statement of Changes in Equity

For the year ended 31 December 2004

	Share Capital	Share Premium	Tax Holiday Reserve	Retained Earnings	Total
At 31.12.2002	442,500,000	1,489,750,000	998,690,522	1,510,155,670	4,441,096,192
Changes in accounting policy (Deferred Tax effect upto 2002)				(29,690,581)	(29,690,581)
Restated Balance on 01.01.2003	442,500,000	1,489,750,000	998,690,522	1,480,465,089	4,411,405,611
Net Profit After Tax for 2003				207,140,366	207,140,366
Tax Holiday Reserve provided for 2003			91,361,987	(91,361,987)	-
Issue of Bonus Shares for prior period (2002)	66,375,000			(66,375,000)	-
Cash Dividend of prior period (2002)				(22,125,000)	(22,125,000)
Restated Balance on 01.01.2004	508,875,000	1,489,750,000	1,090,052,509	1,507,743,468	4,596,420,977
Net Profit after Tax for 2004				294,302,934	294,302,934
Tax Holiday Reserve provided for 2004 (Note-39)			99,574,755	(99,574,755)	-
Tax Holiday Reserve no longer required			(744,272,216)	744,272,216	-
Issue of Bonus Shares for Prior Period (2003)	50,887,500			(50,887,500)	-
Cash Dividend of Prior Period (2003)				(50,887,500)	(50,887,500)
Dividend Distribution Tax of Prior Period (2003)				(5,088,750)	(5,088,750)
At the end of year	Tk. 559,762,500	1,489,750,000	445,355,048	2,339,880,113	4,834,747,661

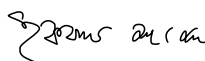
Total Number of shares 55,976,250
Shareholders' Equity per share Tk. 86.37

The Notes are integral part of the Financial Statements.

Approved and authorised for issue by the board of directors on 27 April 2005 and signed for and on behalf of the Board :



C. H. Rahman
Director



Iqbal Ahmed
Director



Md. Asad Ullah
Company Secretary

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

Dhaka
27 April 2005

BEXIMCO PHARMACEUTICALS LIMITED

Cash Flow Statement

For the year ended 31 December 2004

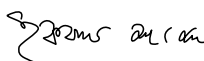
	2004	2003
Cash Flows from Operating Activities :		
Cash Receipts from Customers and Others	2,372,385,819	2,132,995,400
Cash Paid to Suppliers and Employees	(2,103,959,720)	(1,812,290,311)
Cash Generated from Operations	268,426,099	320,705,089
Interest Paid	(157,393,995)	(143,159,432)
Income Tax Paid	(28,079,483)	(18,348,675)
Net Cash Generated from Operating Activities	82,952,621	159,196,982
Cash Flows from Investing Activities :		
Acquisition of Property, Plant and Equipment	(290,232,620)	(401,232,733)
Investment in Shares	-	(1,000,000)
Disposal of Property, Plant and Equipment	1,155,218	66,846,147
Net Cash Used in Investing Activities	(289,077,402)	(335,386,586)
Cash Flows from Financing Activities :		
Decrease in Current Account with Related Parties	-	58,555,415
Increase in Long Term Borrowings	78,212,767	371,965,386
Increase/(Decrease) in Short Term Borrowing from Banks	182,038,263	(232,102,956)
Dividend Paid	(51,028,814)	(22,669,193)
Net Cash Generated from Financing Activities	209,222,216	175,748,652
Increase/(Decrease) in Cash and Cash Equivalents	3,097,435	(440,952)
Cash and Cash Equivalents at Beginning of Year	4,911,867	5,352,819
Cash and Cash Equivalents at End of Year	8,009,302	4,911,867
	Tk.	

The Notes are integral part of the Financial Statements.

Approved and authorised for issue by the board of directors on 27 April 2005 and signed for and on behalf of the Board :



C. H. Rahman
Director

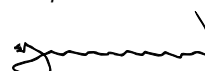


Iqbal Ahmed
Director



Md. Asad Ullah
Company Secretary

Per our report of even date.



M. J. Abedin & Co.
Chartered Accountants

Dhaka
27 April 2005

*N*otes to the Financial Statements

31 December 2004

1. The Company

Beximco Pharmaceuticals Ltd. (the “Company”), a member of BEXIMCO Group, came into existence as a public limited company in 1976. It commenced commercial operation in 1980 and went for public issue of shares in 1985. The shares of the company are listed with the Dhaka and Chittagong Stock Exchanges of Bangladesh. The registered office of the company is located at House No 17, Road No. 2, Dhanmondi R/A, Dhaka. The industrial units are located at Kathaldia, Auspara, Tongi, Gazipur.

2. Business Activities

The Company operates in a single industry segment. It has its own manufacturing facilities. The principal activities of the company are manufacturing of formulation and bulk drugs and sales of the produced items home and abroad.

3. Basis of Preparation, Presentation and Disclosures of Financial Statements

The basis of preparation of Financial Statements is the “Historical Cost Convention”.

The Basis of presentation and disclosures of information are based on the relevant and applicable requirements of the :

Companies Act 1994;

Securities and Exchange Rules 1987;

Listing Regulations of Dhaka and Chittagong Stock Exchanges; and

Bangladesh Accounting Standards (BASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Financial Reporting Standards.

4. Reporting Currency and Level of Precision

The financial statements are presented in Bangladesh currency (Taka), which have been rounded off to the nearest Taka except where indicated otherwise.

Figures in brackets indicate deductions.

5. Comparative Amounts

Wherever necessary figures of the prior year has been re-arranged to conform with the current year's presentation.

6. Accounting for Dividend (Cash and Bonus Shares) of Prior Year (2003)

Shareholders in the 28th Annual General Meeting of the Company held on June 24, 2004 approved 10% cash dividend and 10% stock dividend for the year 2003. Accordingly, total dividend amount of Tk. 101,775,000 in respect of 2003 (cash dividend of Tk. 50,887,500 and bonus shares of Tk. 50,887,500) and the relevant dividend distribution tax have been accounted for in 2004.

7. Principal Accounting Policies

(a) The Accounting policies and methods of computation used in preparation of the financial statements for the year ended 31st December 2004 are consistent with those adopted in the financial statements for the year ended 31 December 2003 except for a change in accounting policy as explained in (b) below.

