



# Annual Report 2010-2011



**SQUARE**  
PHARMACEUTICALS LTD.  
BANGLADESH



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**SQUARE PHARMACEUTICALS LTD.**  
**TRANSMITTAL LETTER**

The  
Shareholders  
Securities and Exchange Commission  
Registrar of Joint Stock Companies & Firms  
Dhaka Stock Exchange Ltd.  
Chittagong Stock Exchange Ltd.

**Sub : Annual Report for the year ended March 31, 2011**

Dear Sir(s):

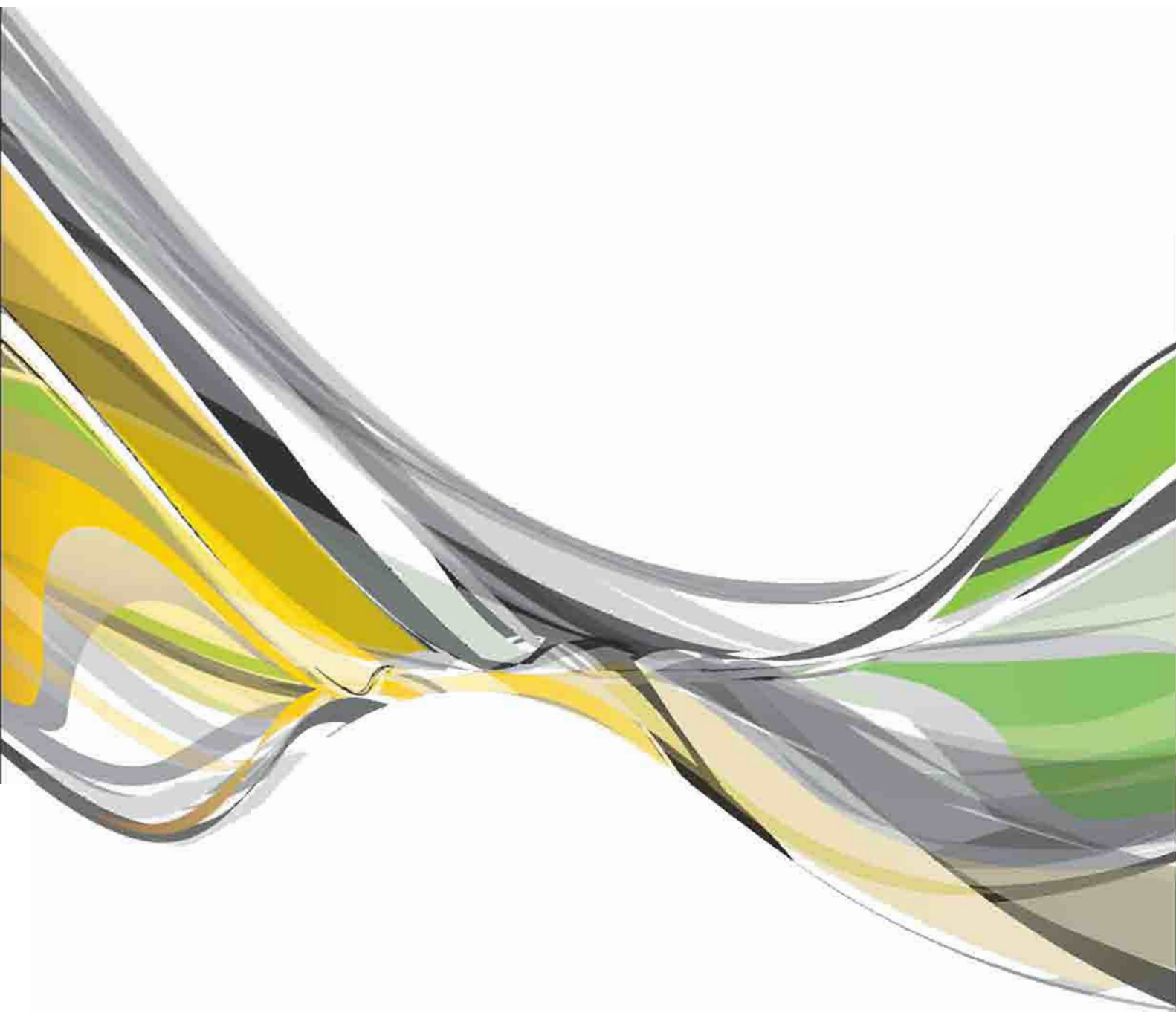
We are pleased to enclose a copy of the Annual Report together with the Audited Accounts including Statement of Financial Position as at March 31, 2011, Statement of comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year ended March 31, 2011 along with notes thereon and all related consolidated financial statements for your record/necessary measures.

Yours sincerely



Khandaker Habibuzzaman  
Company Secretary

Dated: 5th September, 2011



## **SQUARE PHARMACEUTICALS LTD.**

### **NOTICE TO THE SHAREHOLDERS**

Notice is hereby given that the 45th ANNUAL GENERAL MEETING of the shareholders of Square Pharmaceuticals Ltd. will be held on **Wednesday the 21st September, 2011 at 11:00 a.m.** at **Factory Premises**, Board Ghar Bazar, Kaliakoir, Gazipur to transact the following business:

Agenda -1: To receive, consider and adopt the Accounts for the year ended March 31, 2011 together with the Report of the Directors and the Auditors thereon.

Agenda -2: To declare dividend for the year ended March 31, 2011.

Agenda -3: To elect Directors in terms of the relevant provision of Articles of Association.

Agenda -4: To appoint Auditors and to fix their remuneration.

By order of the Board



Khandaker Habibuzzaman  
Company Secretary

Dated: 5th September, 2011

Notes: The proxy form must be affixed with requisite revenue stamp and be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.



### **Vision**

We view business as a means to the material and social well being of the investors, employees and the society at large, leading to accretion of wealth through financial and moral gains as a part of the process of the human civilization.

### **Mission**

Our Mission is to produce and provide quality & innovative healthcare relief for people, maintain stringently ethical standard in business operation also ensuring benefit to the shareholders, stakeholders and the society at large.

### **Objectives**

Our objectives are to conduct transparent business operation based on market mechanism within the legal & social framework with aims to attain the mission reflected by our vision.

### **Corporate Focus**

Our vision, our mission and our objectives are to emphasise on the quality of product, process and services leading to growth of the company imbued with good governance practices.



## The Ten Principles of Global Compact (UN) :

The ten principles of Global Compact initiated by the UN Secretary General as have been adopted by Square Pharmaceuticals Ltd. are as follows :

### Human Rights:

- (1) Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
- (2) Make sure that they are not complicit in human rights abuses.

### Labour Standards:

- (3) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- (4) The elimination of all forms of forced and compulsory labour;
- (5) The effective abolition of child labour and
- (6) Eliminate discrimination in respect of employment and occupation.

### Environment:

- (7) Business should support a precautionary approach to environmental challenges;
- (8) Undertake initiatives to promote greater environmental responsibility; and
- (9) Encourage the development and diffusion of environmentally friendly technologies.

### Ethical Standards:

- (10) Business should work against corruption in all its forms, including extortion and bribery.

## WE STRIVE FOR

- We in SQUARE, strive, above all, for top quality health care products at the least cost reaching the lowest rungs of the economic class of people in the country. We value our social obligations.
- We owe our shareholders and strive for protection of their capital as well as ensure highest return and growth of their assets.
- We strive for best compensation to all the employees who constitute the back-bone of the management and operational strength of the company through a pay-package composing salary/wages, allowances, bonuses, profit participation, leave salary and superannuation & retirement benefits.
- We strive for the best co-operation of the creditors & debtors the banks & financial Institutions who provide financial support when we need them, the suppliers of raw materials & suppliers who offer them at the best prices at the opportune moments, the providers of utilities-power, gas & water etc. and the customers who buy our products & services by redeeming their claim in time by making prompt payment and by distributing proper product on due dates to our customers.
- We strive for fulfillment of our responsibility to the government through payment of entire range of due taxes, duties and claims by various public agencies like municipalities etc.
- We strive, as responsible citizen, for a social order devoid of malpractices, anti-environmental behaviours, unethical and immoral activities and corruptive dealings.
- We strive for practicing good-governance in every sphere of activities covering inter alia not being limited to, disclosure & reporting to shareholders, holding AGM in time, distribution of dividends and other benefits to shareholders, reporting/dissemination of price sensitive information, acquisition of shares by insiders, recruitment & promotion of staff, procurement & supplies, sale of assets etc. all that directly and indirectly affect the interest of concerned groups - the shareholders, the creditors, suppliers, employees, government and the public in general.
- We strive for equality between sexes, races, religions and regions in all spheres of our operation without any discriminatory treatment.
- We strive for an environment free from pollution and poisoning.
- We strive for the achievement of millennium development goals for the human civilization

## CORPORATE GOVERNANCE:

Corporate Governance involves decision making processes for any corporate body as a going concern for the benefit of all concerned, present and future. These decisions may be categorised as policy & strategic, operational and executing, performance & evaluation and sharing of the accretional assets between present & future cohorts. The involvement of the entrepreneur in all these areas invokes decision making governance on a continuous basis, the degree of involvement being variable with the extent of delegation of authority top down and reporting for accountability bottom up of the Management echelon. These aspects of governance are shared by the Board of Directors, Executive Management, operational participants and workers and others in fulfillment of the common goals that converge in increasing the benefits of all stakeholders. To this end entire corporate governance efforts are blended with "good governance practices" as ethically and morally acceptable standards under a given socio politico environmental phenomenon of our society in which we work, live and exist.

The organisms through which the corporate governance functions are carried out are:

### BOARD OF DIRECTORS:

#### (a) Constitution:

The Board of Directors, the top Management echelon, consisting of the founding entrepreneurs/successors and an Independent Director, provides the policy and strategic support and direction for the entire range of the corporate activities. The Board of Directors consist of nine (9) members including the Independent Director with varied education and experience which provides a balancing character in decision making process. The Board is re-constituted every year at each Annual General Meeting when one-third of the members retire and seek re-election. A director is liable to be removed if the conditions of the Articles of Association and the provisions of the Companies Act 1994 are not fulfilled.

#### (b) Role & Responsibilities:

The main role of the Board of Directors, which is the highest level of authority, is to provide general superintendence, oversee the operations and control the affairs of the company through appropriate delegation and accountability processes via the lines of command. However the Board of Directors hold the ultimate responsibility & accountability with due diligence for conducting the activities of the company as per provisions of law in the interest of the shareholders, the stakeholders, the state and the society. The Board of Directors, in fulfillment of its responsibility hold periodic meetings, at least once a quarter and provide appropriate decisions/directions to the Executive Management. Such meetings usually consider operational performance, financial results, review of budgets, capital expenditure proposals for BMRE or new projects/divisions/product lines, procurement of funds by issue of shares or borrowing, procurement of raw materials, plant & machinery, pricing of products/discounts, recruitment, training and promotion of officers, approval of audited accounts and distribution of dividends and other interest of the stakeholders including the employees and workers. The Board of Directors take special care in designing and articulating productivity and compensation plans of employees and workers and rewarding them appropriately on the basis of quality and quantity of performance as an incentive. Board also remains responsible for removal of operational hazards to life and health of workers, friendly environmental work condition and social relationship as demanded of good citizen in a country.



### **(c) Relationship with Shareholders & Public:**

The shareholders as owners, are required to be provided with material information on the company's operation quarterly, half-yearly and annually, the latter at the AGM. They are also provided routine services by the Company Secretary in matters of transfer of shares, replacement in case of loss or damage of shares, payment of dividends etc. The Board is however responsible to the public for publication of any price sensitive information as per SEC regulation. A qualified Chartered Secretary is in charge for all these responsibilities as Company Secretary.

### **(d) Relationship with Government:**

In its role on accountability to the government, the Board of Directors ensure payment of all dues to government in the form of import duty, custom duty and port charges, VAT, Corporate Taxes and other levies as and when they become due on the basis of actual operations and make sure to avoid corruption. This has enabled the company to enhance its contribution to the National Exchequer on a progressive rate year after year.

### **(e) Relationship with Financers/Bankers:**

The Board oversees the financial transactions and ensures to meet company's commitments to the lenders without default. This has resulted in securing lower interest rates from them.

### **(f) Relationship with Suppliers:**

As the company has to import plant and machinery and almost all the raw materials from abroad, it maintains cordial and mutually beneficial interest with its international as well as local suppliers. This has enabled the company to avoid any legal disputes in international/local courts and enhanced the company's image as a good customer.

### **(g) Corporate Social Responsibilities (CSR):**

The Board of Directors is also awoken of the Corporate Social Responsibilities (CSR) especially in the areas of gender equality, race-religion-regional equality, non-employment of child labour, human rights, environmental pollution, social-marketing, social activities (promotion of sports & culture, health care and population control programs, elimination of corruption programs, participation in charitable activities etc. in non-partisan manner) right to form and participate in Union under ILO convention, employment of disabled etc.

### **AUDIT COMMITTEE OF BOARD**

The Board of Directors has constituted an Audit Committee of the Board consisting of three Directors. The Audit Committee is headed by the Independent Director, Mr. M. Sekander Ali, an MBA and a Senior Development and Investment Banker of the country. Other members are Mr. Samuel S. Chowdhury, Director and Mr. Kazi Iqbal Harun, Director. The Audit Committee carries out its responsibilities as per the provisions of law and submits its report to the Board of Directors from time to time. The Audit Committee shall also co-ordinate with the Internal and external Auditors as and when required. The Audit Committee ensures that adequate internal checks & balances supported by adequate MIS are in place for detection of errors frauds and other deficiencies. The other responsibilities include inter alia, not being limited to, the prevention of conflict of interest between the company and its Directors officials, customers, suppliers, government and any other interest groups and detect or remove any scope of insider trading in the company's stock. The Audit Committee also ensures compliance of requirements of SEC and other agencies.

## **EXECUTIVE MANAGEMENT**

The Executive Management is led by the Managing Director (CEO) who is appointed by the Board of Directors for a term of 5 years (renewable) with the approval of shareholders in the Annual General Meeting. The Managing Director is supported by professional, well educated, trained and experienced team consisting of Executive Directors, Directors, General Managers and a host of Senior Executives in the hierarchy of management. The Board has approved an organogram with modern features ensuring clear lines of delegation of authority and reporting for accountability for effective decision making evaluation of performance on merit for both rewarding and disciplinary action. The Executive Management is responsible for preparation of budgetary segment plans/sub-segment plans for every cost/profit centres and are held accountable for performance therefor. The Executive Management is aided by committee(s)/sub-committee(s) in carrying out its functions.

## **OTHER GOVERNANCE APPARATUS**

The Company, in its efforts for Corporate Good Governance Practices, uses a series of top ranking professional service providers including Legal experts, Bankers, Insurers and Technical experts who continuously assist the Board of Directors and the Executive Management in properly discharging their duties to all the shareholders, stakeholders, the Government and the public as highlighted below:

### **(1) Independent Director:**

In compliance of the SEC Regulations on Good Governance, the Board of Directors as empowered by the Regulations, appointed Mr. M Sekander Ali, one of the Senior Development/Investment Bankers of the country, former Managing Director of Bangladesh Shilpa Bank/Bangladesh Shilpa Rin Sangstha/Investment Corporation of Bangladesh and Senior Adviser, the Securities and Exchange Commission, as the non-shareholder Independent Director. It is expected that his expertise would help contribute to the further disclosure and protect the interest of all investors in general and smaller investors in particular.

### **(2) Legal Advisers:**

In order to avail the best legal services for Good Corporate Governance, the company has empanelled the following top ranking legal professionals:

Mr. Rafiqul-ul Huq, Bar-at-Law  
Mr. Rokonuddin Mahmud, Bar-at-Law  
Ms. Nihad Kabir, Bar-at-Law

The expertise of the above named professionals have had long term fundamental support to the company's Good Governance efforts.