(b) Accounting of “Deferred Tax” By First Time Adoption of BAS-12 “Income Taxes”

In the Current year, the company has adopted, for the first time, BAS-12 “Income Taxes” adopted by the ICAB, which is considered as a change in accounting policies. The principal effect of the implementation of BAS-12 is in relation to “Deferred Tax”. The particulars, computation and consequential effects have elaborately been stated in notes 7(i) and 19.

(c) Revenue Recognition

Sales are recorded at the time of delivery of products along with issue of invoices.

In conformity with the requirements of provisions of BAS 18 "Revenue", VAT as included in sales price and collected on behalf of customers is not considered as "Revenue".

Dividend income on investment in shares has been recognized on approval of said dividend in the annual general meeting of relevant company.

(d) Property, Plant and Equipment

All property, plant and equipment is initially recorded at cost and depreciated over their expected useful life. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes. In respect of major projects involving construction, related pre-operational expenses form part of the value of asset capitalized. Expenses capitalized also include applicable borrowing cost. Expenditure incurred after the assets have been put into operation, such as repairs & maintenance, is normally charged off as revenue expenditure in the period in which it is incurred. In situation, where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

Software are generally charged off as revenue expenditure.

Fixed Assets include cost of assets (including exchange loss) acquired under lease from Shamil Bank of Bahrain E.C.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and, any gain or loss on such disposal is reflected in the profit and loss account which is determined with reference to the net book value of the assets and the net sales proceeds.

(e) Depreciation

No depreciation is charged on land. In respect of all other fixed assets, depreciation is provided to amortize the cost of the assets after commissioning, over their expected useful economic lives. Depreciation is computed using the reducing balance method. Full year's depreciation is charged on additions and no depreciation is provided on retirement, irrespective of date of addition or retirement respectively.

The annual depreciation rates applicable to the principal categories of assets are :

Building and Other Construction	10%
Plant and Machinery	15%
Furniture & Fixtures	10%
Transport & Vehicle	20%
Office Equipment	10% to 50%

The whole amount of depreciation has been charged off to cost of sales in consistent with practice followed in earlier years.

(f) Borrowing Costs

Borrowing costs relating to projects already in commercial operation are charged as expenses for the year under review. In respect of projects that have not yet commenced commercial production, borrowing costs are debited to capital work in progress.

(g) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on weighted average cost basis. The cost of inventories comprises of expenditure incurred in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

(h) Cash and Cash Equivalents

This comprises cash in hand and at banks.

(i) Income Taxes

Current Tax

Current tax has been provided on the estimated taxable profit for the year under review at 30% tax rate being the tax rate applicable for publicly traded company. It also includes adjustments for earlier year's short/excess provision.

Deferred tax

For the first time, the company has adopted deferred tax during the year under review in compliance with the provisions of Bangladesh Accounting Standard (BAS-12) "Income Taxes". The Company's policy of recognition of deferred tax assets/liabilities is based on temporary differences (Taxable or deductible) between the carrying amount (Book value) of assets and liabilities for financial reporting purposes and its tax base, and accordingly, deferred tax income/expenses has been considered to determine net profit after tax and Earnings Per Share (EPS).

The first time adoption of a BAS is considered as a change in accounting policy and accordingly, in compliance with the provisions of BAS-8 "Net Profit or Loss For the Period, Fundamental Errors and Changes in Accounting Policies", opening retained earnings of 2003 has been adjusted with effect upto 2002 and comparative figures for 2003 has been restated.

(j) Cost of Post Employment Benefits

The Company's post employment benefits to eligible employees comprise of recognized contributory provident fund, unfunded gratuity and group insurance scheme. Assets of provident fund are held in a separate trustee administered fund as per the relevant rules and is funded by contributions from the employees and the company at pre-determined rates. Employees are entitled to gratuity benefit after completion of minimum five years of service in the company. The gratuity is calculated on the last basic pay and is payable at the rate of one month basic pay for every completed year of service. The company's contributions to the provident fund, gratuity and group insurance are charged off as revenue expenditure in the period to which the contributions relate.

(k) Share Premium

The Share Premium shall be utilized in accordance with provisions of the Companies Act 1994 and as directed by the Securities and Exchange Commission in this respect.

The Section 57 of the Companies Act 1994 provides that the share premium account may be applied by the company :

- (a) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares ;
- (b) in writing off the preliminary expenses of the company ;

- (c) in writing off the expenses of or the commission paid or discount allowed on any issue of shares or debentures of the company ; and
- (d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debenture of the company.

In this respect, a statutory notification was issued in 1992 by the Controller of Capital Issues (now the Securities and Exchange Commission), allowing the above stated utilization of share premium including one additional purpose in adjusting or amortizing of intangible assets, subject to prior approval. The said notification also provides that the fund of the premium account is to be utilized in order of priority.

(l) Tax Holiday Reserve

This is being created out of tax holiday profit to invest in the same undertaking or in any new industrial undertaking or in stocks and shares of listed companies or in government bonds or securities or for other purposes as required by the Income Tax Ordinance 1984.

(m) Proposed Dividend and Dividend Distribution Tax

Dividend proposed by the board of directors for the year under review and Dividend Distribution Tax thereon shall be accounted for after approval by the shareholders in the annual general meeting.

(n) Earnings Per Share (EPS)

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

Basic Earnings

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Weighted Average Number of Ordinary Shares Outstanding during the year

Current Year (2004)

The Bonus Shares issued during the year 2004 were treated as if they always had been in issue. Hence, in computing the Basic EPS of 2004, the total number of shares including the said bonus shares has been considered as the Weighted Average Number of Shares Outstanding during the year 2004.

Earlier Year (2003)

The number of shares outstanding before the bonus issue has been adjusted for the proportionate change in the number of shares outstanding as if the bonus issue had occurred at the beginning of the earliest period reported (2003), and accordingly, in calculating the Adjusted EPS of 2003, the total number of shares including the subsequent bonus issue in 2004 has been considered as the Weighted Average Number of Shares Outstanding during the year 2003.

The basis of computation of number of shares as stated above, is in line with the provisions of BAS-33 "Earnings Per Share". The logic behind this basis, as stated in the said BAS is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources generating new earnings.

Diluted Earnings Per Share

No diluted EPS is required to be calculated for the year as there was no scope for dilution during the year under review.