### **(3) Bankers:**

The degree of efficient business operation largely depends on the quality of efficiency of banking services received by the company. Efficient banking service brings down cost of operations. On the other hand, cost of financial services and interest on the lending by the banks are also required to be the minimum. With this end of view, the company has established long term business relationship with the following banks who provide most efficient service at minimum cost/interest that benefit the shareholders:

Janata Bank Ltd.  
Citibank N.A  
Standard Chartered Bank  
HSBC Ltd.  
Eastern Bank Ltd.  
Commercial Bank of Ceylon Ltd.  
Mercantile Bank Ltd.  
Bank Alfalah Ltd.  
Shahjalal Islami Bank Ltd.  
Trust Bank Ltd.  
Bank Asia Ltd.  
DEG, Germany

The company has neither ever defaulted in any commitment with its Bankers nor did get entangled in legal dispute at any court premises.

### **(4) Insurer:**

Insurance services cover certain operational risks which are required by law/business practices to be covered by legitimate insurance service providers for protection of the interest of the company, nay, the investors. To this end, the company has to select insurer with the most efficient, reputed and financially sound history so that claims, if any, are settled promptly and the premium rates are market competitive. The company, based on these considerations, is maintaining insurance business relationships with the following highly reputed and publicly listed companies:

Pragati Insurance Ltd.  
Pioneer Insurance Co. Ltd.

The company has not yet faced any dispute over any claims and the company enjoys special premium

### **(5) Auditors:**

The role of the auditors in certification of the financial statement is the most significant aspect of Corporate Governance and protection of interest of investors. As evident from the Annual Reports, the company rigidly follows the code of International Accounting Standards (IAS) and International Standard of Auditing (ISA) with legally required disclosures of Accounts and Financial Statements. This has been possible due to the high level capability and integrity of M/s. Chowdhury Bhattacharjee & Co, Chartered Accountants whose unchallenging performance has played a very trustworthy role in the protection of interest of the investors.

## **DIVIDEND POLICY**

Ethics is an ingredient of Good Governance and involves a determination of what is right and what is wrong and deals with things to be sought and things to be avoided with way of life and the end of life. Ethics invokes the management of the environment within which we function from a perspective broader than, but obviously inclusive of, the current cohort. Since the corporate environment is in theory an infinitely lived entity owned by finitely lived shareholders, a governance ethic must represent a system that serves the needs of the current ownership while preserving the ability of the corporation to sustain itself and benefit future cohorts. The corporate ethic must necessarily promote efficiency in co-existing with the environment to generate the quality of life for a current cohort and yet also provide an equity that does not disadvantage a future cohort by the decisions of a current cohort. As an environmental ethic analogy, those living today naturally believe in dividend payouts today with less regard for the consequence tomorrow and those living tomorrow would prefer dividend payouts tomorrow without regard for the sacrifices we make today to allow their greater consumption tomorrow.

Based on the above concept, the company is committed to show a stable policy of distribution (cash outlay) of the accretional wealth (profits) between the current and the future generation of shareholders. This would enable the company to enhance its capital wealth and sustain for perpetuity of existence, benefiting both the present cohorts and the progeny.

## **SHAREHOLDERS' RELATIONSHIP**

Corporate Governance issues include how major policy decisions are made in business corporations, how various stakeholders can influence the process, who is held accountable for performance and what performance standards are applied. In a nutshell power and influence are crucial in corporate governance. As shareholders belong to the most important stakeholders, ownership structure has an impact on the balance of power among shareholders. Though sponsors usually hold majority shares required for ordinary resolutions, public shareholders have a definite role and influence in the passing of special resolutions required for changes in the business object, sale of business/productive assets, merger and amalgamation, winding up or dissolution and amendments to Memorandum and Articles of Association for protection of minority interest up to 49.9% of the shareholdings. The position of shareholders as on 31-03-2011 indicates that the sponsors of the company do not hold the required shareholdings (75%) for passing special resolutions. This allows the public shareholders (individuals & institutions) to play an effective role in protecting their legal corporate rights.

The Company holds regularly as per law the Annual General Meeting with adequate notice and disclosures in the Directors' Report and the Auditors' Report on Accounts/Notes and resolutions are passed with consensus and unanimity. All reasonable and practicable suggestions are implemented with good grace. Special Resolutions are passed in General Meeting with due notices.

All enquiries are attended by the Company Secretary. Where necessary, Internal Audit Committee investigates matters of significant merit for consideration by the Management Committee/Managing Director/Audit Committee of Board/Board of Directors as the case may be.

## CORPORATE GOVERNANCE

### CORPORATE SOCIALISATION

In order to play a model role for Good Governance characteristics in the corporate sector, the company has become members of country's leading chamber - Metropolitan Chamber of Commerce & Industries (MCCI), Bangladesh Association of Publicly Listed Companies (BAPLC), Central Depository Bangladesh Limited (CDBL), Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE). These memberships have provided scope to the company for improvement of Corporate Governance Practices for the benefit of the shareholders /stakeholders.

### RESEARCH AND NEW PRODUCTS DEVELOPMENT

As a part of Corporate Social Responsibility for Good Governance the company maintains a team of scientific pharmaceutical experts who continuously conduct research & development programs for improving quality of products, reduction of cost, adoption of products that are free of intellectual property rights and innovative products. These efforts have enabled the company to add new products to its product lines every year to the benefit of the common men of the country and the shareholders. The success in this field has secured the leading position for the company in the pharmaceutical sector.

### BEYOND THE BORDER

Corporate social responsibility, an element of Good Corporate Governance, extend to the society to the government and beyond the borders of the country for social good as well as for contribution of Foreign Exchange Resources to the National Exchequer. To this end, the company is making entry into foreign markets and making efforts in registering its products in USA/EU countries for which is has already set up a modern state-of-art production facilities at Kaliakoir, Gazipur. The company has already secured permission for marketing its products in UK/EU countries.

### SEGMENT REPORT

The company's chief operating decision makers review the profit and loss of the company on an aggregate basis and manage the operations of the company as a single operating segment. Accordingly, the company operates in one segment, which is the business of developing, manufacturing and marketing of drugs for health care for all live species.

### RISK PERCEPTION

Company management perceives investment risks within the national and international economic situation in relation to legal requirements involving intellectual property rights, scientific invention, WTO regulations and monetary & fiscal investment policies and has prepared its production & marketing strategy to meet the challenges from these risks.





# Corporate Review







## MANAGEMENT APPARATUS

### **BOARD OF DIRECTORS**

Mr. Samson H. Chowdhury	Chairman
Mr. Samuel S. Chowdhury	Vice Chairman
Mr. Tapan Chowdhury	Managing Director
Dr. Kazi Harunar Rashid	Director
Mr. M. Sekander Ali	Independent Director
Ms. Ratna Patra	Director
Mr. Anjan Chowdhury	Director
Mr. Kazi Iqbal Harun	Director
Mr. K. M Saiful Islam	Director

### **AUDIT COMMITTEE**

Mr. M. Sekander Ali	Chairman
Mr. Samuel S. Chowdhury	Member
Mr. Kazi Iqbal Harun	Member

### **MANAGEMENT COMMITTEE**

Mr. Tapan Chowdhury	Chairman
Mr. K M Saiful Islam	Member
Mr. Parvez Hashim	Member
Mr. M. Ashiqul Hoque Chawdhury	Member
Mr. Muhammadul Haque	Member
Mr. Md. Kabir Reza, FCMA	Member

## MANAGEMENT APPARATUS

### SENIOR CORPORATE OFFICIALS

Mr. Md. Kabir Reza, FCMA	Chief Financial Officer
Mr. Khandaker Habibuzzaman, MBA, ACS	Company Secretary
Mr. Md. Majibur Rahman Bhuiyan, M.Com	Head of Internal Audit

### COMPANY SECRETARY

Mr. Khandaker Habibuzzaman, MBA, ACS

### AUDITORS

M/s. Chowdhury Bhattacharjee & Co.  
Chartered Accountants  
47/2, Indira Road  
Dhaka-1215, Bangladesh

### LEGAL ADVISORS

Mr. Rafique-ul Huq, Bar-at-Law  
47/1, Purana Paltan, Dhaka

Mr. Rokonuddin Mahmud, Bar-at-Law  
Walsow Tower  
21-23, Kazi Nazrul Islam Avenue, Dhaka

Ms. Nihad Kabir, Bar-at-Law  
House No. 62, Road No. 11A  
Dhanmondi, Dhaka

### BANKERS

Janata Bank Ltd.  
1, Dilkusha C.A, Dhaka

Citibank N.A  
109, Gulshan Avenue, Gulshan, Dhaka

Standard Chartered Bank  
67, Gulshan Avenue, Gulshan, Dhaka

HSBC Ltd.  
Shanta Western Tower, 186 Bir Uttam Mir Shawkat Ali Road  
Tejgaon I.A, Dhaka

Commercial Bank of Ceylon Ltd.  
2, Dilkusha, C.A, Dhaka

Eastern Bank Ltd.  
31, North C.A, Gulshan Circle-2, Dhaka

Mercantile Bank Ltd.  
61, Dilkusha C.A, Dhaka

Bank Alfalah Ltd.  
5, Rajuk Avenue, Motijheel, Dhaka

Shahjalal Islami Bank Ltd.  
House-6, Road-32, Gulshan Avenue, Dhaka

Trust Bank Ltd.  
110, Gulshan Avenue, Dhaka

Bank Asia Ltd.  
82, Mohakhali C.A, Dhaka

DEG, Germany

### INSURERS

Pioneer Insurance Co. Ltd.  
Plot No. SE (F) 9, Road No. 142  
South Avenue, Gulshan-1, Dhaka

Pragati Insurance Co. Ltd.  
20-21, Kawran Bazar, Dhaka

### LISTING

Dhaka Stock Exchange Ltd.  
Chittagong Stock Exchange Ltd.

### REGISTERED OFFICE

"Square Centre"  
48, Mohakhali C.A  
Dhaka-1212, Bangladesh  
Phone: 8833047-56, 8859007  
[www.squarepharma.com.bd](http://www.squarepharma.com.bd)

### FACTORIES

- Square Road, Salgaria, Pabna, Bangladesh
- Board Ghar Bazar  
Kaliakoir, Gazipur, Bangladesh



## CORPORATE HISTORY:

- Year of Establishment (Initially as a Partnership) : 1958
- Incorporated as a Private Limited Company : 1964
- Technical Collaboration Agreement with Janssen Pharmaceuticals of Belgium ( a subsidiary of Johnson & Johnson International Ltd.) : 1975
- Technical Collaboration Agreement with F. Hoffman-La Roche & Co. Ltd. : 1984
- Converted into Public Limited Company : 1991
- Initially Public Offering (IPO) : 1994
- Stock Exchange Listings : 1995
- Agreement with M/s. Bovis Tanvec Ltd. of UK for implementation of Dhaka Plant : 1996
- Awarded ISO-9001 Certificate : 1998
- Awarded UK-MHRA Certificate : 2007
- Business Lines :
  - Manufacturing and Marketing of Pharmaceutical Finished Products, Basic Chemicals, AgroVet Products Pesticide Products, Small Volume Parental Ophthalmic Products and Insulin Products
- Authorized Capital : Tk. 5,000 million
- Paid-up Capital : Tk. 1,961.74 million
- Number of Employees : 4,617
- Subsidiary Company
  - Square Cephalosporins Ltd.
  - Square Biotechs Ltd.
  - Square Multi Fabrics Ltd.
- Associate Company
  - Square Textiles Ltd.
  - Square Knit Fabrics Ltd.
  - Square Fashions Ltd.
  - Square Hospitals Ltd.

## CORPORATE OPERATIONAL RESULTS:

(Figures in thousand)

	2010-11	2009-10	2008-09	2007-08	2006-07
Turnover (Gross)	15,576,488	13,279,142	11,366,598	9,565,716	8,711,035
Value Added Tax	2,105,063	1,816,563	1,545,801	1,307,872	1,210,223
Turnover (Net)	13,471,424	11,462,578	9,820,797	8,257,844	7,500,811
Gross Profit	5,767,763	4,901,290	4,148,231	3,401,782	3,232,364
Net Profit before Tax	3,414,752	2,825,069	2,511,259	1,868,634	1,722,906
Net Profit after Tax	2,532,055	2,087,872	1,890,053	1,381,863	1,303,243
Net Assets Value (NAV)	13,817,709	11,554,380	9,949,398	8,417,041	7,333,258
Total Assets	19,444,410	15,029,500	13,251,243	12,703,127	10,486,940
Total Bank Borrowings	3,761,330	2,231,167	2,279,694	3,569,280	2,536,524
Total Current Assets	7,022,214	4,774,311	3,843,513	4,411,836	3,682,511
Total Current Liabilities	4,668,189	2,216,744	2,640,869	3,500,845	2,555,566
Current Ratio	1.50	2.05	1.45	1.26	1.44
No. of Share Outstanding	19,617,390	15,090,300	12,072,240	8,942,400	5,961,600
Dividend per Share (Cash)	30	35	40	40	50
Dividend per Share (Stock)	35%	30%	25%	35%	50%
Net Assets Value per Share (NAV)	704	777	832	558	486
Net Operating Cash Flow per Share	146.95	176.51	164.87	86.20	96.08
Earning per Share (SPL)	129.07	106.43	96.35	70.44	66.43
Earning per Share (Consolidated)	166.05	127.29	104.93	77.77	74.33
EPS at Original Capital at IPO	2,532.05	2,087.87	1,890.05	1,389.86	1,303.24
Quoted Price per Share - DSE	3,272	3,581	2,935	4,110	2,447
Quoted Price per Share - CSE	3,261	3,597	2,923	4,107	2,462
Price Earning Ratio-DSE (Time)	25.35	33.65	30.46	58.35	36.84
Number of Shareholders	54,278	40,797	47,258	31,688	13,009
Human Resources:					
Executives	2,055	1,909	1,786	1,525	1,242
Staff	1,433	1,259	1,084	1,110	913
Workers	1,129	1,029	941	929	846





## *Goodwill Message from the Chairman*

**Dear Shareholder, Colleague and Ladies & Gentlemen**

I delightedly welcome you all at this 45th Annual General Meeting of the company and submit the Annual Report containing Audited Accounts and the Reports thereon for your consideration and approval. I hope you will be happy to observe the growth in the operations of the company including product lines, turnovers, net profits etc. and share the fruits of hard work of the Board of Directors, Management and workers.

I feel proud to report that your company has continued its strides to ride on the top of the list of all. The health-care business, as a social corporate structure, offers a CSR limitation which needs to be overcome through increased levels of compliances. Your company considers the need of highest degree of CSR for total safety of the society and continuously tries to develop upon it. Our efforts, along with the public sector, are expected to go a long way in improving the life-scale of our people in the days ahead. I hope all our Shareholders, Stake-holders, Customers, Lenders & Government shall lend their support in all our efforts to expand our operations and offer our products and services at the minimum costs.

I wish you all success in life.

Sincerely yours



Samson H. Chowdhury  
Chairman








## *Address of Welcome by the Managing Director*

### **Esteemed Shareholders, Ladies & Gentlemen**

I feel inspired to welcome you on behalf of the Board of Directors to the 45th Annual General Meeting of the shareholders for your consideration and approval of the Annual Report for 2010-2011 containing Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement and Auditors Report thereon. I would like to submit that the management had continued its efforts with highest degree of professionalism under the able direction of the Chairman in particular and the Board of Directors in general. The performance is evident from the increased level of turnover, gross profit and the net profit despite increased level of competition and higher cost of living of the people the effect of which cost of living has necessitated increase in remuneration of all employees. Despite these factors, company's net profit has increased over the previous year. I assure you all that the management would still devotedly work harder to improve further holding its leading position in the industry and earn higher return for the shareholders.

Thanking you all.



Tapan Chowdhury  
Managing Director



Mr. Samson H. Chowdhury  
Chairman

## Members of the Board of Directors



Mr. Samuel S. Chowdhury  
Vice Chairman



Mr. Tapan Chowdhury  
Managing Director



Dr. Kazi Harunar Rashid  
Director



Mr. M. Sekander Ali  
Independent Director



Mrs. Ratna Patra  
Director



Mr. Anjan Chowdhury  
Director



Mr. Kazi Iqbal Harun  
Director



Mr. K. M Saiful Islam  
Director

SQUARE PHARMACEUTICALS LTD.

## Directors' Report

## TO THE SHAREHOLDERS FOR THE YEAR 2010-2011

In terms of provisions of Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Securities and Exchange Rules 1987 and IAS-1 (International Accounting Standards-1) codes as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB), it is the pleasure of the Board of Directors to submit its Report the to Shareholders for the year ended 31 March, 2011 in the following paragraphs:

## 1. PHARMACEUTICAL SECTOR:

The pharmaceutical sector attained a growth of 23.80% during the year 2011 as against 16.83% during the previous year. The national pharma market growth and that of the company during the past few years are given below:

Year	National Market Growth Rate	Company's Growth Rate
2006	4.08%	22.94%
2007	15.80%	9.81%
2008	6.91%	18.93%
2009	16.83%	16.72%
2010	23.80%	17.53%

Source: IMS Report, 2010

## 2. OPERATIONS REVIEW:

### (1) PHARMA PLANTS:

The production plants at Pabna and Kaliakoir had continued to improve their operational efficiency both qualitatively and quantitatively by upgrading technological process, research and training. The company made substantive investments in this regard at factory installations during the year as detailed below:

Factory:		Kvi Livbr:	
(a) Land	115,718,375	(K) Riq	115,718,375
(b) Building	342,203,710	(L) feb	342,203,710
(c) Plant & Machinery	919,978,243	(M) hšçwZ	919,978,243
(d) Laboratory Equipments	102,383,378	(N) Mtel Yvi hšçwZ	102,383,378
(e) Other Equipment/Assets	319,156,412	(O) Ab"vb" hšçwZ/məu`	319,156,412
	<u>1,799,440,118</u>		<u>1,799,440,118</u>
(f) Head Office & Others	394,028,154	(P) tnW Awdm I Ab"vb"	394,028,154
Total Tk.	<u>2,193,468,272</u>	tgU UvKv	<u>2,193,468,272</u>

স্বয়ং ফার্মাসিউটিক্যালস লিঃ

২০১০-২০১১ বছরের জন্য শেয়ারহোল্ডারবন্দের প্রতি

## পরিচালনা পর্ষদের প্রতিবেদন

cwi Pij bv cl© Avbtp`i mvt\_†Kv=úvbx AvBb 1994 Gi  
184 bs cwi†Q`, wmwKDwi uJR GÜ G- †PÄ i"j m&1987  
Gi 12bs newai (Ges Zdwj Abhvx) kZbmyti Ges  
w` BbwiUDU Ae PvUW GKvD,u"Um&Ae ersj vt`k KZR  
MnxZ AvBGGm-1 (AvSRmZK wmwve gvb`Ü-1) Abmyti  
31tk gvp©2011 Zwi†L mgvB Awv`R eQ†ii cZte`b  
m=gbvZ tkqwtivni viep`i Kv†Q wbtgus cwi"Q`\_tj vtZ  
tck Kiti0bt

### ১. ফার্মাসিউটিক্যালস সেক্টর:

dvgnmDnUK'vj tm±i AÎ 2010 mvtj kZKiv 23.80  
fivM cēpx ARB Kti±Q hv vEMZ 2009 mvtj vQj 16.83  
fivM| vEMZ Kti±K eQti i JIa LvZ I tKv±vbx i cēpx i  
Zj bvgj K vPÎ vbtgDc'vcv Kiv ntj vt

## ২. কার্যক্রম পর্যালোচনা:

(১) ফার্মা প্লান্টস:

cvebv Ges Kwj qv%Ki -G Aev`Z Kvi Lybvi Drcv`b ¶lgZv,  
 `¶Zlv, cui gvYMZ Ges \_YMZ gvb epxi j †¶ Dbz chp<sup>3</sup>,  
 MtelYv Ges c¶¶¶¶Y Kvh¶g Ae`vnZ AvtQ| GB wettq  
 Avtj vP` eQt| †Kv`úvbx| c¶KZ wvb†q¶Mi weeiY vb†gacQ È  
 ntjv t

The major part of investments were made from internal generation of funds. The overall combined output (Tablets and Capsules) of Pabna and Dhaka plants increased during the year over the previous year as follows:

গজায় এতী আকিসক আল্‌আফ'সিইয় ড্রম নত msMpxZ |  
cvebv Ges XvKv cufUi wgvj Z Drcw Z cY'i cwi gvY  
(U'vetj U I K'vcmy) MZ eQti i Zj bvq ep× tctqfQ hv wbtgæ  
cÖ E ntj vt

(Quantity in thousand)

Sl. No.	Particulars/ Product	Unit	Capacity	Actual Output		Capacity Utilisation	
				2009-10	2010-11	2009-10	2010-11
1	Tablets	Pcs	6,925,995	3,543,632	3,811,424	51%	55%
2	Capsules	Pcs	897,619	849,071	889,987	95%	99%

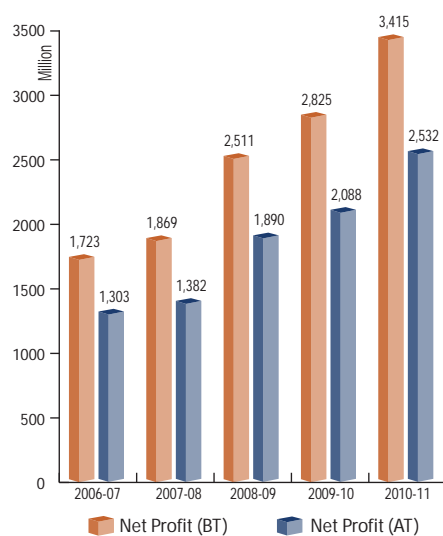
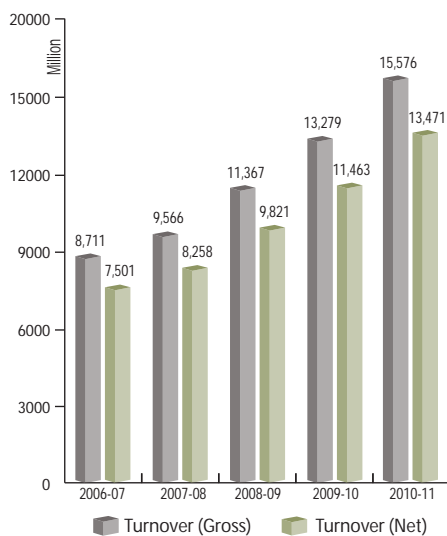
## (2) CHEMICAL PLANT:

## (২) কেমিক্যাল প্লান্ট:

The operations of the chemical Plant (at Pabna) during the last five (5) years are presented hereunder:

cvebv' tKvgK'vj cU Gi wEMZ cU (5) eQti i Kihpug  
bxP Dc vcb Kiv ntj vt

Years	No. of Products	Production (M. Tons)	Own Use (M. Tons)	Sales (M. Tons)	Own Use (%)	Turnover (Million Taka)
2006-07	9	318	160.25	157.75	50.39%	270.88
2007-08	11	308	214.44	117.83	69.62%	356.99
2008-09	16	280	207.44	61.49	74.03%	227.54
2009-10	15	398	258.13	140.57	64.86%	280.57
2010-11	20	437	326.63	101.36	74.74%	192.07



## DIRECTORS' REPORT

### (3) PRODUCT DEVELOPMENT:

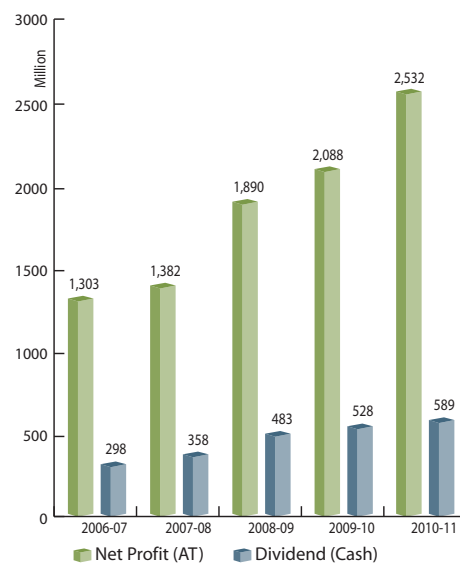
The following table shows the position of existing, discarded and new products introduced during the year 2010-2011:

### (৩) নতুন ঔষধ সম্প্রসারণ:

২০১০-২০১১ মত্জ ঔষধ, বজ্জ মস্ত্হৱজ্জ Ges ewjZj KZ JI tai weeiY wbtgje mviYxtZ Dc~vcb Kiv ntj v:

Sl. No.	Products Categories	Position as on 31-03-10	Added during the year	Discarded	Total Net 31-03-11
1	Tablet	252	19	3	268
2	Capsule	60	4	2	62
3	Liquid	61	4	-	65
4	Injectable	45	9	-	54
5	E N T Preparation & Others	54	5	2	57
6	Opthal Preparation & Others	12	1	-	13
7	Dry Syrup	21	1	-	22
8	Suppository	6	1	-	7
9	Sachet	-	2	-	2
10	Inhaler	14	-	-	14
11	Isulin	3	-	-	3
12	Basic Chemical	8	-	-	8
13	Pellet	7	5	-	12
14	Tablet, Powder, Liquid, Injectable -AgroVet	32	13	-	45
15	Aerosol & Pesticide	19	1	-	20
	Total	594	65	7	652

The new products have been well received by the medical profession and the market.



[illegible]



## DIRECTORS' REPORT

**(6) TECHNOLOGY:**

The company is endeavoring to upgrade and adopt new technology in production, quality control, distribution and administration of its products to patients. During the year (2010-2011) the company invested an amount of Tk. 102,383,378 in improving its Laboratory.

**(7) EXPORT:**

The company is continuously pressing hard for expanding its export sales. During the year under review, the exports amounted to Tk. 442.43 million as against Tk. 364.54 million in previous year, a 21.37% increase. The exports are expected to rise in the coming years. Present export market covers Myanmar, Nepal, Kenya, Libya, Mauritius, Papua New Guinea, Somalia, Sri Lanka, Vietnam, Bhutan, Cambodia, Afghanistan, Tanzania, North Korea, Belize, Hong Kong, Mauritania, Philippine, Eritrea, Ghana, Malawi, Malaysia, Suriname, UK, Costa Rica, Iraq, Maldives, Mozambique, Nigeria and Sudan.

Square is working on submission of several ANDAs (abbreviated New Drug Application) to US FDA (United States Food and Drug Administration). Bio-equivalence (BE) studies of the products are going on as a part of ANDA submission. Submission of those ANDAs will commence from 4Q, 2011 after successful completion of BE study. The products have been developed in Square Pharma's state of the art R&D laboratory. ANDA pipeline of the company is being extended further and in 2012 more ANDAs will be ready for filing. Along with Square Pharma's US filing, all these products will also be filed for approval in Australia, Canada, Germany and UK.

**(8) SUBSIDIARY OPERATION:**

**(a) Square Cephalosporins Ltd. (SCL):**

SCL has fully implemented the pharmaceuticals project for production of Drugs & Medicines at Kaliakoi, Gazipur and also has been in commercial operation since November 2006. The operations of the Company has been profitable since inception. The Company made additional investment of Tk. 185,895,784 during the year 2010-2011 as follows.

	2011
Building	-
Plant & Machinery	170,746,111
Laboratory Equipment	5,733,198
Electro Mechanical Equipment	5,809,222
Other Assets	3,607,253
Total Tk.	<u>185,895,784</u>

(৬) প্রযুক্তি:

cY Drcr<sup>b</sup> b, gvb wq<sup>5</sup>Y, weZiY Ges mte<sup>ci</sup>mi tiwMxi Kv<sup>t</sup>Q  
GB cY<sup>1</sup> tc<sup>5</sup>Qrtbv ch<sup>5</sup>-mKj<sup>1</sup> <sup>1</sup>fi AvaybK ch<sup>5</sup><sup>3</sup> c<sup>5</sup>QrtM  
tKv<sup>5</sup>uvbx AM<sup>5</sup>x fngKv cvj b Kii<sup>t</sup>Q| GB j<sup>1</sup>t<sup>1</sup> 2010-2011  
A<sup>5</sup>eQ<sup>t</sup>i tKv<sup>5</sup>uvbx j<sup>1</sup>ve<sup>1</sup>iUix AvaybKvqib weib<sup>5</sup>QvM Kii<sup>t</sup>Q  
102,383,378 UvK<sup>1</sup>

(৭) রপ্তানি:

tKv=uvbX cŭZwqZB iBwb evRvi m=chvttb mefZK cŏPŏv  
Pvj t'Ql chŭjwPZ eQti tKv=uvbXi tgvU iBwbi cwi gvY  
442.43 wgvj qb UvKv thLvtb MZ eŏi wj 364.54 wgvj qb  
UvKv hv meMZ eŏti i Zj bvg 21.37 kZvsk ep= tctŏtŏl  
Avgiv Avkv Kiŏ AvMvgx eŏi tjtZ iBwbi cwi gvY  
DEtiEi ev= cŭel eZvgb th me t kmgŏn c'Y iBwb Kiv  
nt'Q Zv ntjvt gqvbgvi, tbcuj, tKubqv, wj wegv, gwi mvm,  
cvcgv wŏD wŏwb, tmgwvj qv, kŏjskv, wŏfŏZbvg, fŏvjb,  
Kŏ=ŏwŏqv, AvdMwb wŏ, ZvbRwbqv, DEi tKwi qv, tewj R,  
nskS, tŏSwi Zmbvg, wŏvj cvBb, Bwi wŏ qv, Nvbv, gvj qBqx,  
gvj tŏkŏq, wŏi bvg, hŏjivR, tKv=ŏwi Kv, BivK, gvj ŏxc,  
tŏjRwŏ=K, bvBŏRwŏ qv Ges mŏj wŏl

GB eQti t̃qvi tek KtqKul t̃Rtbi K Jla h̃p̃ivtõi evRṽti  
iBṽbxi Rtb̃ usFDA Gi KtQ Ar̃tẽ b̃ KĩtZ h̃ṽt̃Q| wbẽPZ  
Jla t̃jvi GLb̃ eṽtq̃v-BK̃B̃t̃f̃t̃j̃U (Bioequivalent) cĩx̃t̃ṽ  
P̃j̃t̃Q| cĩx̃t̃ṽi w̃ic̃ṽU<sup>®</sup> m̃gñ c̃ṽl q̃v m̃ṽt̃c̃t̃q̃ GB eQtĩi  
w̃t̃m̃t̃ĩi g̃t̃ã Ar̃tẽ b̃ c̃q̃ũq̃ m̃ãub̃õñtẽ et̃j̃ Aṽk̃ṽ Kĩṽñt̃Q|  
2012 m̃ṽt̃j̃i g̃t̃ã Ar̃t̃iṽ w̃K̃Q̃z̃ J̃l̃t̃aĩ Ab̃j̃ c̃ Ar̃tẽ b̃ c̃q̃ũq̃  
m̃ãub̃õñtẽ| D̃t̃j̃ w̃L̃Z m̃g̃- J̃l̃ã t̃j̃ ṽB̃ t̃K̃ṽãub̃ṽxi w̃B̃R̃-<sup>™</sup> w̃ĩm̃P̃<sup>®</sup>  
t̃m̃Ũṽtĩ c̃f̃Z̃K̃Z̃| h̃p̃iṽtõã iBṽbxi c̃ṽk̃ṽc̃w̃k̃ GB J̃l̃ã t̃j̃ ṽ  
Ãt̃÷̃t̃j̃ q̃ṽ, K̃ṽb̃W̃ṽ, R̃ṽg̃ṽx̃ I h̃p̃iṽt̃R̃ iBṽbxi Ab̃j̃g̃ṽt̃bi  
Rtb̃ Ar̃tẽ b̃ Kĩṽñtẽ|

(৮) সাবসিডিয়ারি প্রতিষ্ঠানগুলোর কার্যক্রম:

(ক) স্কয়ার সেফালসপারিনস লিঃ (এসসিএল):

2. qvi tmdvj mēzvi bmē vj wgtUW Jla I Jla mvgMā  
 cōtZi Rb Kvj qvKki MvRxcj G GKwJ  
 dvgmDwK vj mē dgtj kb cKf vcb Kti tQ Ges hv  
 2006 mvj t tK emvW R Kfvte Drcv b ii Kti tQ |  
 tKv = vbx 2010-2011 mvj AwZwi<sup>3</sup> 185,895,784  
 UvKv wvbtqvM Kti tQ hv vbtqDc vcb Kiv ntjv:

	2011
Feb	-
hšcwZ	170,746,111
MteIYi hšcwZ	5,733,198
Btj t±t tgKwbK`vj hšcwZ	5,809,222
Ab`vb` m±ú`	3,607,253
tqvU UvKv	<u>185,895,784</u>



The operating results of SCL for the period ended 31 March 2011 and 2010 are given below:

	2010 Taka	2011 Taka
Gross Turnover	1,754,692,569	2,039,091,032
Net Turnover	1,508,338,331	1,753,001,793
Gross Profit	711,572,398	827,382,274
Provision for Income Tax	-	56,581,363
Net Profit After Tax	329,677,072	289,293,008
Earnings Per Share	345.21	302.92
Net Assets Value Per Share	1,023.78	1,363.09

Directors' Report on the Company together with Audited Accounts containing Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement and Auditors Report thereon are included therein.