(o) Foreign Currencies

The financial records of the company are maintained and the financial statements are stated in Bangladesh Taka. Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date.



Other monetary assets and liabilities, if any, denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are charged off as revenue expenditure except exchange loss relating to obligation under lease which has been capitalized to relevant fixed assets being procured under the said obligation, as a requirement of the Companies Act 1994.

The rates of relevant foreign exchanges at year end are :

		2004	2003
1 US Dollar (\$)	=	Tk. 59.6250	59.2000
1 EURO ()	=	Tk. 81.5374	74.6986

8. Property, Plant and Equipment - Tk. 6,043,243,087

Particulars	Land	Building and Other Constructions	Plant and Machinery	Furniture and Fixtures	Transport and Vehicle	Office Equipment	Total
Cost							
At 31 December, 2003	1,085,251,326	497,662,963	761,917,351	34,986,110	39,241,893	114,866,754	2,533,926,397
Additions in 2004	-	3,633,259	17,793,932	5,400,355	3,792,801	4,019,935	34,640,282
Exchange Loss	4,734,001	-	654,595	-	-	15,590	5,404,186
Disposal in 2004	-	-	(141,711,654)	(363,426)	(1,626,007)	(7,200)	(143,708,287)
At 31 December, 2004	1,089,985,327	501,296,222	638,654,224	40,023,039	41,408,687	118,895,079	2,430,262,578
Depreciation							
At 31 December, 2003	-	240,705,401	416,722,693	15,693,002	26,273,448	74,512,255	773,906,799
For 2004	-	25,469,274	43,976,354	2,447,138	3,301,244	6,884,906	82,078,916
Adjustment on disposal	-	-	(74,849,558)	(141,341)	(1,370,985)	(6,628)	(76,368,512)
At 31 December, 2004	-	266,174,675	385,849,489	17,998,799	28,203,707	81,390,533	779,617,203
Net Book Value							
31 December, 2004	Tk. 1,089,985,327	235,121,547	252,804,735	22,024,240	13,204,980	37,504,546	1,650,645,375
Capital Work in Progress	Tk.						4,392,597,712
Carrying Value							
as on 31 December, 2004	Tk. 1,089,985,327	235,121,547	252,804,735	22,024,240	13,204,980	37,504,546	6,043,243,087

Property, Plant and Equipment includes leased assets having original cost and book value of Tk. 913,653,134 and 899,549,670 respectively.

Capital Work in Progress is arrived at as follows :

	2004	2003
Opening Balance (01.01.2004)	4,135,897,148	3,657,124,843
Addition during the year	255,592,338	350,537,589
Exchange Loss	1,108,226	154,369,303
	4,392,597,712	4,162,031,735
Capitalized:		
Building and other construction	-	(26,134,587)
	Tk. 4,392,597,712	4,135,897,148

9. Investment in Shares - Tk. 45,624,120

This Consists of :

	2004	2003
a) 3,040,537 Shares of Tk. 10 Each of Padma Textile Mills Ltd.	44,624,120	43,176,250
b) 1 Share of Tk.1,000,000 Each of Central Depository Bangladesh Ltd. (CDBL)	1,000,000	1,000,000
Tk.	45,624,120	44,176,250

The Padma Textile Mills Ltd. is a listed company with foreign collaboration.
The shares of the Padma Textile Mills Ltd. are listed in the Dhaka and Chittagong Stock Exchanges.

The market value of each share of Padma Textile Mills Ltd. as on 31st December, 2004 was Tk. 39.50 (on 31-12-03 Tk. 14.79) in the Dhaka Stock Exchange Ltd. and Tk. 40.40 (on 31-12-03 Tk. 14.88) in the Chittagong Stock Exchange Ltd. The investment in 3,040,537 shares represents 6.25% of total 48,648,600 issued, subscribed and paid-up shares of Padma Textile Mills Ltd.

10. Inventories - Tk. 1,394,794,907

This consists of as follows :

Finished Goods	294,831,219	387,269,598
Work in Process	113,067,980	90,349,959
Raw Material	631,820,233	400,129,288
Packing Material	212,162,685	118,233,247
Laboratory Chemical	465,253	395,921
Literature & Promotional Material	9,456,983	8,941,256
Physician Sample	8,236,593	7,187,467
Raw & Packing Material in Transit	64,806,398	69,808,101
Stock of Stationery	1,569,863	1,748,950
Spares & Accessories	58,377,700	59,647,025
Tk.	1,394,794,907	1,143,710,812

11. Accounts Receivable - Tk. 600,028,183

This is unsecured, considered good and is falling due within one year.

This includes receivable of Tk. 45,146,352 equivalent to US \$ 795,717 (on 31-12-2003 Tk. 36,574,766 equivalent to US \$ 648,495) against export sales.

This also includes Tk. 487,675,820 (on 31-12-2003 Tk. 463,061,601) due from I & I Services Ltd., the sole distributor of the pharmaceutical products of the company and a "related party". The maximum amount due from that company during the year was Tk. 489,724,178 on 27-10-2004 (on 21-07-2003 Tk. 467,025,081).

No amount was due by the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person.



12. Loans, Advances and Deposits - Tk. 468,680,833

This is unsecured, considered good and consists of as follows :

Loans and Advances :

Clearing & Forwarding	18,657,163	26,217,862
Office Rent	1,111,271	1,683,415
Employees	12,982,787	9,565,580
House Rent	57,989	350,864
Motor Cycle	30,581,337	27,579,364
Raw & Packing Material	212,153,433	198,790,383
Imprest Advance	864,423	685,423
Others	53,601,548	46,823,314
	330,009,951	311,696,205

Deposits :

VAT	93,702,643	62,672,725
Claim Receivable	7,882,871	9,946,739
Security Deposit	8,948,772	8,853,584
Lease Deposit	25,242,790	28,989,460
Earnest Money	1,582,993	1,174,488
Bank Guarantee Margin	1,310,813	1,131,414
	138,670,882	112,768,410
	Tk. 468,680,833	424,464,615

- (a) The maximum amount due from the officers during the year was Tk. 13,042,512 on 29.11.04 (on 26-09-2003 Tk. 9,694,650).
- (b) No amount was due by the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person, except as stated above.
- (c) No amount was due by any related party.