**(b) Square Biotechs Ltd. (SBL):**

The company was incorporated on June 12, 2006 with Authorised Capital of Tk. 100 crore of which Tk. 67,000,000 was paid up. SPL holds 99.25% shares of the company. As the company could not commence business due to technical problems, the management adjusted the assets against share money deposit, bank loans and ceased /suspended the operation for the time being as detailed in the Directors' Report.

**(c) Square Multi Fabrics Ltd. (SMFL):**

The SMFL was incorporated on June 24, 2008 with Authorised Capital of Tk. 50 crore of which Tk. 100,000,000 was paid up. SPL holds 99.50% shares of the company. SPL has also made a share money deposit of Tk. 150,000,000 as on 31 March 2011. As on 31 March 2011 the company has invested as follows:

	2011
* Building/Civil work	152,773,914
* Plant/Machinery	354,424,935
* Other Assets	56,523,528
Total Tk.	<u>563,722,377</u>

The operating results of SMFL for the period ended 31 March 2011 is given below:

31তক গ্ৰুপ 2011 Ges 2010 Zmii tL tKvuvbxi KvRix dj vj vbtgac0 E ntj v:

	2010 UrKvq	2011 UrKvq
tgvU wepμq	1,754,692,569	2,039,091,032
bxU wepμq	1,508,338,331	1,753,001,793
tgvU gbvdv	711,572,398	827,382,274
AvqKi mWmZ	-	56,581,363
Ki cieZPbxU gbvdv	329,677,072	289,293,008
tkqvi cōZ Avq	345.21	302.92
tkqvi cōZ bxU mμu` gj`	1,023.78	1,363.09

AwuR Ae`vi weeiYx, mgwšZ Avtqi weeiYx, gj abx cwieZPbi weeiYx, bM` Znmej cōvn Ges wbiXtKi cōZte`b mn cwi Pj bv clP i cōZte`b Gi mvt` mibteWZ ntj v|

**(খ) স্কয়ার বায়োটেক্স লিঃ (এসবিএল):**

GmmeGj MZ 12-06-2006Bs Zmii tL weÜbKZ ntqtQ| tKvuvbxi 100 tKwU UrKvi Abtgw`Z gj ab hvi gta` cwi tkwaZ gj aṭbi cwi gvY 67,000,000 UrKv| `qvi dvglmDwUK`vj n wj wgtUW kZKiv 99.25 fVm tkqtii gvij K| tKvuvbxi KwiiMwi mgm`vi Rb` e`emwqK KvHpg`ii` KiZ cvtmb| Zte e`e`vcbv KZE`q| tkqvi gwmb wWtcmRU l e`vsk FtYi weciXZ mKj mμu`Emga AwamōY KtiṭQb Ges KvHpg mvgwqKfite eÜ KtiṭQ hv cwi Pj bv clP i cōZte`tb Dc`vcb Kiv ntqtQ|

**(গ) স্কয়ার মাল্টি ফেব্রিক্স লিঃ (এসএমএফএল):**

GmGgGdGj MZ 24tk Rp, 2008 Zmii tL weÜbKZ ntqtQ| tKvuvbxi 50 tKwU UrKvi Abtgw`Z gj ab hvi gta` cwi tkwaZ gj aṭbi cwi gvY 100,000,000 UrKv| `qvi dvglmDwUK`vj n wj wgtUW kZKiv 99.50 fVm tkqtii gvij K| GmmeGj 150,000,000 UrKv tkqvi gwmb wWtcmRU wntmte cōvb KtiṭQ| tKvuvbxi 31tk gP, 2011 Zmii L chS`wbtqtMi cwi gvY wbtgac0 E ntj v:

	2011
* `vj vb/wbgPY LiP	152,773,914
* hšcwZ	354,424,935
* Ab`vb` mμu`	56,523,528
tgvU UrKv	<u>563,722,377</u>

31তক গ্ৰুপ 2011 Zmii tL tKvuvbxi KvRix dj vj vbtgac0 E ntj v:

## DIRECTORS' REPORT

	2011
Turnover	1,750,282,521
Gross Profit	95,776,838
Net Profit	61,969,965
Earnings Per Share	61.97
Net Assets Value Per Share	161.97

Directors' Report on the Company together with Audited Accounts containing Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement and Auditors Report thereon are included therein.

**(9) INVESTMENT PORTFOLIO:**

The investment portfolio of long term investment and marketable securities has been detailed in Notes (4 & 5) to Audited Accounts. The outlines of the portfolio with minority interest in shareholdings are described hereunder for further information of the shareholders:

**LONG TERM INVESTMENTS : Tk.4,031,751,281**

The above investments include both majority and minority investments in ordinary shares/advance as Share Money Deposit in 12 (twelve) different companies as follows:

**(i) Majority Investments (Subsidiaries):**

(a) Square Cephalosporins Ltd.:

SPL holds 950,000 shares of Tk. 100 each out of total issued capital of 955,000 shares as SCL is not listed, its market price cannot be determined. However NAV as on 31 March 2011 stand at Tk. 1,363.09 per share. SPL has also deposited Tk. 400,000,000 as share money deposit which has not yet been capitilised.

**(b) Square Biotechs Ltd.:**

SPL holds 665,000 shares of Tk. 100 each out of 670,000 issued shares which is not listed.

**(c) Square Multi Fabrics Ltd.:**

SPL holds 99,000 shares of Tk. 100 each out of 1,000,000 issued shares which is not listed. SPL has also deposited Tk. 150,000,000 as Share Money. The Company started commence commercial operations.

	2011
weµq	1,750,282,521
fgvU gbydv	95,776,838
bxU gbydv	61,969,965
tkqvi cūZ Avq	61.97
tkqvi cūZ bxU m=ú` qj`	161.97

Awŋ̃R Aeːvi weeiYx, mŋ̃Sʒ Avtqi weeiYx, gjabx  
 cwiɛZbi weeiYx, bM̃ ʒnwej cəṽn Ges wibɪṽtKi  
 cɔ̃Zteːb mn cwiPɪj bv cɪɸi cɔ̃Zteːb Gi mṽt\_  
 mibɔ̃kZ ñtjṽ|

(৯) **বিনিয়োগসমূহ:**

nbixr1Ki wi tcvUP (4 I 5) Astk \nEgq x mewbqM  
tcvUPdwj Ges wepqthvM tkqvi mautK® we-wi Zfte  
Dc\cb Kiv nqtQl mSnbZ tkqvtnvi vit i AeMzI Rb  
wtgqGB tcvUPdwj i mautK®nstic AvjvKcvZ Kiv ntjv:

দীর্ঘমেয়াদী বিনিয়োগ: ৪.০৩১.৭৫১.২৮১ টাকা

DijwLZ newbtqyM 12wJ newfbœ tKv÷úvbx mvaviY  
tkqvi/tkqvi gwb WtCwRU wnmte newbtqyM Kiv ntqTQ hwi  
weeiY wbtqDc~vcb Kiv ntj v:

(i) মেজোরিটি বিনিয়োগ (সাবসিডিয়ারিজ)

(ক) স্কয়ার সেফালোসপোরিনস লিঃ (এসসিএল):

- qvi dvgmDwJK'vj m vj: cōZw 100 UvKv gj' gvtbi  
 meFgV 955,000w tkqvtii gta' 9,50,000w tkqvtii  
 gwj K| thñZt tKv=úvxi tkqvi vj Zwj KvF<sup>3</sup> bq weavq  
 tkqvi t'jvi evRvi gj' wbaF Y Kiv mæ bq| Z\_wc 31tk  
 gvP<sup>2011</sup> Aw\_R eQi tktl tkqvi cōZ bxw m=úvEi cwi gvY  
 wotqtQ 1,363.09 UvKv| GmwcGj 400,000,000 UvKv  
 tkqvi gwv wVwcvRU wñtñte AMôg A\_©cōvY KtiñQ| hv  
 GLbl gj aYvqb Kiv nq bvB|

(খ) স্কয়ার বায়োটেকস লি:

GmucGj cāZwJ 100 UvKv gj`gv#bi 670,000wJ tkqv#i i  
q#ā` 665,000wJ tkqv#i i qvwj K, hv Zwj Kv#<sup>3</sup> bq|

(গ) স্বয়ার মাল্টি ফেবিকস লি:

GmncGj c0ZuW 100 UvKv gj"gvb1 1,000,000u  
tkqvii gta" 99,000u tkqvii gwj K, hv Zwj Kf<sup>3</sup>  
bq| GQrov GmncGj 150,000,000 UvKv tkqvl gwb  
WtCmUw nrmvte A\_© c0yb KtiitQ| tKv=úvbxu  
emWYR'Kfyt Drcr' b Kvhpug i i" KtiitQ|

(ঙ) স্কয়ার হসপিটালস্ লিঃ (এসএইচএল):

## DIRECTORS' REPORT

**(f) Square Knit Fabrics Ltd. (SKFL):**

SPL now holds 1,260,000 Shares of Tk. 100 each which is 48.84% of the capital of SKFL. The company has started earning profit from 2005 and earned Net Profit Tk. 112,310,051 for the year ended 2006, Tk. 101,662,487 for the year 2007, Tk. 101,733,557 for the year 2008, Tk. 106,630,557 for the year 2009 and Tk. 127,954,493 for the year 2010. The company did not declare any dividend. SPL has advanced Tk. 300,000,000 as share money deposit for 3,000,000 shares of Tk. 100 each. The company is not a public/listed one and hence, the market value can not be readily assessed. However, the NAV per share stands at Tk. 332.73.

**(g) Square Fashions Ltd. (SFL):**

SPL now holds 252,000 Shares of Tk. 100 each (48.46%) in the capital of SFL. The company has started earning profit and earned Net Profit Tk. 136,293,804 for the year ended 2006, Tk. 115,440,337 during 2007, Tk. 122,818,322 during 2008 Tk. 138,307,405 during 2009 and Tk. 212,441,944 during 2010. Now the retained earnings is positive and stands at Tk. 587,881,454. The company did not declare any dividend. It may be mentioned that Tk. 150 million has been advanced by SPL as Share Money Deposit for 1,500,000 shares of Tk. 100 each. Since the Company is not a public/listed one, the market value can not be assessed readily. However the NAV per share stands at Tk. 1,519.00 as on 31-12-2010.

**(h) Square InformatiX Ltd. (SIL):**

An amount of Tk. 100,000,000 stand invested in SIL as advance against share money deposit for 1,000,000 ordinary shares of Tk. 100 each. Present paid-up capital of the company is Tk. 2,500,000. Market value can not be determined as it is not listed.

**(i) Orascom Telecom Bangladesh Ltd.:**

SPL holds 5 secured senior bonds of TK. 10,000,000 each amounting to Tk. 50,000,000 which is not listed.

**(10) INVESTMENT IN MARKETABLE SECURITIES:**

A statement of Marketable Securities (22 Securities) at a cost of Tk. 261,865,440 is given in Note No. 5. The portfolio shows a unrealized capital gain of Tk. 259,435,115 as on 31 March 2011 (99.07% gain).

(চ) স্কয়ার নীট ফেব্রিকস লিঃ (এসকেএফএল):

qvi dvgamUk'vj m& yjt cZuW 100 UvKv gj`gvtbi  
1,260,000 mvaviY tkqti i gvwjK hv gja tbi kZKiv  
48.84 fW| tKv=uvbmU 2005 A\_@ei t\_tK gbvdv AR@  
ii" Kti tQ 2006 Aw\_ R eQti bxU gbvdv AwRZ ntqtQ  
112,310,051 UvKv, 2007 Aw\_ R eQti bxU gbvdv AwRZ  
ntqtQ 101,662,487 UvKv, 2008 Aw\_ R eQti bxU gbvdv  
AwRZ ntqtQ 101,733,557 UvKv, 2009 Aw\_ R eQti bxU  
gbvdv AwRZ ntqtQ 106,630,557 UvKv Ges 2010 Aw\_ R  
eQti bxU gbvdv AwRZ ntqtQ 127,954,493 UvKv|  
tKv=uvbmU tKiv j f'vsk tNlv b Kti mb| GmncGj cZuW 100  
UvKv gj`gvtbi 3,000,000 tkqti i wci xtZ 300,000,000  
UvKv tkqvi gwb w|w|wRU wntmte AwW@ cDv b Kti tQ thtnZ  
tKv=ubxi tkqvi yj Zwj KrfZ' bq tmtnZytkqvi tji vi ewRvi  
'i hvPyB Kiv mæ bql Z\_wc tkqvi cZ bU mæut i  
cwi qvY`vovq 332.73 UvKv|

(ছ) স্কার ফ্যাশনস লিঃ (এসএফএল):

252,000 (48.46%) tKqtiï gwj K| tKv=úvbx 2005 mwj  
 t\_tK gbvdv ARB iï Ktiï Ges 2006 Awv R eQti bxl  
 gbvdv AwRZ ntqïQ 136,293,804 UvKv, 2007 Awv R eQti  
 bxl gbvdv AwRZ ntqïQ 115,440,337 UvKv, 2008 Awv R  
 eQti bxl gbvdv AwRZ ntqïQ 122,818,322 UvKv, 2009  
 Awv R eQti bxl gbvdv AwRZ ntqïQ 138,307,405 UvKv  
 Ges 2010 Awv R eQti bxl gbvdv AwRZ ntqïQ  
 212,441,944 UvKv| eZgvtb cAxfZ gbvdv `wovq  
 587,881,954 UvKv| tKv=úvbxU tKvb j f'vsk tNvl bv  
 Ktiïb| Dtl`th, `qvi dvqfmDwUK'vj ñ wjt cãZwU 100 UvKv  
 gwj gvtbi 1,500,000Uw tKqtiï wecixZ 150 wgwj qb  
 UvKv tkqvi gnvb wltwRU wntmte Awlvb cõvb KtiïQ| thñZ  
 tKv=úvxi tkqvi\_wj Zwj KvF³ bq tññZytkqvi t'jvi ewRvi  
 `i hvpv Kiv mæ bq| Z\_wc 31-12-2010 ZwiïL bxl  
 mæúti i g'j `wovq 1,519.00 UvKv|

(জ) স্কয়ার ইনফরমেটিক্স লিঃ (এসআইএল):

cāZw 100 UvKv gj' g'wibi 1,000,000 mviYv tkqti i  
wecixZ tkqvi gwb w'f'wRU wmwte 10.00 tKwJ UvKv AwMg  
c' vb Kiv n'itQ| GB tKv=úvbx i eZgwb cwi tkwaZ gj ab  
n'Q 2,500,000 UvKv| thñZt tKv=úvbx i tkqvi wj  
ZwJ KvF<sup>3</sup> bq tññZt tkqvi tji evRvi i h'pVb Kiv mæ  
bq|

(ঝ) ওয়াসকম টেলিকম বাংলাদেশ লিঃ

GmncGj c0Zu 10,000,000 UvKv gj`gv#bi 5u  
 umKDiW umbqi e#Ui gwj K, hvi tgvU gj` 50,000,000  
 UvKv hv Zwj Kr<sup>3</sup> b#n|

(১০) বিক্রয়যোগ্য শেয়ারে বিনিয়োগ:

GKwU weeiYxZ 22wU wecYbthvM' tkqvimgr hv tlvU-5 G  
 eYv Kiv nigtQ Ges K÷ cIBtR BnizZ weibqtvMi cwi gyY  
 261,865,440 UvKv| 31tk gp©2011 ZwiIL weibqtvMi  
 weciXZ gjayx jvf t' Lv hvq 259,435,115 UvKv (kZKiv  
 99.07 fvm)|

**(11) FINANCIAL RESULTS:**

The operating financial results of the Company for the year 2010-2011 as compared to previous year are summarised hereunder:

Particular	2009-2010 (Taka)	2010-2011 (Taka)	% Increase
◆ Gross Turnover	13,279,141,757	15,576,487,536	17.30%
◆ Net Turnover	11,462,578,410	13,471,424,469	17.53%
◆ Gross Profit	4,901,289,925	5,767,763,459	17.68%
◆ Net Profit (BT)	2,825,069,248	3,414,752,310	20.87%
◆ Provision for Taxation	737,197,452	882,697,760	19.74%
◆ Net Profit (AT)	2,087,871,791	2,532,054,550	21.27%
◆ Gross Margin (Net Turnover)	42.76%	42.81%	
◆ Net Margin (BT)	24.65%	25.35%	
◆ Net Margin (AT)	18.21%	18.80%	
◆ Earning Per Share (EPS) (Tk.)	106.43	129.07	
◆ EPS on IPO Paidup Capital	2,087.87	2,532.05	
◆ Consolidated Earning Per Share (EPS) (Tk.)	127.29	166.05	

It may be observed that the Gross Turnover increased by 17.30% during the year as against 17.14% in the previous year.

The Earning per Share of Tk. 129.07 is based on increased outstanding 19,617,390 shares of Tk. 100 each. However, if the original issued capital at the time of IPO is considered, the EPS would stand at Tk. 2,532.05 in 2010-2011 as against Tk. 2,087.87 in 2009-2010.

**(12) APPROPRIATION OF PROFIT:**

Considering the need for growing expansion and diversification of operations, increasing cost of external sources of funds, the Board of Directors have proposed and recommended for appropriation as follows:

(a) Net Profit for the Year (2010-2011)	2,532,054,550
(b) Appropriation proposed:	
(i) Cash Dividend @ Tk. 30 per Share	588,521,700
(ii) Issuance of 6,866,086 Bonus Shares (Stock Dividend) @ 35% : Face Value of Bonus Share	686,608,650
	1,275,130,350
(c) Net unappropriated Profit	Tk. <u>1,256,924,200</u>

**(১১) আর্থিক ফলাফল:**

পূর্ববর্তী বছরের সাথে তুলনা করে ২০১০-২০১১ সালের আর্থিক ফলাফল নিম্নে উপস্থাপন করা হলো:

আলোচ্য বছরে লক্ষ্য করা যাচ্ছে যে, মোট বিক্রয় বৃদ্ধি পেয়েছে শতকরা ১৭.৩০ ভাগ যা গত বছর ছিল শতকরা ১৭.১৪ ভাগ।

প্রতিটি ১০০ টাকা মূল্যমানের ১৯,৬১৭,৩৯০টি শেয়ারের উপর ভিত্তি করে শেয়ার প্রতি আয় হয়েছে ১২৯.০৭ টাকা। তবে আইপিও সময় ইস্যুকৃত মূলধনের বিবেচনায় শেয়ার প্রতি আয় দাঁড়ায় ২০১০-২০১১ সালে ২,৫৩২.০৫ টাকা যা ২০০৯-২০১০ সালে ছিল ২,০৮৭.৮৭ টাকা।

**(১২) মুনাফা বন্টন:**

ব্যবসার সম্প্রসারণ ও বহুমুখী কার্যক্রমের জন্য বাহিরের তহবিলের ব্যয় বেড়ে যাওয়ার প্রেক্ষাপটে পরিচালনা পর্ষদ নিম্নোক্ত উপায়ে মুনাফা বন্টনের সুপারিশ করেছেন:



## (13) DECLARATION OF DIVIDEND:

In the line of proposed appropriation of profit, the Board of Directors proposed and recommended for declaration of Cash Dividend at the rate of Tk. 30 per share for the year 2010-2011. This will involve an amount of Tk. 588.52 million. The Board also recommended for declaration of Bonus Shares (Stock Dividend) @35%. This will need issuance of 6,866,086 Ordinary Shares of Tk. 100 each with appropriation of Tk. 686,608,650 out of Retained Earnings (free reserves) to Capital Account.

## (14) CONSOLIDATION OF ACCOUNTS:

In terms of SEC Regulations, the company has consolidated the Accounts following the codes of International Accounting Standard - 27 & 28 (IAS-27 & 28) reflecting shareholders gross benefits/value of investments.

## 4. HUMAN RESOURCES DEVELOPMENT:

In order to improve productivity of human input, the company continuously provide formal and informal training to the employees at every echelon of operation and management. During the year under review 2,079 persons received in-house/in operation/on the job training at home and abroad which will ultimately make great contribution to the company's profitability as well their own remuneration in due course.

## 5. ENVIRONMENTAL ROLE:

The company maintain a high standard of pollution free environment as per GMP Regulations/WHO standards/Government laws.

## 6. CONTRIBUTION TO NATIONAL EXCHEQUER:

The company contributed an amount of Tk. 3,291,310,692 (including Tk. 91,136,421 as contribution as duty/taxes towards machinery & spare parts imports) to National Exchequer as against Tk. 2,773,351,972 in the previous year. The contribution constitutes 24.43% of the sales revenue (net) in 2010-2011 as against 24.19% in the previous year (2009-2010).

## 7. ELECTION OF DIRECTORS:

Mr Samuel S. Chowdhury, Dr. Kazi Harunar Rashid and Mr. Kazi Iqbal Harun retires as per Article-99 of the Articles of Association of the company and as per Article-100 of the Articles of Association of the company, being eligible, have offered themselves for re-election.

## (১৩) লভ্যাংশ ঘোষণা:

মুনাফা বন্টনের প্রস্তাব অনুযায়ী কোম্পানীর পরিচালনা পর্ষদ ২০১০-২০১১ আর্থিক বছরে ১০০ টাকা মূল্য মানের প্রতিটি শেয়ারের বিপরীতে ৩০ টাকা হিসেবে নগদ লভ্যাংশ ঘোষণার সুপারিশ করছেন যার জন্য ৫৮৮.৫২ মিলিয়ন টাকার প্রয়োজন হবে। এ ছাড়াও পরিচালনা পর্ষদ ৩৫% হারে বোনাস শেয়ার ঘোষণার সুপারিশ করেছেন। এর জন্য ৬,৮৬৬,০৮৬টি শেয়ার ইস্যু এবং ৬৮৬,৬০৮,৬৫০ টাকা শেয়ার মূলধনের সাথে সম্পৃক্ত করার প্রয়োজন হবে।

## (১৪) হিসাবের একত্রীকরণ:

এসইসি এর বিধিমালা ও ইন্টারন্যাশনাল একাউন্টিং স্ট্যান্ডার্ড-২৭ এবং ২৮ (আইএএস-২৭ এবং ২৮) এর নিয়মাবলী অনুসরণ করে শেয়ারহোল্ডারবৃন্দের মোট সুবিধা/বিনিয়োগ মূল্য নির্ধারণ করা হয়েছে।

## ৪. মানব সম্পদ উন্নয়ন:

মানব সম্পদ উন্নয়নের জন্য কোম্পানী প্রতিটি স্তরের নিবাহী ও শ্রমিক কর্মচারীদের আনুষ্ঠানিক ও অনানুষ্ঠানিক প্রশিক্ষণ দিয়ে যাচ্ছে। এ বছর ২,০৭৯ জন দেশে এবং বিদেশে প্রশিক্ষণ পেয়েছে। ফলে প্রশিক্ষণ প্রাপ্তরা কোম্পানীকে লাভজনক অবস্থায় রাখতে অবদান রেখেছে। সাথে সাথে তাদের পারিশ্রমিকও বৃদ্ধি পেয়েছে।

## ৫. পরিবেশগত ভূমিকা:

জিএমপি/ডিউইএইচও স্ট্যান্ডার্ডস ও সরকারী নিয়মাবলী অনুযায়ী কোম্পানী সর্বোচ্চ দূষণমুক্ত পরিবেশ বজায় রেখেছে।

## ৬. জাতীয় কোষাগারে অবদান:

জাতীয় কোষাগারে কোম্পানীর এ বছরের অবদান ৩,২৯১,৩১০,৬৯২ টাকা (যন্ত্রপাতি ও খুচরা যন্ত্রাংশ আমদানী শুল্ক ৯১,১৩৬,৪২১ টাকা সহ) যা গত বছর ছিল ২,৭৭৩,৩৫১,৯৭২ টাকা। এই অবদান ২০১০-২০১১ সালের বিক্রয়ের শতকরা ২৪.৪৩ ভাগ যা গত বছর ছিল শতকরা ২৪.১৯ ভাগ (২০০৯-২০১০)।

## ৭. পরিচালক নির্বাচন:

কোম্পানীর সংবিধির ৯৯ অনুচ্ছেদ অনুযায়ী জনাব স্যামুয়েল এস চৌধুরী, ডা. কাজী হারুনর রশিদ এবং জনাব কাজী ইকবাল হারুন অবসর গ্রহণ করেছেন এবং অনুচ্ছেদ ১০০ অনুসারে তাঁরা পুনঃ নির্বাচিত হওয়ার যোগ্য বিধায় পুনঃ নির্বাচিত হওয়ার ইচ্ছা পোষন করেছেন।

#### 8. APPOINTMENT OF AUDITORS:

M/s. Chowdhury Bhattacharjee & Co., Chartered Accountants, Auditors of the Company, retire at this Annual General Meeting on completion of consecutive three years, they are not eligible for re-appointment as per SEC order no. SEC/CMRRCD/2009-193/104/admin/ of dated July 27, 2011. M/S Ahsan Zamir & Co., Chartered Accountants expressed interest to be appointed as auditors of the company of the year 2011-2012.

#### 9. CORPORATE GOVERNANCE:

Corporate Governance is the practice of good citizenship, through which the company is governed by the board, keeping in view its accountability to the stakeholders and to the society. The status report required to be presented by the company in pursuance to notification No. SEC/CMRRCD/2006-158/Admin/02-08 of February 20, 2006 issued by the Securities and Exchange Commission is depicted in the ANNEXTURE-I.

#### 10. MANAGEMENT APPRECIATION:

The Board of Directors record with deep appreciation the contribution made and support & co-operation given by the Officers, Staff, Workers, Customers, Creditors, Banks, Insurance Companies, Utility Providers, SEC, DSE, CSE, CD8L and the Government in particular and look forward to the global role of the Company.



Samson H. Chowdhury  
Chairman

#### ৮. নিরীক্ষক নিয়োগ:

কোম্পানীর বর্তমান নিরীক্ষক মেসার্স চৌধুরী ভট্টাচার্য এন্ড কোং, চার্টার্ড একাউন্ট্যান্টস্ অত্র সভায় অবসর গ্রহণ করেছেন এবং এসইসি আদেশ নং SEC/CMRRCD/2009-193/104/admin/ of dated July 27, 2011 অনুসারে ধারাবাহিক ৩ বছর অডিট কার্য সম্পাদন করায় পুনঃনিয়োগ যোগ্য নহে। মেসার্স আজাদ জামীর এ্যান্ড কোং, চার্টার্ড একাউন্টেন্টস কোম্পানীর নিরীক্ষক হিসেবে ২০১১-২০১২ অর্থ বছরে কাজ করার জন্য ইচ্ছে প্রকাশ করেছেন।

#### ৯. কর্পোরেট গভর্নেন্স:

কর্পোরেট গভর্নেন্স হচ্ছে সূনাগরিকত্বের চর্চা যার মাধ্যমে পরিচালনা পর্ষদ কোম্পানীর পরিচালনা করেন, শেয়ার হোল্ডার/স্বার্থ সংশ্লিষ্ট ব্যক্তিবর্গ এবং সমাজের প্রতি জবাবদিহিতার দৃষ্টিভঙ্গি নিয়ে। সিকিউরিটিজ এণ্ড এক্সচেঞ্জ কমিশন এর নোটিশ নং এসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/প্রশাসন/০২-০৮ ফেব্রুয়ারি ২০, ২০০৬ এর নিরিখে কোম্পানীর কর্পোরেট গভর্নেন্স এর অবস্থান চিত্রায়িত হয়েছে সংযুক্তি ১ (এক) এর মধ্যে।

#### ১০. ব্যবস্থাপনা কর্তৃপক্ষের নীতি:

পরিচালনা পর্ষদ ব্যবসায়িক কার্যক্রমে আন্তরিকভাবে অবদান রাখার জন্য ব্যবস্থাপনা কর্মকর্তা, কর্মচারী, শ্রমিক, ক্রেতা সবাইকে আন্তরিক ধন্যবাদ জ্ঞাপন করেছেন। তা ছাড়াও ব্যাংক, এসইসি, ডিএসই, সিএসই, সিডিবিএল এবং বিশেষ ভাবে সরকারকে কোম্পানীর প্রতিটি কার্যক্রমে সহযোগিতার জন্য আন্তরিক ধন্যবাদ জানাচ্ছেন। পরিচালনা পর্ষদ আশা করে যে, এই কোম্পানী দেশের সীমানা ছাড়িয়ে বিদেশের মাটিতেও কার্যকর ভূমিকা রাখবে।





## **Annexure**

## ANNEXURE-I

The Directors also report that:

- ❖ The financial statements of the Company present true and fair view of Company's state of affairs, result of its operations, cash flows and changes in equity.
- ❖ Proper books of accounts as required by law have been maintained.
- ❖ Appropriate accounting policies have been followed in formulating the financial statements and accounting estimates were reasonable and prudent.
- ❖ The financial statement was prepared in accordance with International Accounting Standard (IAS) as applicable in Bangladesh.
- ❖ The internal control system is sound in design and effectively implemented and monitored.
- ❖ There are no significant doubts upon the company's ability to continue as a going concern.
- ❖ There is no significant deviation from the operating result of the last year.
- ❖ The number of board meetings and the attendance of directors during the year 2010-2011 were as follows:

Name of Directors	Position	Meeting Held	Attended
Mr. Samson H. Chowdhury	Chairman	10	10
Mr. Samuel S. Chowdhury	Vice Chairman	10	10
Mr. Tapan Chowdhury	Managing Director	10	9
Dr. Kazi Harunar Rashid	Director	10	6
Mr. M Sekander Ali	Independent Director	10	10
Mr. Anjan Chowdhury	Director	10	10
Mr. Kazi Iqbal Harun	Director	10	8
Ms. Ratna Patra	Director	10	6
Mr. K M Saiful Islam	Director	10	9

- ❖ The pattern of shareholding (along with name wise detail ) of Parent/Subsidiary/Associated companies and other related parties, Directors, Chief Executives Officer, Company Secretary, Chief Financial Officer, Head of Internal audit and their spouse and minor children, Executives, shareholders holding 10% or more voting interest in the company as at 31 March, 2011 were as stated in ANNEXURE-II
- ❖ Securities and Exchange Commission compliance report is enclosed herewith as ANNEXURE-III.
- ❖ Key operating and financial data of last five years have been presented in summarized form in the Corporate Result at Page No. 17.