13. Cash and Cash Equivalents - Tk. 8,009,302

This consists of as follows :

(a) Cash in Hand	771,836	839,755
(b) Imprest Cash	337,027	427,747
(c) Cash at Banks :		
(i) In Current Accounts	906,299	82,602
(ii) In S.T.D. Accounts	-	3,622
(iii) In F.C. Accounts (Equivalent US \$ 100,531) (on 31-12-2003 US \$ 60,104)	5,994,140	3,558,141
	6,900,439	3,644,365
	Tk. 8,009,302	4,911,867

14. Issued Share Capital - Tk. 559,762,500

This represents :

Authorized :

100,000,000 Ordinary Shares of Tk. 10/- each

Tk. **1,000,000,000** **1,000,000,000**

Issued, Subscribed and Paid-up :

23,600,000 Ordinary Shares of Tk. 10/- each fully paid-up in cash

236,000,000 236,000,000

32,376,250 Bonus Shares of Tk. 10/- each

323,762,500 272,875,000

55,976,250 Shares

Tk. **559,762,500** **508,875,000**

(a) Composition of Shareholding :	2004		2003	
	No. of shares	%	No. of shares	%
Sponsors	15,082,122	26.94	13,711,022	26.94
Foreign Investors	763,808	1.36	281,377	0.55
ICB including ICB Investors Account	12,073,243	21.57	10,252,988	20.15
General Public and Institutions	28,057,077	50.13	26,642,113	52.36
	<u>55,976,250</u>	<u>100.00</u>	<u>50,887,500</u>	<u>100.00</u>

(b) Distribution Schedule :

The distribution schedule showing the number of shareholders and their shareholdings in percentage has been disclosed below as a requirement of the "Listing Regulations" of Dhaka and Chittagong Stock Exchanges :

Range of Holdings In number of shares	No. of Shareholders		% of Shareholders		Number of Shares		% of Share Capital	
	2004	2003	2004	2003	2004	2003	2004	2003
1 to 499	42,259	37,534	83.27%	78.50%	5,296,489	5,645,361	9.46%	11.09%
500 to 5,000	7,705	9,458	15.18%	19.78%	10,087,931	12,458,156	18.02%	24.48%
5,001 to 10,000	380	463	0.75%	0.97%	2,684,555	3,180,467	4.80%	6.25%
10,001 to 20,000	220	227	0.43%	0.47%	3,095,361	3,061,820	5.53%	6.02%
20,001 to 30,000	66	60	0.13%	0.13%	1,590,746	1,430,522	2.84%	2.81%
30,001 to 40,000	26	22	0.05%	0.05%	907,814	752,333	1.62%	1.48%
40,001 to 50,000	20	10	0.04%	0.02%	864,500	453,949	1.54%	0.89%
50,001 to 100,000	40	19	0.08%	0.04%	2,684,561	1,308,493	4.80%	2.57%
100,001 to 1,000,000	28	13	0.06%	0.03%	5,749,746	2,676,215	10.27%	5.26%
Over 1,000,000	6	5	0.01%	0.01%	23,014,547	19,920,184	41.12%	39.15%
Total	50,750	47,811	100.00%	100.00%	55,976,250	50,887,500	100.00%	100.00%

(c) Market Price :

The shares are listed in the Dhaka and Chittagong Stock Exchanges. On 31.12. 2004, each share was quoted at Tk. 92.10 (on 31.12.03 Tk. 39.72) in the Dhaka Stock Exchange Ltd. and Tk. 93.00 (on 31.12.03 Tk. 39.72) in the Chittagong Stock Exchange Ltd.

(d) Option on unissued shares :

There is no option regarding authorized capital not yet issued but can be used to increase the issued, subscribed and paid-up capital through the issuance of new shares against cash contribution and bonus.

- (e) During the year under review, issued share capital has been increased by Tk. 50,887,500 (5,088,750 shares of Tk. 10/- each) due to issue of 10% stock dividend declared for 2003.

15. Share Premium - Tk. 1,489,750,000

This is as per last account and made-up as follows :

- (a) 590,000 shares issued in 1992 at the premium of Tk. 325/- per share
 (b) 1,180,000 shares issued in 1994 at the premium of Tk. 1,100/- per share

	2004	2003
	191,750,000	191,750,000
	1,298,000,000	1,298,000,000
Tk.	<u>1,489,750,000</u>	<u>1,489,750,000</u>

16. Tax-Holiday Reserve - Tk. 445,355,048

This has been provided for as per provisions of the Income Tax Ordinance, 1984 which is arrived at as follows :

- Opening Balance
 Add: Provided during the year (Note - 39)
 Less : Tax Holiday Reserve no longer required

	2004	2003
	1,090,052,509	998,690,522
	99,574,755	91,361,987
	(744,272,216)	-
Tk.	<u>445,355,048</u>	<u>1,090,052,509</u>

17. Long Term Borrowing (Secured)- Tk. 1,864,767,749

This Consists of :

- (a) Project Loan
- (b) Interest and PAD
- (c) Obligation under Lease

	2004	2003
	750,486,906	844,778,324
	200,627,709	244,989,043
	913,653,134	907,140,722
Tk.	<u>1,864,767,749</u>	<u>1,996,908,089</u>

(a) Project Loan

This loan was sanctioned under the consortium arrangement of Janata Bank, Sonali Bank, Agrani Bank, Rupali Bank and United Commercial Bank Ltd. for the expansion project of the company. Janata Bank was the lead bank to the consortium.

This Loan is secured against :

- (i) First (registered mortgage) charge on paripassu basis with the participating banks on 1,112.82 decimals of land along with the building and other construction to be built thereon at Kathaldia and Aushpara of Gazipur; and
- (ii) First paripassu charge by way of hypothecation on all assets of the company both present and future.

(b) Interest and PAD

This represents PAD and unpaid interest of Janata Bank to be paid in quarterly instalments over a period of 7 (seven) years.

(c) Obligation under Lease

This represents obligation to Shamil Bank of Bahrain E.C. for an equivalent amount of US \$ of 15,323,322.46 being converted into Bangladesh Taka at the exchange rate ruling on the Balance Sheet date. The related exchange loss of Tk. 6,512,412 has been capitalized to fixed assets being procured through the said financing.

The company entered into an Exchange in Satisfaction and User Agreement (ESUA) with Shamil Bank of Bahrain E. C. on 14th September 1999 and further supplemental agreements on 4th February 2001 and 4th March 2002. These agreements, which are similar to lease agreements, are due to expire on December 31, 2008 and have superseded the Morabaha financing agreement entered into earlier.

The governing law clause of the ESUA was that subject to Sharia law, the laws of England and Wales would apply.

Due to disputes relating to the amounts claimed by Shamil bank of Bahrain E. C., the company was sued by the Bank in the High Court in London, UK. The central issue of the dispute was that the company did not agree to the amount claimed by the Bank, as this was contrary to Sharia law.

The High Court ruled against the company holding that Sharia law was not applicable and only English law would apply. The company then appealed against this decision to the Appeals Court who also upheld the High Court's judgement. The company then appealed to the House of Lords where the appeal was turned down.

In order to enforce the English judgement, the bank has moved to the Bangladesh Courts where the company intends to vigorously contest the claimed amount as not being in conformity with Sharia law. Unlike the English courts, Bangladesh courts recognise principles of Sharia law and therefore the company believes that its contention will be upheld by the Bangladesh courts. Subsequently, the Bangladesh Court has given its ruling that the verdict of London Court is not binding on Bangladesh Court. However, the company is also negotiating with the bank to come to an amicable settlement outside the court, the details of which is in the process of being finalized.

18. Liability for Gratuity & WPPF - Tk. 158,595,611

This consists of payable to the permanent employees at the time of separation from the company and Loan from Workers' Profit Participation/Welfare Funds as detailed follows :

(a) Gratuity Payable

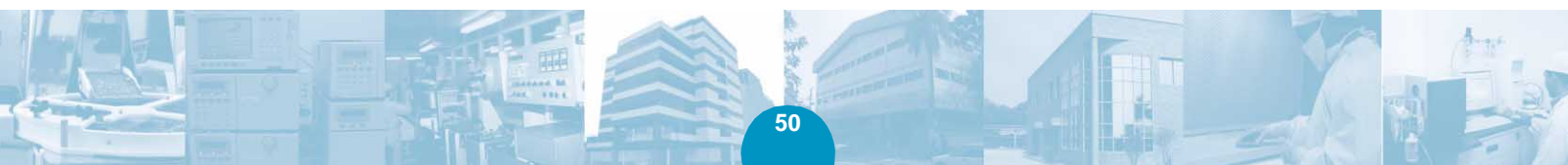
Opening Balance

Add : Provided during the year

Less : Paid during the year

	59,454,204	55,476,158
	11,049,142	7,037,892
	70,503,346	62,514,050
	<u>(2,539,950)</u>	<u>(3,059,846)</u>
Tk.	<u>67,963,396</u>	<u>59,454,204</u>
	90,632,215	83,020,066
Tk.	<u>158,595,611</u>	<u>142,474,270</u>

(b) Loan from Workers' Profit Participation/Welfare Funds



19. Deferred Tax Liability - Tk. 43,008,809

(a) Deferred Tax Liabilities are arrived at as follows:

	2004	2003	2002
Book Value of Depreciable Fixed Assets	560,660,048	674,768,272	661,215,140
Less: Tax Base	<u>(349,333,955)</u>	<u>(458,002,262)</u>	<u>(506,770,378)</u>
Taxable Temporary Difference	211,326,093	216,766,010	154,444,762
Book Value of Gratuity Payable	67,963,396	59,454,204	55,476,158
Less: Tax Base	<u>-</u>	<u>-</u>	<u>-</u>
Deductible Temporary Difference	67,963,396	59,454,204	55,476,158
Net Taxable Temporary Difference	143,362,697	157,311,806	98,968,604
Effective Tax Rate	30%	30%	30%
Deferred Tax Liability	Tk. 43,008,809	47,193,542	29,690,581

(b) Deferred Tax Expense/(Income) is arrived at as follows:

Closing Deferred Tax Liabilities	43,008,809	47,193,542	29,690,581
Opening Deferred Tax Liabilities	<u>47,193,542</u>	<u>29,690,581</u>	<u>-</u>
Deferred Tax expense/(Income)	Tk. (4,184,733)	17,502,961	-

(c) Deferred Tax Liability upto 2002-Tk. 29,690,581

This has been adjusted with opening balance of retained earnings of 01.01.03 in the Statement of Changes in Equity in compliance with the provisions of Bangladesh Accounting Standard (BAS-8) "Net Profit or Loss for the Period, Fundamental Error and Changes in Accounting Policies"

(d) Deferred Tax Expense of 2003- Tk. 17,502,961

This represents the increase of deferred tax liability in 2003 in comparison to 2002 which has been shown by restating comparative figures of 2003 in the profit and loss account in accordance with the requirements of above referred BAS-8.

(e) Deferred Tax Income of 2004- Tk. 4,184,733

This represents the decrease in deferred tax liability in 2004 in comparison to 2003.

(f) The effective income tax rate of 30% has been considered as this tax rate is applicable for publicly traded companies.

20. Customs Debentures - Tk. 1,758,387

This is as per last account and represents :

	2004	2003
Instalment due	265,854	265,854
Interest due	<u>1,492,533</u>	<u>1,492,533</u>
Tk.	1,758,387	1,758,387

21. Short Term Borrowing from Banks - Tk. 1,121,910,904

This represents :

(a) Janata Bank :		
Cash Credit-Pledge	158,595,289	166,750,011
Cash Credit-Hypothecation	639,130,578	641,703,580
LIM	237,836,094	-
(b) Citibank NA	55,993,037	70,524,122
(c) Standard Chartered Bank	30,355,906	60,894,928
Tk.	1,121,910,904	939,872,641

22. Long Term Borrowing-Current Maturity - Tk. 256,179,379

This consists of as follows and is payable within next twelve months from the Balance Sheet date :

Interest & PAD
Project Loan

	2004	2003
	69,772,113	39,313,860
	186,407,266	-
Tk.	<u>256,179,379</u>	<u>39,313,860</u>

23. Creditors and other Payables - Tk. 170,176,125

This consists of :

Suppliers
Payable to RAJUK
Provident Fund

	80,912,808	68,749,260
	18,612,300	16,613,249
	70,651,017	54,228,760
Tk.	<u>170,176,125</u>	<u>139,591,269</u>

These are unsecured, and falling due within one year.