## ANNEXURE-II

Pattern of Shareholding as on March 31, 2011

Particulars	Nos. Share holding	Percentage	Remark
Parent Company	-	-	The Company is not subsidiary of any company
<b>Associated Companies:</b>			
Square Textiles Limited	37,202,337	46.45%	
United Hospitals Limited	120,000	0.86%	
National Housing Finance and Investment Ltd.	270,078	5.22%	
Central Depository Bangladesh Ltd.	2,569,443	1.61%	
Square Hospitals Limited	198,250	49.56%	
Square Knit Fabrics Limited	1,260,000	48.84%	
Square Fashions Limited	252,000	48.46%	
Square Cephalosporins Limited	950,000	99.48%	
Square Biotechs Limited	665,000	99.25%	
Square Multi Fabrics Limited	995,000	99.50%	
<b>Other Related Parties</b>			
<b>Directors:</b>			
Mr. Samson H. Chowdhury	1,945,265	9.92%	
Mr. Samuel S. Chowdhury	828,821	4.22%	
Mr. Tapan Chowdhury	857,890	4.37%	
Dr. Kazi Harunar Rashid	602,374	3.07%	
Mr. M Sekendar Ali	Non Shareholding Independent Director		
Mr. Anjan Chowdhury	874,191	4.46%	
Mr. Kazi Iqbal Harun	593,102	3.02%	
Mrs. Ratna Patra	776,270	3.96%	
Mr. K M Saiful Islam	2,164	0.01%	
Chief Executive Officer (CEO) and his Spouse and Minor Children:	857,890	4.37%	
Chief Financial Officer (CFO) and his Spouse and Minor Children:	178	-	
Company Secretary (CS) and his spouse and minor children:	-	-	
Head of Internal Audit (HIA) and his Spouse and Minor Children:	190	-	
Executives (Top five Salaried person other than CEO,CFO,CS,HIA):			
1. Mr. Parvez Hashim	613	0.003%	
2. Mr. Muhammadul Haque	1,030	0.005%	
3. Mr. Golam Rabbani	774	0.004%	
4. Mr. Mahbubur Rahman	122	0.001%	
5. Mr. Imtiaz Ahmed Khilzi	-	-	
Shareholders Holding 10% or more voting right:			

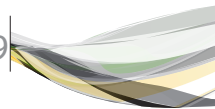
## ANNEXURE-III

Status of compliance with the conditions imposed by the Securities and Exchange Commission's notification No.SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006

Condition No.	Title	Compliance Status	Explanation for non compliance with the condition
1.1	Board's Size: Board members should not be less than 5(Five) and more than 20(Twenty)	Complied	
1.2(i)	Independent Director: At least 1/10 th	Complied	
1.2(ii)	Appointment of Independent Director by elected Directors	Complied	
1.3	Individual Chairman of the Board, Chief Executive and clearly defined roles and responsibilities	Complied	
1.4	The Directors report to Shareholders on:-		
1.4(a)	Fairness of Financial Statements	Complied	
1.4(b)	Maintenance of Proper books of accounts	Complied	
1.4(c)	Adaptation of appropriate Accounting policies and estimates	Complied	
1.4(d)	Compliance with International Accounting Standard	Complied	
1.4(e)	Soundness of Internal Control System	Complied	
1.4(f)	Ability to Continue as Going Concern	Complied	
1.4(g)	Significant deviation from last year	Complied	
1.4(h)	Presentation of last three years data	Complied	
1.4(i)	Declaration of Dividend	Complied	
1.4(j)	Details of Board Meeting	Complied	
1.4(k)	Shareholding Pattern	Complied	
2.1	Appointment of CFO, Head of Internal Audit and company secretary and defining of their respective roles, responsibilities and duties.	Complied	

## DIRECTORS' REPORT

Condition No.	Title	Compliance Status	Explanation for non compliance with the condition
2.2	Attendance of CFO and the company Secretary at Board of Directors meeting	Complied	
3.00	Audit Committee:		
3.1(i)	Constitution of Committee	Complied	
3.1(ii)	Constitution of Committee with Board members including one Independent Director	Complied	
3.1(iii)	Filling of Casual Vacancy in Committee	Not applicable	
3.2(i)	Chairman of the Committee	Complied	
3.2(ii)	Professional Qualification and experience of the Chairman of the Committee	Complied	
3.3.1(i)	Reporting to the Board of Directors	Complied	
3.3.1(ii)(a)	Reporting of Conflict of Interest to the Board of Directors	Not applicable	
3.3.1(ii)(b)	Reporting of any fraud or irregularity to the Board of Directors	Not applicable	
3.3.1(ii)(c)	Reporting of violation of laws to the Board of Directors	Not applicable	
3.3.1(ii)(d)	Reporting of any other matter to the Board of Directors	Not applicable	
3.3.2	Reporting of Qualified point to Commission	Not applicable	
3.4	Reporting to the Shareholders and General Investors	Complied (Annexure-IV)	
4.00	External/Statutory Auditors:		
4.00(i)	Non-engagement in appraisal or valuation	Complied	
4.00(ii)	Non- engagement in designing of Financial Information System	Complied	
4.00(iii)	Non-engagement in Book-Keeping	Complied	
4.00(iv)	Non-engagement in Broker-dealer service	Complied	
4.00(v)	Non-engagement in Actuarial Services	Complied	
4.00(vi)	Non-engagement in Internal Audit	Complied	
4.00(vii)	Non-engagement in any other services	Complied	



## ANNEXURE-IV

### AUDIT COMMITTEE REPORT

For the Year 2010-2011

The Audit Committee consists of the following members:


Mr. M Sekander Ali, Independent Director	- Chairman
Mr. Samuel S. Chowdhury, Vice Chairman	- Member
Mr. Kazi Iqbal Harun, Director	- Member

The scope of Audit Committee was defined as under:

- (a) Review and recommend to the Board to approve the financial statements prepared for statutory purpose;
- (b) Report to the Board of Directors on internal audit findings from time to time considering the significance of the issues;
- (c) Carry on a supervision role to safeguard the systems of governance and independence of statutory auditors; and
- (d) Review and consider the internal report and statutory auditors' observations on internal control

#### Activities carried out during the year

The Committee reviewed the quarterly, half yearly and annual financial statement and recommended to the Board for consideration. The Committee also reviewed, approved and monitored the procedure and task of the internal audit, financial report preparation and the external audit reports. The Committee found adequate arrangement to present a true and fair view of the activities and the financial status of the company and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting



M Sekander Ali  
Chairman  
Audit Committee

Date: July 07, 2011

# Financial Report





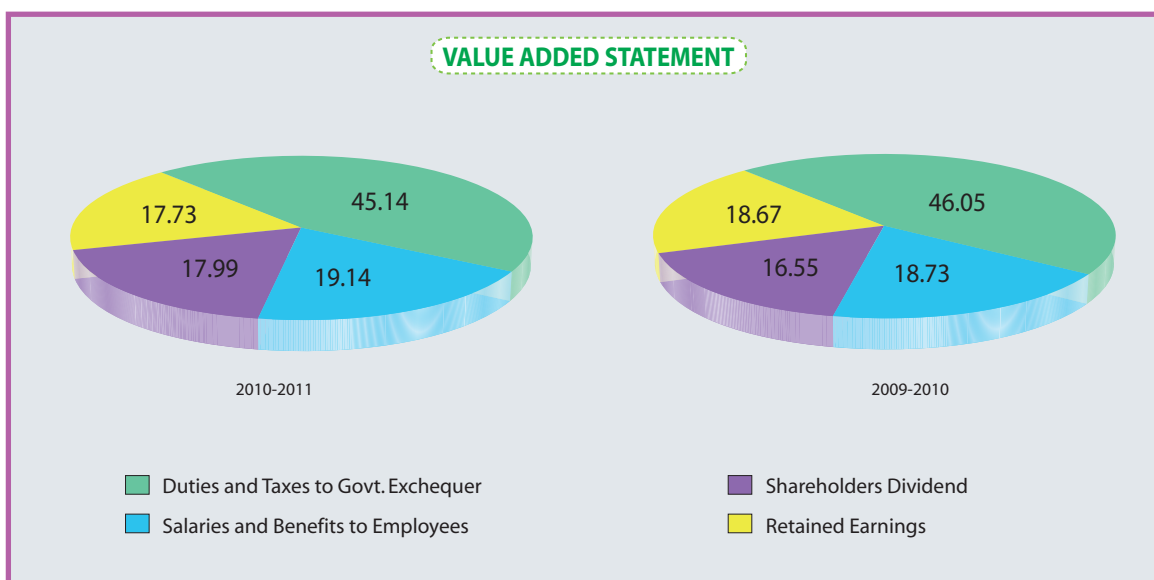
## SQUARE PHARMACEUTICALS LTD.

### VALUE ADDED STATEMENT

For the Year Ended 31 March 2011

(Figures in thousand Taka)

	2010-2011		2009-2010	
	Amount	%	Amount	%
Turnover & Other Income	16,410,372		13,864,707	
Less: Bought in Materials & Services	9,320,937		7,935,813	
	7,089,435	100.00	5,928,894	100.00
Applications:				
Duties and Taxes to Govt. Exchequer	3,200,174	45.14	2,730,483	46.05
Salaries and Benefits to Employees	1,357,206	19.14	1,110,539	18.73
Shareholders Dividend	1,275,130	17.99	980,870	16.55
Retained Earnings	1,256,925	17.73	1,107,002	18.67
	7,089,435	100.00	5,928,894	100.00



## AUDITORS' REPORT

TO THE SHAREHOLDERS

We have audited the accompanying financial statements of Square Pharmaceuticals Limited, which comprises the Statement of Financial Position as at 31 March 2011, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended and all related consolidated financial statements and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchanges Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the Financial Statements including consolidated financial statements, prepared in accordance with Bangladesh Financial Reporting Standards, give a true and fair view of the state of the company's affairs as at 31 March, 2011 and of the results of its operations and its cash flows for the year then ended and comply with the companies Act 1994, the Securities and Exchanges Rules 1987 and other applicable laws and regulations.

Further to our opinion in the above paragraph, we state that:

- (i) 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;
- (ii) In our opinion, proper books of account as required by law have been kept by Square Pharmaceuticals Limited and its subsidiary so far as it appeared from our examination of those books;
- (iii) The company's Statement of Financial Position, Statement of Comprehensive Income and its Cash Flows dealt with by the report are in agreement with the books of account and returns;
- (iv) The expenditure incurred was for the purpose of the company's business.

Dated, Dhaka  
28 July, 2011



B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
Chartered Accountants

**SQUARE PHARMACEUTICALS LTD.**


**STATEMENT OF FINANCIAL POSITION**

As At 31 March 2011

		31-03-2011 Taka	31-03-2010 Taka Restated	31-03-2009 Taka Restated
<b>ASSETS:</b>	Notes			
<b>Non-Current Assets:</b>		<b>12,422,195,814</b>	<b>10,643,410,336</b>	<b>9,523,267,501</b>
Property, Plant and Equipment-Carrying Value	2	6,981,559,781	5,630,791,822	4,899,679,832
Capital Work-in-Progress	3	887,584,197	634,347,093	-
Investment - Long Term (at Cost)	4	4,031,751,281	3,990,050,169	4,508,050,169
Investment in Marketable Securities (Fair Value)	5	521,300,555	388,221,252	115,537,500
<b>Current Assets:</b>		<b>7,022,213,840</b>	<b>4,553,041,968</b>	<b>3,823,262,855</b>
Inventories	6	2,541,688,329	2,207,078,082	2,098,755,231
Trade Debtors	7	772,421,345	508,249,174	477,562,002
Advances, Deposits and Prepayments	8	523,991,079	358,250,076	260,330,162
Short Term Loan	9	2,813,811,332	1,220,736,941	693,157,720
Cash and Cash Equivalents	10	370,301,755	258,727,695	293,457,740
<b>TOTAL ASSETS</b>		<b>19,444,409,654</b>	<b>15,196,452,304</b>	<b>13,346,530,356</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES:</b>				
<b>Shareholders' Equity:</b>		<b>13,817,708,990</b>	<b>11,721,331,851</b>	<b>10,044,685,134</b>
Share Capital	11	1,961,739,000	1,509,030,000	1,207,224,000
Share Premium	12	2,035,465,000	2,035,465,000	2,035,465,000
General Reserve		105,878,200	105,878,200	105,878,200
Tax Holiday Reserve	13	1,101,935,237	1,101,935,237	1,101,935,237
Gain on Marketable Securities (Unrealized)	5	259,435,115	166,952,026	95,287,500
Retained Earnings		8,353,256,438	6,802,071,388	5,498,895,197
<b>Non-Current Liabilities:</b>		<b>958,511,238</b>	<b>1,258,376,052</b>	<b>660,976,668</b>
Long Term Loans - Secured	14	655,645,734	1,032,633,110	449,757,608
Deferred Tax Liability	15	302,865,504	225,742,942	211,219,060
<b>Current Liabilities:</b>		<b>4,668,189,426</b>	<b>2,216,744,401</b>	<b>2,640,868,554</b>
Short Term Bank Loans	16	2,627,483,864	736,443,848	1,534,345,782
Long Term Loans - Current Portion	17	478,199,933	462,090,211	295,590,601
Trade Creditors	18	733,369,218	394,715,915	124,222,699
Liabilities for Expenses	19	79,499,584	56,463,570	69,573,702
Liabilities for Other Finance	20	749,636,827	567,030,857	617,135,770
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>19,444,409,654</b>	<b>15,196,452,304</b>	<b>13,346,530,356</b>


Attached notes form part of these Financial Statements.

As per our annexed report of even date.

  
Samuel S. Chowdhury  
Vice Chairman

  
Tapan Chowdhury  
Managing Director

  
Khandaker Habibuzzaman  
Company Secretary

  
B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
Chartered Accountants

Dated, Dhaka: 28 July, 2011

**SQUARE PHARMACEUTICALS LTD.**  
**STATEMENT OF COMPREHENSIVE INCOME**


For the Year Ended 31 March 2011

		2010-2011 Taka	2009-2010 Taka
	Notes		
GROSS TURNOVER	22	15,576,487,536	13,279,141,757
Less: Value Added Tax		2,105,063,067	1,816,563,347
<b>NET TURNOVER</b>		<b>13,471,424,469</b>	<b>11,462,578,410</b>
COST OF GOODS SOLD	23	(7,703,661,010)	(6,561,288,485)
<b>GROSS PROFIT</b>		<b>5,767,763,459</b>	<b>4,901,289,925</b>
<b>Operating Expenses:</b>		<b>(3,016,158,062)</b>	<b>(2,520,532,046)</b>
Selling and Distribution Expenses	27	(2,121,163,004)	(1,687,210,447)
Administrative Expenses	28	(626,145,987)	(524,460,492)
Financial Expenses	29	(268,849,071)	(308,861,107)
<b>PROFIT FROM OPERATIONS</b>		<b>2,751,605,397</b>	<b>2,380,757,879</b>
Other Income	30	833,884,528	585,564,826
PROFIT BEFORE WPPF		3,585,489,925	2,966,322,705
Allocation for WPPF	31	(170,737,615)	(141,253,462)
PROFIT BEFORE TAX		<b>3,414,752,310</b>	<b>2,825,069,243</b>
Provision for Income Tax	32	(805,575,198)	(688,499,602)
Provision for Deferred Income Tax	15	(77,122,562)	(48,697,850)
<b>PROFIT AFTER TAX FOR THE YEAR</b>		<b>2,532,054,550</b>	<b>2,087,871,791</b>
Other Comprehensive Income:			
Gain on Marketable Securities (Unrealized)		92,483,089	71,664,526
<b>Total Comprehensive Income for the Year</b>		<b>2,624,537,639</b>	<b>2,159,536,317</b>
<b>Earnings Per Share (EPS)</b>	33	129.07	106.43
<b>Number of Shares used to compute EPS</b>		19,617,390	19,617,390

Attached notes form part of these Financial Statements.

As per our annexed report of even date.

  
Samuel S. Chowdhury  
Vice Chairman

  
Tapan Chowdhury  
Managing Director

  
Khandaker Habibuzzaman  
Company Secretary

  
B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
Chartered Accountants

Dated, Dhaka: 28 July, 2011

**SQUARE PHARMACEUTICALS LTD.****STATEMENT OF CHANGES IN EQUITY**

For the Year Ended 31 March 2011

	Share Capital Taka	Share Premium Taka	General Reserve Taka	Tax Holiday Reserve Taka	Gain on Marketable Securities (Unrealized) Taka	Retained Earnings Taka	Total Taka
<b>At 31 March 2010</b>	<b>1,509,030,000</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>1,101,935,237</b>	<b>166,952,026</b>	<b>6,802,071,388</b>	<b>11,721,331,851</b>
Total Comprehensive Income (2010-2011)	-	-	-	-	92,483,089	2,532,054,550	2,624,537,639
Cash Dividend (2009-2010)	-	-	-	-	-	(528,160,500)	(528,160,500)
Stock Dividend (2009-2010)	452,709,000	-	-	-	-	(452,709,000)	-
<b>At 31 March 2011</b>	<b>1,961,739,000</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>1,101,935,237</b>	<b>259,435,115</b>	<b>8,353,256,438</b>	<b>13,817,708,990</b>

**SQUARE PHARMACEUTICALS LTD.****STATEMENT OF CHANGES IN EQUITY**

For the Year Ended 31 March 2010

	Share Capital Taka	Share Premium Taka	General Reserve Taka	Tax Holiday Reserve Taka	Gain on Marketable Securities (Unrealized) Taka	Retained Earnings Taka	Total Taka
<b>At 31 March 2009</b>	<b>1,207,224,000</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>1,101,935,237</b>	-	<b>5,498,895,197</b>	<b>9,949,397,634</b>
Impact of changes in Accounting Policies	-	-	-	-	95,287,500	-	95,287,500
Restated Balance at 31 March 2009	<b>1,207,224,000</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>1,101,935,237</b>	<b>95,287,500</b>	<b>5,498,895,197</b>	<b>10,044,685,134</b>
Total Comprehensive Income (2009-2010)	-	-	-	-	71,664,526	2,087,871,791	2,159,536,317
Cash Dividend (2008-2009)	-	-	-	-	-	(482,889,600)	(482,889,600)
Stock Dividend (2008-2009)	301,806,000	-	-	-	-	(301,806,000)	-
<b>At 31 March 2010</b>	<b>1,509,030,000</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>1,101,935,237</b>	<b>166,952,026</b>	<b>6,802,071,388</b>	<b>11,721,331,851</b>

As per our annexed report of even date.