24. Accrued Expenses - Tk. 81,230,153

This is falling due within one year and consists of as follows :

For expenses - Unsecured
Workers' Profit Participation/ Welfare Funds

	65,300,744	68,387,437
	15,929,409	13,180,926
Tk.	<u>81,230,153</u>	<u>81,568,363</u>

25. Income Tax Payable - Tk. 26,940,217

This is arrived at as follows :

Opening Balance
Add : Tax provided in 2004 (Note - 37)

Less : Tax paid during the year

Less : Advance income tax adjusted

	26,549,717	47,906,598
	28,469,983	38,975,206
	55,019,700	86,881,804
	(8,967,265)	(3,000,000)
	46,052,435	83,881,804
	(19,112,218)	(57,332,087)
Tk.	<u>26,940,217</u>	<u>26,549,717</u>

26. Net Sales Revenue - Tk. 2,402,700,962

This represents net sales and consists of as follows :

Local Sales
Export Sales-US\$ 1,346,319 (in 2003 US \$ 1,000,471)

	2,323,215,567	2,124,235,810
	79,485,395	59,593,985
Tk.	<u>2,402,700,962</u>	<u>2,183,829,795</u>

Sales represent :

Tablet & Capsules
Bottles & Tubes
Basic Chemicals

Pcs.	1,379,534,655	1,182,055,979
Pcs.	24,936,127	23,561,759
Kg.	350	46,724

27. Cost of Goods Sold - Tk. 1,430,590,446

This is made-up as follows :

	Notes	2004	2003
Work-in-Process (Opening)		90,349,959	80,625,166
Raw Material Consumed	28	787,768,299	851,733,404
Packing Material Consumed	29	332,424,935	231,207,585
Laboratory Chemical Consumed	30	5,962,199	4,601,714
		1,216,505,392	1,168,167,869
Work-in-Process (Closing)		(113,067,980)	(90,349,959)
TOTAL CONSUMPTION		1,103,437,412	1,077,817,910
Factory Overhead	31	311,983,228	264,282,650
COST OF PRODUCTION		1,415,420,640	1,342,100,560
Finished Goods (Opening)		387,269,598	411,049,204
Finished Goods Available		1,802,690,238	1,753,149,764
Transfer of Bulk Chemicals to Formulation Raw Material Inventory		(66,424,989)	-
Finished Goods (Closing)		(294,831,219)	(387,269,598)
		1,441,434,030	1,365,880,166
Cost of Physician Sample		(10,843,584)	(10,131,318)
	Tk.	<u>1,430,590,446</u>	<u>1,355,748,848</u>

Item wise quantity and value of Finished Goods Stock are as follows :

Item	Unit	Quantity	Value
Stock as on 01-01-04			
Tablet & Capsule	Pcs.	343,286,138	248,787,165
Bottle & Tube	Pcs.	5,601,680	81,557,668
Basic Chemicals	Kg.	10,403	56,924,765
			Tk. <u>387,269,598</u>
Stock as on 31-12-04			
Tablet & Capsule	Pcs.	299,836,507	210,437,857
Bottle & Tube	Pcs.	4,284,995	81,926,173
Basic Chemicals	Kg.	2,372	2,467,189
			Tk. <u>294,831,219</u>

28. Raw Material Consumed - Tk. 787,768,299

This is made-up as follows :

Opening Stock	400,129,288	391,493,587
Purchase (including transferred Bulk Chemicals)	1,019,459,244	860,369,105
Closing Stock	(631,820,233)	(400,129,288)
Tk.	<u>787,768,299</u>	<u>851,733,404</u>

Item wise quantity and value :

		SOLID	LIQUID	BASIC	TOTAL(Qnty)	TOTAL(Value)
Opening Stock (Consists of 452 items)	Kg.	332,699	97,095	346,872	776,666	386,880,261
	Ltr.	4,878	-	-	4,878	3,776,624
	Unit	58,983,173	-	-	58,983,173	9,472,403
						400,129,288
Add : Purchase (Consists of 387 items)	Kg.	2,022,941	652,316	25,416	2,700,673	1,005,154,175
	Ltr.	1,377	-	-	1,377	1,033,489
	Unit	81,850,211	-	-	81,850,211	13,271,580
						1,019,459,244
Less : Closing Stock (Consists of 483 items)	Kg.	690,474	137,942	355,061	1,183,477	616,557,513
	Ltr.	3,761	-	-	3,761	3,775,925
	Unit	70,456,902	-	-	70,456,902	11,486,795
						631,820,233
Consumption (Consists of 442 items)	Kg.	1,665,166	611,469	17,227	2,293,862	775,476,923
	Ltr.	2,494	-	-	2,494	1,034,188
	Unit	70,376,482	-	-	70,376,482	11,257,188
					Tk.	787,768,299

Raw material consumed is 74% imported.

29. Packing Material Consumed - Tk. 332,424,935

This is made-up as follows :

Opening Stock
Purchase
Closing Stock

	2004	2003
	118,233,247	104,790,428
	426,354,373	244,650,404
	(212,162,685)	(118,233,247)
Tk.	<u>332,424,935</u>	<u>231,207,585</u>

Packing material consumed is 40% imported.

Particulars in respect of quantity of each packing material as well as value of each class of packing material are not given as the number of items as well as classes of items are numerous.

30. Laboratory Chemical Consumed - Tk. 5,962,199

This is made-up as follows :

Opening Stock
Purchase
Closing Stock

	2004	2003
	395,921	417,427
	6,031,531	4,580,208
	(465,253)	(395,921)
Tk.	<u>5,962,199</u>	<u>4,601,714</u>

Particulars in respect of quantity of each laboratory chemical as well as value of each class of laboratory chemical are not given as the number of items as well as classes of items are numerous.

31. Factory Overhead - Tk. 311,983,228

This consists of as follows :

	2004	2003
Salary & Allowances (including welfare expenses and retiral benefit)	101,417,546	84,829,589
Repairs & Maintenance	27,632,150	18,999,015
Insurance Premium	4,320,384	5,717,387
Municipal Tax & Land Revenue	410,228	619,129
Advertisement & Subscription	172,297	167,861
Travelling & Conveyance	1,311,389	578,924
Entertainment	198,437	136,175
Research and Development	15,092,887	10,804,691
Printing & Stationery	2,871,120	3,086,358
Telephone & Postage	1,455,375	1,195,006
Toll Charge/ (income) - Net	(3,647,292)	(6,879,020)
Electricity, Gas & Water	9,406,726	10,772,951
Lease Rental	61,571,524	40,705,903
Other Expenses	7,691,541	8,866,169
Depreciation	82,078,916	84,682,512
Tk.	<u>311,983,228</u>	<u>264,282,650</u>

- (a) Salary and allowances include Company's Contribution to provident fund of Tk.1,809,995 (in 2003 Tk. 1,634,266).
- (b) In 2004, all the 476 factory employees received annual salary and allowances of Tk. 36,000 and above.
- (c) The value of imported stores and spares consumed is Tk. 4,035,791 (in 2003 Tk. 5,942,130) which is 46% (56% in 2003) of total stores and spares consumed as included in repairs & maintenance.
- (d) Other expenses does not include any item exceeding 1% of total revenue.

32. Administrative Expenses Tk. 88,095,645

This consists of as follows :

	2004	2003
Salary & Allowances (including welfare expenses and retiral benefit)	43,191,044	26,687,420
Rent Expenses	4,241,545	3,362,641
Repairs & Maintenance	6,359,844	4,321,624
Donation & Subscription	842,035	653,663
Travelling & Conveyance	4,884,470	1,546,944
Entertainment	1,148,491	479,290
Printing & Stationery	767,733	625,266
Auditors' Remuneration	200,000	150,000
Telephone & Postage	2,781,576	1,821,106
Software & Networking Expenses	-	4,000,000
Electricity, Gas & Water	3,122,254	1,463,660
Legal & Consultancy Fee	1,439,358	239,690
AGM and Company Secretarial Expenses	9,941,472	9,279,763
Other Expenses	1,511,700	1,061,948
Lease Rental	7,664,123	28,636,317
Tk.	<u>88,095,645</u>	<u>84,329,332</u>

- (a) Salary and allowances include provident fund contribution of Tk. 919,146 (in 2003 Tk. 718,799).
- (b) In 2004, all the 91 employees of head office (excluding employees relating to selling and distribution) received annual salary and allowances of Tk. 36,000 and above.
- (c) Auditors' remuneration represents audit fee for auditing the accounts for the year 2004.

33. Selling and Distribution Expenses - Tk. 382,741,848

This consists of as follows :

	2004	2003
Salary & Allowances (including welfare expenses and retiral benefit)	131,438,824	112,937,190
Rent Expenses	12,026,348	13,190,702
Repairs & Maintenance	11,281,416	11,877,051
Travelling & Conveyance	56,870,392	45,934,281
Entertainment	1,499,916	1,373,544
Printing & Stationery	6,018,420	3,554,311
Telephone & Postage	7,794,438	7,026,525
Electricity, Gas & Water	2,748,366	3,388,259
Market Research & New Products	12,807,376	6,131,424
Training & Conference	7,956,113	5,129,762
Sample Expenses	14,232,342	11,157,908
Promotional Expenses	28,383,518	25,612,217
Literature/News Letter	24,718,107	16,867,663
Export Expenses	4,850,415	3,271,278
Lease Rental	5,120,612	8,162,857
Distribution Commission	47,212,748	30,719,966
Other Expenses	7,782,497	7,334,302
Tk.	<u>382,741,848</u>	<u>313,669,240</u>

- (a) Salary and allowances include provident fund contribution of Tk. 4,218,457 (in 2003 Tk. 3,229,720).
- (b) In 2004, all the 798 employees relates to selling and distribution received annual salary and allowances of Tk. 36,000 and above.
- (c) Distribution commission represents 2% of sales other than export sales and Basic chemical products sales which has been paid to the I & I Services Ltd., the sole distributor of the company and a related party.

34. Other Income - Tk. 5,298,876

This is arrived at as follows :

Cash Dividend received on investment in shares of Padma Textile Mills Ltd.	2,895,750	1,316,250
Stock Dividend received on investment in shares of Padma Textile Mills Ltd.	1,447,870	2,632,500
Exchange gain on retention quota (F.C.) accounts	399,385	218,964
Profit/(Loss) on sale of Fixed Assets	555,871	(849,124)
Tk.	<u>5,298,876</u>	<u>3,318,590</u>

35. Finance Cost - Tk. 172,054,306

This is made-up as follows :

Interest on Cash Credit and others	157,393,995	143,159,432
Interest on loan from PF and WPP & Welfare Fund	14,660,311	13,442,074
Tk.	<u>172,054,306</u>	<u>156,601,506</u>

36. Contribution To Workers' Profit Participation / Welfare Funds -Tk. 15,929,409

This represents 5% of net profit before tax after charging the contribution as per provisions of the Companies Profit (Workers' Participation) Act, 1968 and is payable to workers as defined in the said Act.

37. Income Tax Expenses-Tk. 24,285,250

This consists of as follows :

(i) Current Tax	28,469,983	38,975,206
(ii) Deferred Tax Expenses/(Income)	(4,184,733)	17,502,961
Tk.	<u>24,285,250</u>	<u>56,478,167</u>

38. Basic Earnings Per Share (EPS)

The computation of EPS is given below :

	2004	2003
(a) Earnings attributable to the Ordinary Shareholders (Net profit after Tax)	Tk. 294,302,934	207,140,366
(b) Weighted average number of Ordinary Shares outstanding during the year	55,976,250	55,976,250
(c) Basic EPS of 2004/ Adjusted EPS of 2003	Tk. 5.26	3.70

The definition of numerator (Earnings) and denominator (Weighted average number of shares) is stated in Note-7 (n).

39. Tax-Holiday Reserve - Tk. 99,574,755

This represents 40% of net profit of the Tax-Holiday units.