  
 Samuel S. Chowdhury  
 Vice Chairman

  
 Tapan Chowdhury  
 Managing Director

  
 Khandaker Habibuzzaman  
 Company Secretary

  
 B.K. Bhattacharjee, FCA  
 Partner  
 Chowdhury Bhattacharjee & Co.  
 Chartered Accountants


Dated, Dhaka: 28 July, 2011


**SQUARE PHARMACEUTICALS LTD.****CASH FLOW STATEMENT**

For the Year Ended 31 March 2011

	2010-2011 Taka	2009-2010 Taka
<b>Cash Flows From Operating Activities:</b>		
<b>RECEIPTS:</b>		
Collection from Sales	13,159,745,378	11,401,786,553
Others	459,857,859	448,178,202
	13,619,603,237	11,849,964,755
<b>PAYMENTS:</b>		
Purchase of Raw and Packing Materials	5,972,234,287	4,993,049,492
Manufacturing and Operating Expenses	3,593,791,950	2,942,764,932
Bank Interest	268,849,071	308,861,107
Income Tax	802,383,301	855,888,639
Workers Profit Participation Fund	88,284,100	82,353,560
Others	10,673,726	3,529,132
	10,736,216,435	9,186,446,862
Net cash provided by operating activities	2,883,386,802	2,663,517,893
<b>Cash Flows From Investing Activities:</b>		
Purchase of Fixed Assets	(2,228,959,849)	(1,464,938,454)
Disposal of Fixed Assets	17,536,162	12,475,331
Investment in Square Knit Fabrics Ltd.	-	92,000,000
Investment in Square Fashions Ltd.	-	48,000,000
Investment in Square Biotechs Ltd.	-	418,000,000
Investment in Central Depository Bangladesh Ltd.	(34,166,580)	-
Investment in Orascom Telecom Bangladesh Ltd.	(10,000,000)	(40,000,000)
Investment in Marketable Securities	(49,013,434)	(213,679,839)
Loan to Sister Concerns	(1,593,074,391)	(527,579,221)
Capital Work-in-Progress	(253,237,104)	(634,347,093)
Sale of Marketable Securities	125,126,871	15,671,905
Interest Received	171,776,894	69,421,514
Dividend Received	80,196,827	58,144,341
Net cash used in investing activities	(3,773,814,604)	(2,166,831,516)
<b>Cash Flows From Financing Activities:</b>		
Long Term Loan Received	114,435,352	1,091,897,800
Long Term Loan Repaid	(475,313,006)	(342,522,688)
Short Term Bank Loan Increase/(Decrease)	1,891,040,016	(797,901,934)
Dividend Paid	(528,160,500)	(482,889,600)
Net cash used in financing activities	1,002,001,862	(531,416,422)
Increase/(Decrease) in Cash and Cash Equivalents	111,574,060	(34,730,045)
Cash and Cash Equivalents at the Opening	258,727,695	293,457,740
Cash and Cash Equivalents at the Closing	370,301,755	258,727,695

As per our annexed report of even date.

  
 Samuel S. Chowdhury  
 Vice Chairman

  
 Tapan Chowdhury  
 Managing Director

  
 Khandaker Habibuzzaman  
 Company Secretary

  
 B.K. Bhattacharjee, FCA  
 Partner  
 Chowdhury Bhattacharjee & Co.  
 Chartered Accountants

Dated, Dhaka: 28 July, 2011

## NOTES TO THE FINANCIAL STATEMENTS

## 1. SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION

**(a) Reporting Company**

**(b) Subsidiaries Company**

Square Cephalosporins Ltd. was incorporated on August 29, 2005 under Companies Act 1994 as a private limited company.

The company was incorporated on June 12, 2006 and registered by the Registrar of Joint Stock Companies & Firms, Dhaka vide Reg. No. C-62167 (4176)/06 dated June 12, 2006 under Companies Act 1994 as a private limited company.

The company was incorporated on June 24, 2008 under Companies Act, 1994 as a private limited company.

The registered office of the company is situated at "Square Centre" 48, Mohakhali Commercial Area, Dhaka-1212, Bangladesh. Factory address of the company and it's subsidiaries are as follows:

Square Multi Fabrics Ltd : Jamirdia Valuka Mymensingh

**(a) Reporting Company:**

**(b) Subsidiary Companies:**

The company owns modern pharmaceuticals factory and produces and sells Pharmaceuticals Drugs and Medicines.

To carry on the business of inter alia manufacturing, marketing, sales and distribution of all kinds of biotechnological medicines/drugs for life saving and healthcare.

To carry on the business of manufacturing, marketing in all types of knit fabrics, yarn, garments for gents, ladies and children's including the preparation, sizing, mercerizing, processing, printing, embroidering, dyeing, coloring and finishing and other ancillary work.



## NOTES TO THE FINANCIAL STATEMENTS

### 1.4 Basis of Preparation and Presentation of Financial Statements:

The elements of financial statements have been measured on "Historical Cost" convention in a going concern concept and on accrual basis in accordance with generally accepted accounting principle and practice in Bangladesh in compliance with the Companies Act 1994, the Securities and Exchange Rules 1987, listing regulations of Dhaka Stock Exchange Ltd. (DSE) & Chittagong Stock Exchange Ltd. (CSE) and International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB), as Bangladesh Accounting Standard (BAS).

### 1.5 Principal Accounting Policies:

Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of BAS-1 "Presentation of Financial Statements" in preparation and presentation financial statements. The previous years' figures were presented according to the same accounting principles. Compared to the previous year, there were no significant changes other than investment in marketable securities reported as non-current assets at fair value instead of current assets at cost price previously. These changes in accounting policies was applied retrospectively in the accounting and valuation principles affecting the financial position and performance of the company. However, changes made to the presentation are explained in the note for each respective item.

Accounting and valuation methods are disclosed for reasons of clarity. The company classified the expenses using the function of expenses method as per BAS-1.

### 1.6 Application of Bangladesh Accounting Standards (BAS):

The following BASs are applicable for the financial statements for the year under review:

BAS - 1	Presentation of Financial Statements
BAS - 2	Inventories
BAS - 7	Cash Flow Statements
BAS - 8	Accounting Policies, Changes in Accounting Estimates and Errors
BAS - 10	Events after the Balance Sheet Date
BAS - 12	Income Taxes
BAS - 14	Segment Reporting
BAS - 16	Property, Plant and Equipment
BAS - 17	Leases
BAS - 18	Revenue
BAS - 19	Employee Benefits
BAS - 21	The effects of Changes in Foreign Exchange Rates
BAS - 23	Borrowing Costs
BAS - 24	Related Party Disclosures
BAS - 25	Accounting for Investments
BAS - 26	Accounting and Reporting by Retirement Benefit Plans
BAS - 27	Consolidated Financial Statements and Accounting for Investment in Subsidiary
BAS - 28	Accounting for Investment in Associates
BAS - 32	Presentation of Financial Instruments
BAS - 33	Earnings Per Share
BAS - 37	Provisions, Contingent Liabilities and Contingent Assets
BAS - 38	Intangible Assets
BAS - 39	Financial Instruments: Recognition and Measurement
BFRS - 7	Financial Instruments: Disclosure

### 1.7 Property, Plant and Equipment:

All property, plant and equipment is initially accounted for at cost and depreciated over their expected useful life in accordance with BAS-16. 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 capitalised. Expenses capitalised also include applicable borrowing cost.

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 income statement which is determined with reference to the net book value of the assets and the net sales proceeds.

### 1.8 Depreciation:

No depreciation is charged on freehold land and on capital work-in-progress. Depreciation is charged on all other fixed assets on a reducing balance method for Square Pharmaceuticals Ltd. (SPL) while Square Cephalosporins Ltd. (SCL) and Square Multi Fabrics Ltd. have followed straight line method of depreciation. Depreciation for full years has been charged on additions irrespective of date when the related assets are put into use and no depreciation has been charged on assets disposed off during the year.

The rates at which assets are depreciated per annum, depending on the nature and estimated useful life of assets are given below:

	SPL	SCL	SMFL
Factory Building and Other Construction	10%	-	5%
Plant & Machinery	15%	15%	15%
Laboratory & Office Equipment	10%	10%	15%
Furniture & Fixture	10%	10%	15%
Motor Vehicle	20%	20%	20%
Electrical Installation	15%	15%	15%
Books & Periodicals	30%	-	-
Electro Mechanical Equipment	-	15%	-
Computer	10%	10%	15%

Uniform depreciation method could not be followed for preparation of consolidated financial statements because the companies are engaged in different nature of business.

### 1.9 Inventories:

Inventories are stated at the lower of cost or net realizable value in compliance to the requirements of Para 21 & 25 of BAS-2.

#### Types of Stock

Raw Materials, Packing Materials and Work-in-Process  
Finished Goods  
Spare & Accessories  
Goods in Transit

#### Basis of Valuation

Weighted Average Cost  
At lower of cost or net estimated realizable value  
Weighted Average Cost  
At Cost

The cost is determined on weighted average cost basis. Net realizable value is based on estimated selling price less any further costs anticipated to be incurred to make the sale. Any obsolete stock or abnormal losses are recognized as expenses.

### 1.10 Income Taxes:

#### Current Tax

Provision for income tax has been made as per Income Tax Rules after adjustment of 10% rebate for declaration of Dividend above 20%.

#### Deferred Tax

Provision is made for taxable temporary differences for the prior years and will be adjusted in due course of time as and when required.

### 1.11 Employees Separation Plans:

#### Staff Provident Fund

The company has established a recognized contributory provident fund scheme. The fund is wholly administered by a Board of Trustees. No part of the fund is included in the assets of the company.

#### Gratuity

The company has an unfunded gratuity scheme under which an employee is entitled to the benefits depending on the length of service.

#### Insurance

The company has also a group insurance scheme for its permanent employees, premium for which is being charged to income statement annually as per the insurance policy.

#### Workers Profit Participation Fund and Welfare Fund

The company makes a regular allocation of 5% on net profit before tax to this fund and payment is made to the workers as per provisions of the Companies Profit under Labour Law 2006, Chapter-15.

## NOTES TO THE FINANCIAL STATEMENTS

### 1.12 Revenue Recognition:

#### (a) Sales of Goods:

In compliance with the requirements of BAS-18 revenue is recognised for local sales of Pharmaceuticals Drugs and Medicines, AgroVet Products and Pesticide Products at the time of delivery from depot and Exports of Pharmaceuticals Drugs and Medicines at the time of delivery from Factory Godown. Local sales of Basic Chemical Products are recognised at the time of delivery from Factory Godown i.e when the significant risk and rewards of ownership is transferred to the buyer, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

(b) Dividend income is recognized when the right to received payment is established.

(c) Interest income is recognized when accrued on a time proportion basis.

### 1.13 Turnover:

Turnover comprises the following:

#### **Reporting Company:**

- \* Sales of locally manufactured Pharmaceuticals Drugs and Medicines.
- \* Export of Pharmaceuticals Drugs and Medicines.
- \* Local Sales of Basic Chemicals Products.
- \* Sales of locally manufactured and imported AgroVet Products.
- \* Sales of locally manufactured and imported Pesticide Products.

#### **Subsidiary Company:**

- \* Sales of locally manufactured Pharmaceuticals drugs and medicines.
- \* Sales of Fabrics (Deemed Export).

### 1.14 Foreign Currency Transactions:

Foreign currencies are translated into taka at the exchange rates ruling on the date of transactions in accordance with BAS-21 "The Effects of Changes in Foreign Exchange Rates". Bank deposit in foreign currency for retention quota account has been translated into taka at the year end at the rate of exchange ruling on that date and gain/(loss) have been accounted for as other income/(loss) in the Income Statement.

### 1.15 Cash Flow Statement:

Cash flow statement is prepared in accordance with BAS-7 under direct method and as outlined in the Securities and Exchange Rule 1987.

### 1.16 Earnings per Share (EPS):

Earnings per Share (EPS) is calculated in accordance with the Bangladesh Accounting Standard BAS-33 "Earnings per Share".

#### **Earnings per Share**

"Earnings per Share" has been calculated by dividing the earnings attributable to the number of shares (ordinary) held by the shareholders' during the year.

#### **Weighted Average Number of Ordinary Shares Outstanding during the year**

The Bonus Shares issued during the year 2010-2011 were treated as if they had been in issue in previous years also. Hence, in computing the Basic Earnings Per Share (EPS) of 2010-2011, the total number of shares including the said bonus shares has been considered as the Weighted Average Number of Shares Outstanding during the year 2009-2010.

#### **Diluted Earnings per Share**

No diluted Earnings Per Share was required to be calculated for the year under review as there is no scope for dilution of Earnings Per Share for the year.

### 1.17 Basis of Consolidation:

#### Percentage of Holding Share on Subsidiaries Company:

Subsidiary Company	Holding of Share	Percentage of Holding
Square Cephalosporins Ltd.	950,000	99.48%
Square Biotechs Ltd.	665,000	99.25%
Square Multi Fabrics Ltd.	995,000	99.50%

Subsidiaries entities are controlled by Square Pharmaceuticals Ltd. (SPL). Control exists when SPL has the power to govern the financial and operating policies of the entity. In assessing control potential voting rights that are presently exercisable are considered.

### 1.18 Consolidation of Accounts:

In terms of the requirements of Bangladesh Accounting Standards (BAS) accounts of the company's own and that of its subsidiaries have been consolidated as follows:

Subsidiary Company	Year Ending	Remarks
Square Cephalosporins Ltd.	31, March 2011	Audited Balance Sheet
Square Biotechs Ltd.	31, March 2011	Audited Balance Sheet
Square Multi Fabrics Ltd.	31, March 2011	Audited Balance Sheet

### 1.19 Related Party Transactions:

The company did not do any transaction with its sister concern other than its subsidiaries/associate undertakings viz Square Textiles Ltd., Square Knit Fabrics Ltd., Square Fashions Ltd., Square Hospitals Ltd., Square Cephalosporins Ltd., Square InformatiX Ltd., Square Biotechs Ltd. and Square Multi Fabrics Ltd.

### 1.20 Borrowing Cost:

The company capitalises borrowing cost for new projects such as interest on term loan and other related fees/charges for the period till to commencement of commercial operation and charges the cost to revenue account as financial expenses after commencement of the commercial operation.

### 1.21 Concentration of Counterparty Risk:

As of 31st March 2011, the company does not have any significant concentration of business transacted with a particular customer, supplier or lender that could, if suddenly eliminated, have severe impact the company's operations. The company also does not have any concentration of available source of labour, service or licenses or other rights that could, if suddenly eliminated, have severe impact of the operations of the company.

### 1.22 Net Profit before Tax:

Net Profit before Tax for the year were not materially affected by:

- transaction of a nature not usually undertaken by the company;
- circumstances of an exceptional or non-recurring nature;
- charges or credits relating to prior years; and
- changes in accounting policies.

### 1.23 Cash and Cash Equivalent:

This comprises cash in hand and cash at bank which are available for use by the company.