40. Related Party Transactions

Nature of Transactions	2004	2003
(a) Accounts Receivable	487,675,820	463,061,601
(b) Trade Creditors	585,000	585,000
(c) Distribution Commission	47,212,748	30,719,966
(d) Software & Networking Expenses	-	4,000,000
(e) Investment in Shares	44,624,120	43,176,250
(f) Cash and Stock Dividend Income	4,343,620	3,948,750

41. Particulars of Disposal of Property, Plant and Equipment

This following assets were disposed off:

During The Year Ended 31-12-04 :

PARTICULARS OF ASSETS	COST	DEP.UPTO 31-12-03	W.D.V. AS ON 31-12-03	SALES PRICE	PROFIT/ (LOSS)	NAME OF PARTIES	MODE OF DISPOSAL
Yamaha 100 C.C Motor Cycle	25,323	24,838	485	10,000	9,515	Mr. Abdul Momen	Tender
Toyota Corolla LX-1500 C.C	657,414	569,177	88,237	200,000	111,763	Mr. Shameem Hashem	Tender
Toyota Corolla LX-1500 C.C	33,270	19,643	13,627	177,000	163,373	Green Delta Insurance Co. Ltd.	Tender
Toyota Camry-M-SV-30 1800 C.C.	910,000	757,327	152,673	137,405	(15,268)	Mr. Choudhury Hafizur Rahman	Negotiation
Machinery	1,245,611	1,123,943	121,668	427,186	305,518	M/S Fazlul Haque & Brothers	Tender
Office Equipment	7,200	6,628	572	1,549	977	M/S Fazlul Haque & Brothers	Tender
Furniture	126,840	38,040	88,800	74,289	(14,511)	Mr. Salim	Negotiation
Furniture	46,500	15,991	30,509	30,500	(9)	Mr. Anwar Zahid	Negotiation
Furniture	36,500	9,892	26,608	10,000	(16,609)	Mr. Mohsin	Negotiation
Furniture	23,800	15,501	8,299	5,000	(3,299)	Mr. Shafiqul Islam	Negotiation
Furniture	67,000	12,730	54,270	54,270	-	Dr. Md. Shariful Alam	Negotiation
Furniture	62,786	49,187	13,599	28,019	14,420	M/S Fazlul Haque & Brothers	Tender
Machinery	140,466,043	73,725,615	66,740,428	66,740,428	-	Bangladesh Antibiotic Industries Ltd.	Negotiation
Tk.	143,708,287	76,368,512	67,339,775	67,895,646	555,871		

42. Payment/Perquisites to Directors and Officers

(a) The aggregate amounts paid to/ provided for the officers of the company as defined in the Securities and Exchange Rules 1987 are disclosed below :

	2004	2003
Managerial Remuneration	18,581,349	17,162,840
Gratuity	1,229,911	1,124,593
Company's Contribution to Provident Fund	1,211,458	1,118,954
Bonus	2,301,273	2,145,369
Perquisites :		
Housing	5,789,341	5,412,369
Transport	4,447,985	4,123,659
Medical	1,540,149	1,426,539
Telephone	1,770,752	1,645,879
Electricity, Gas & Water	1,252,839	1,178,976
Total	Tk. 38,125,057	35,339,178

(b) No compensation was allowed by the company to the Directors of the company.

(c) No amount of money was expended by the company for compensating any member of the board for special services rendered.

(d) No board meeting attendance fee was paid to the directors of the company.

43. Production Capacity, Actual Production in 2004 and Reason of Excess/(Shortfall)

	Unit	Production Capacity		Actual Production		Excess/(Shortfall)		Reason of Excess or Shortfall
		2004	2003	2004	2003	2004	2003	
Solid Section	Tablet & Capsule (in million pcs)	1,336	1,275	1,542	1,164	206	(111)	As per market demand and available capacity.
Liquid Section	Bottle & Tube (in million pcs)	26	22	24	24	(2)	2	As per market demand and available capacity.
Basic Chemical	Metric ton	36	180	4	48	(32)	(132)	As per market demand and available capacity.

44. Capital Expenditure Commitment

The company has capital expenditure amounting US\$ 5,408,853 contracted but not incurred or provided for at 31 December 2004.

45. Operating Lease Commitment

At 31 December, 2004, the company had annual commitment under operating leases as set out below :

Leases expire within 1 year	7,340,157
Leases expire within 2-5 years (inclusive)	45,462,288
Leases expire after five years	-
Tk.	52,802,445

46. Claim not Acknowledged as Debt

There was no claim against the company not acknowledged as debt as on 31-12-04 except as stated in Note -17 (c).

47. Un-availed Credit Facilities

The company has an un-availed project loan facilities of US \$ 1,704,350 sanctioned under consortium arrangement for procurement of plant & machinery for the USFDA project.

48. Payments Made in Foreign Currency

	Foreign Currency (Equivalent US\$)	Taka
Import of Machinery	271,039	15,934,471
Import of Raw & Packing Material and Spares	10,030,558	604,603,018
Technical Know-how Fees	95,452	5,746,745

No other expenses including royalty, technical expert and professional advisory fee, interest, etc. was incurred or paid in foreign currencies except as stated above.

49. Dividend Paid to the Non-resident Shareholders in 2004

- (i) Dividend for 2003 was declared on 24-06-2004 and therefore, dividend for 2003 was paid in 2004.
- (ii) Dividend of Tk. 481,191 relating to the year 2003 was paid to 6 non-resident shareholders against 481,191 shares held by them.
- (iii) No dividend was remitted in foreign currency but paid in local currency to their local custodian banks.

50. Foreign Exchange Earned

- (a) Export Sales of US\$ 1,346,139 (in 2003 US\$ 1,000,471).
- (b) No other income including royalty, technical assistance and professional advisory fee, interest and dividend was earned or received in foreign currency.

51. Commission, Brokerage against Sales

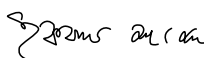
- (a) Distribution commission of Tk. 47,212,748 (in 2003 Tk. 30,719,966) were incurred and paid during the year under review.
- (b) No other commission was incurred or paid to the sales agent/distributor nor any brokerage or discount other than conventional trade discount was incurred or paid against sales except as stated in (a) above.

52. Post Closing Events

- (a) Subsequent to the balance sheet date, the directors recommended 5% cash dividend and 25% stock dividend (Bonus Share). The dividend proposal is subject to shareholders' approval at the forthcoming annual general meeting.
- (b) Except the fact stated above, no circumstances have arisen since the balance sheet date which would require adjustment to, or disclosure, in the Financial Statements or notes thereto.



C. H. Rahman
Director



Iqbal Ahmed
Director



Md. Asad Ullah
Company Secretary

Dhaka
27 April 2005



**BEXIMCO
PHARMA**

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Janata Bank

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