## NOTES TO THE FINANCIAL STATEMENTS

### 1.24 Segment Reporting:

As there is a single business and geographic segment within which the company operates as such no segment reporting is felt necessary.

### 1.25 Share Premium:

The balance in share premium account shall be utilized in accordance with provisions of the Companies Act 1994 and as directed by the Securities and Exchange Commission in this respect.

### 1.26 Provisions, Contingent Liabilities and Contingent Assets:

Provisions were made considering risk and un-certainties at best estimate of the probable expenditure that would require to meet the current obligation at the date of Statement of Financial Position.

Contingent liabilities and assets are current or possible obligations or on liabilities or assets, arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. In accordance with BAS-37, they are disclosed in the Note No. 44 hereunder.

### 1.27 Research, Development and Experimental Costs:

In compliance with the requirements of BAS-38 "Intangible Assets" research, development and experimental costs are usually absorbed as revenue charges as and when incurred, as being not that much material in the company's and /local context.

### 1.28 General:

Previous year's figures have been regrouped/reclassified wherever considered necessary to conform to current year's presentation. Figures have been rounded off to the nearest taka, as the currency represented in this financial statements.

	31-03-11	31-03-10
<b>2. PROPERTY, PLANT AND EQUIPMENT: Tk. 6,981,559,781</b>		
Details of Property, Plant and Equipment and Depreciation as at 31 March 2011 are shown in the annexed Schedule - 01. This is arrived at as follows:		
Opening Balance (At Cost)	9,749,012,308	8,343,690,703
Add: Net Addition during the Year	2,193,468,272	1,405,321,605
Closing Balance (At Cost)	11,942,480,580	9,749,012,308
Less: Accumulated Depreciation	4,960,920,799	4,118,220,486
Carrying Value	Tk. <b>6,981,559,781</b>	<b>5,630,791,822</b>

Allocation of depreciation charge for the year has been made in the accounts as follows:

	2010-2011	2009-2010
Factory Overhead	662,949,732	544,008,828
Selling and Distribution Expenses	81,215,000	66,440,925
Administrative Expenses	124,299,761	117,710,857
Tk.	<b>868,464,493</b>	<b>728,160,610</b>

	31-03-11	31-03-10
<b>3. CAPITAL WORK-IN-PROGRESS: Tk. 887,584,197</b>		
This represents expenditure incurred for Penicillin Project and 3rd Unit, Large Volume Parental & Expansion of General Production Facility of Dhaka Unit. The break-up of the above amount are given below:		
Land & Land Development	48,396,918	8,400,000
Building/Civil Work	729,264,056	360,251,540
Plant & Machinery	95,059,717	257,121,390
Other Assets	14,863,506	8,574,163
Tk.	<b>887,584,197</b>	<b>634,347,093</b>

#### 4. INVESTMENT-Long Term (at Cost): Tk. 4,031,751,281

This consists of the following:

##### Subsidiaries:

(a) 950,000 Ordinary Shares of Tk. 100/- each in Square Cephalosporins Ltd.	95,000,000	95,000,000
(b) Advance against Share Money with Square Cephalosporins Ltd. for 4,000,000 Shares of Tk. 100/- each	400,000,000	400,000,000
(c) 665,000 Ordinary Shares of Tk. 100/- each in Square Boitechs Ltd.	66,500,000	66,500,000
(d) 995,000 Ordinary Shares of Tk. 100/- each in Square Multi Fabrics Ltd.	99,500,000	99,500,000
(e) Advance against Share Money with Square Multi Fabrics Ltd. for 1,500,000 Shares of Tk. 100/- each	150,000,000	150,000,000

##### Associates & Others:

(a) 37,202,337 Ordinary Shares of Tk. 10/- each including Bonus Shares in Square Textiles Ltd.	180,976,901	183,442,369
(b) 120,000 Ordinary Shares of Tk. 100/- each United Hospitals Ltd.	12,000,000	12,000,000
(c) National Housing Finance and Investment Ltd.: ● 259,552 Ordinary Shares of Tk.100/- each including 59,552 Bonus Shares ● 10,526 Ordinary Shares of Tk. 100/- each with Premium of Tk. 200/- each	23,157,800	23,157,800
(d) Central Depository Bangladesh Ltd.: ● 2,000,000 Ordinary Shares of Tk.10/- each including 1,000,000 Bonus Shares ● 569,443 Ordinary Shares of Tk. 10/- each with Premium of Tk. 50/- each	44,166,580	10,000,000
(e) Square Hospitals Ltd.: ● 2,000 Ordinary Shares of Tk. 1,000/- each with premium of Tk. 5,500/- each ● 196,250 Ordinary Shares of Tk. 1,000/- each	209,250,000	209,250,000
(f) Advance against Share Money with Square Hospitals Ltd. for 2,000,000 Shares of Tk.1,000/- each	2,000,000,000	2,000,000,000
(g) 1,260,000 Ordinary Shares of Tk. 100/- each in Square Knit Fabrics Ltd.	126,000,000	126,000,000
(h) Advance against Share Money with Square Knit Fabrics Ltd. for 3,000,000 Shares of Tk.100/- each	300,000,000	300,000,000
(i) 252,000 Ordinary Shares of Tk. 100/- each in Square Fashions Ltd.	25,200,000	25,200,000
(j) Advance against Share Money with Square Fashions Ltd. for 1,500,000 Shares of Tk.100/- each	150,000,000	150,000,000
(k) Advance against Share Money with Square Informatix Ltd. for 1,000,000 Shares of Tk.100/- each	100,000,000	100,000,000
(l) 5 Senior Secured Bond of Tk. 10,000,000/- each in Orascom Telecom Bangladesh Ltd.	50,000,000	40,000,000
Tk.	<b>4,031,751,281</b>	<b>3,990,050,169</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 5. INVESTMENT IN MARKETABLE SECURITIES (Fair Value): Tk. 521,300,555

SL. No	Name of Company Mutual Fund/Bond	No. of Shares Held	Face Value per Share	Cost Holding	Average Cost	Quoted Rate per Share as on 31-03-11	Total Market Value of Shares as on 31-03-11	Unrealised Gain/(Loss)
1	1st ICB Mutual Fund	605	100	4,700,114	7,768.78	10,480.00	6,340,400	1,640,286
2	2nd ICB Mutual Fund	660	100	1,925,233	2,917.02	3,998.00	2,638,680	713,447
3	3rd ICB Mutual Fund	1,725	100	3,072,523	1,781.17	2,470.00	4,260,750	1,188,227
4	4th ICB Mutual Fund	2,170	100	3,935,185	1,813.45	2,447.75	5,311,618	1,376,432
5	5th ICB Mutual Fund	5,060	100	8,771,343	1,733.47	1,722.00	8,713,320	(58,023)
6	6th ICB Mutual Fund	6,170	100	4,389,058	711.35	650.00	4,010,500	(378,558)
7	7th ICB Mutual Fund	7,750	100	7,671,229	989.84	1,324.00	10,261,000	2,589,771
8	8th ICB Mutual Fund	8,250	100	6,226,186	754.69	736.80	6,078,600	(147,586)
9	BATA Shoe Ltd.	700	10	202,891	289.84	650.00	455,000	252,109
10	BATBC Ltd.	3,000	10	594,181	198.06	667.70	2,003,100	1,408,919
11	IBBL MP Bond	143,330	1,000	133,574,294	931.94	993.30	142,369,689	8,795,395
12	Islami Bank Ltd.	5,800	100	2,877,463	496.11	626.00	3,630,800	753,337
13	Padma Oil Ltd.	400	10	91,069	227.67	726.90	290,760	199,691
14	Shahjalal Islami Bank Ltd.	25,000	10	427,870	17.11	49.70	1,242,500	814,630
15	Titas Gas TDCL	29,800	100	24,236,219	813.30	841.30	25,070,740	834,521
16	Uttara Bank Ltd.	12,000	10	929,257	77.44	70.50	846,000	(83,257)
17	Meghna Petroleum Ltd.	27,600	10	6,619,248	239.83	198.20	5,470,320	(1,148,928)
18	Usmania Glass Ltd.	3,110	100	5,530,663	1,778.35	1,648.00	5,125,280	(405,382)
19	EXIM Bank Ltd.	5,000	10	246,738	49.35	48.30	241,500	(5,238)
20	ACI Ltd.	9,300	10	1,597,554	171.78	268.70	2,498,910	901,356
21	Pioneer Insurance Co. Ltd.	187,500	100	20,250,000	108.00	1,387.00	260,062,500	239,812,500
22	ACI 20% Convertible Zero Coupon Bond	32,056	1000	23,997,122	748.60	760.50	24,378,588	381,466
<b>Total Tk.</b>				<b>261,865,440</b>			<b>521,300,555</b>	<b>259,435,115</b>

The above Investment in Marketable Securities that are designated as available for sale by the management. These are measured at fair value and presented as non current asset and unrealized gain/(loss) from the above investment are recognized as other comprehensive income.

### 6. INVENTORIES: Tk. 2,541,688,329

The break-up is as under:

	31-03-11	31-03-10
Raw Materials	825,289,196	762,451,128
Packing Materials	264,380,917	220,790,578
Work-in-Process	162,243,925	150,454,182
Finished Goods	653,544,141	579,540,927
Spares & Accessories	167,506,369	136,742,538
Goods in Transit	468,723,781	357,098,729
<b>Tk.</b>	<b>2,541,688,329</b>	<b>2,207,078,082</b>

The basis of valuation is stated in note-1 (1.9)

### 7. TRADE DEBTORS: Tk. 772,421,345

(i) Trade debtors occurred in the ordinary course of business are unsecured but considered good. Ageing of the above debtors is as follows:

Below 30 days	239,122,710	189,657,421
Within 31-60 days	78,672,302	43,329,446
Within 61-90 days	49,905,875	12,010,002
Above 90 days	404,720,458	263,252,305
<b>Tk.</b>	<b>772,421,345</b>	<b>508,249,174</b>

(ii) Debtors include Tk. 115,698,598 due from export sales of which Tk. 94,947,958 has since been realised.

(iii) There was no amount due by the Directors (including Managing Director), Managing Agent of the company and any of them severally or jointly with any other person.

(iv) There was also no other amount due by associate undertakings.

	31-03-11	31-03-10
<b>8. ADVANCES, DEPOSITS &amp; PREPAYMENTS (Considered Good) : Tk. 523,991,079</b>		
This consists of as follows:		
<b>Advances:</b>	<b>293,512,530</b>	<b>173,369,044</b>
Employees	18,060,218	13,507,171
Motor Cycle Loan - Employees	3,547,088	3,566,161
Suppliers	271,905,224	156,295,712
<b>Deposits:</b>	<b>210,797,441</b>	<b>169,747,709</b>
L.C Margin	24,886,459	28,080,081
Value Added Tax	138,916,821	91,409,901
Earnest Money & Security Deposit	28,972,454	19,522,510
Lease Deposit	2,295,540	1,071,758
Others	15,726,167	29,663,459
<b>Prepayments:</b>	<b>19,681,108</b>	<b>15,133,323</b>
Office Rent	3,543,712	2,048,812
Insurance Premium	16,137,396	13,084,511
<b>Tk. 523,991,079</b>	<b>358,250,076</b>	

- (a) Employees advances of Tk. 18,060,218 includes advance to officers Tk. 16,231,674  
(b) No amount was due by the Directors (including Managing Director) and Managing Agents of the company and any of them severally or jointly with any other person except as stated in (a) above.

#### **9. SHORT TERM LOAN (Unsecured): Tk. 2,813,811,332**

This consists of as follows:

(a) Square Textiles Ltd.	540,790,520	391,301,298
(b) Square Knit Fabrics Ltd.	53,814,124	217,457,229
(c) Square Fashions Ltd.	968,133,272	65,848,624
(d) Square Hospitals Ltd.	767,910,176	210,163,574
(e) Square InformatiX Ltd.	174,193,808	171,722,922
(f) Square Multi Fabrics Ltd.	308,969,432	164,243,294
Tk.	<b>2,813,811,332</b>	<b>1,220,736,941</b>

Short term loan is receivable from the above subsidiary/associate undertakings and bearing interest @ 1% above the rate of interest charged by the commercial bank and considered good.

#### **10. CASH AND CASH EQUIVALENTS: Tk. 370,301,755**

This is made-up as follows:

(a) Cash in Hand	1,064,226	611,159
(b) Cash at Bank :	369,237,529	258,116,536
● Current Account	26,456,824	35,801,069
● STD Account	7,718,165	5,028,759
● Fixed Deposit Account (BD Taka)	26,962,115	23,264,312
● Fixed Deposit Account (USD)	60,218,200	57,228,391
● Export Retention Quota Account	247,882,225	136,794,005
	<b>370,301,755</b>	<b>258,727,695</b>
Tk.		

## NOTES TO THE FINANCIAL STATEMENTS

### 11. SHARE CAPITAL: Tk. 1,961,739,000

This is made-up as follows:

#### Authorised:

50,000,000 Ordinary Shares of Tk.100/- each

5,000,000,000

5,000,000,000

Issued, subscribed and paid-up:

#### a) By Cash:

1,009,230 Ordinary Shares of Tk.100/- each  
fully paid-up in cash

100,923,000

100,923,000

#### b) Other than Cash:

4,002 Ordinary Shares of Tk.100/- each  
fully paid-up for consideration other than cash

400,200

400,200

#### c) By issue of Bonus Share:

18,604,158 Ordinary Shares of Tk.100/- each  
fully paid-up as Bonus Shares

1,860,415,800

1,407,706,800

Tk.

**1,961,739,000**

**1,509,030,000**

### Shareholding Position as on 31 March 2011 is as follows:

	No. of Investors	Number of Shares	% of Share Holding 2010-2011	% of Share Holding 2009-2010
Sponsors	21	10,624,391	54.16	54.17
Foreign Investors	24	1,314,263	6.70	6.14
Others	54,233	7,678,736	39.14	39.69
	<b>54,278</b>	<b>19,617,390</b>	<b>100.00</b>	<b>100.00</b>

The distribution schedule showing the number of shareholders and their share holdings in percentage has been disclosed below:

Range of Holdings	As per Folio		As per BOLD		Total Share Holdings	%
	No. of Holders	Holdings	No. of Holders	Holdings		
Less than 500 Shares	2,489	169,109	50,301	1,978,500	2,147,609	10.95%
501 to 5,000 Shares	87	102,821	1,224	1,476,822	1,579,643	8.05%
5,001 to 10,000 Shares	5	35,813	63	432,460	468,273	2.39%
10,001 to 20,000 Shares	4	59,284	33	461,885	521,169	2.66%
20,001 to 30,000 Shares	4	92,922	17	402,494	495,416	2.53%
30,001 to 40,000 Shares	2	68,623	9	302,757	371,380	1.89%
40,001 to 50,000 Shares	3	147,491	5	233,988	381,479	1.94%
50,001 to 100,000 Shares	-	-	7	457,305	457,305	2.33%
100,001 to 1,000,000 Shares	12	6,707,795	11	3,189,444	9,897,239	50.45%
Over 1,000,000 Shares	1	1,940,265	1	1,357,612	3,297,877	16.81%
<b>Total</b>	<b>2,607</b>	<b>9,324,123</b>	<b>51,671</b>	<b>10,293,267</b>	<b>19,617,390</b>	<b>100.00%</b>

		31-03-11	31-03-10
<b>12. SHARE PREMIUM:</b>	Tk.	<u>2,035,465,000</u>	<u>2,035,465,000</u>
<b>13. TAX HOLIDAY RESERVE:</b>	Tk.	<u>1,101,935,237</u>	<u>1,101,935,237</u>

#### **14. LONG TERM LOANS (Secured): Tk. 655,645,734**

This represents long term loans from financial institutions are as follows :

(a) Standard Chartered Bank, Dhaka	14,574,485	69,574,485
(b) Commercial Bank of Ceylon Ltd., Dhaka	922,667	11,071,834
(c) Trust Bank Ltd., Dhaka	5,736,018	45,704,418
(d) HSBC Ltd., Dhaka	56,864,335	93,217,266
(e) DEG, Germany	545,775,000	784,125,000
(f) Minimum Lease Payments	31,773,229	28,940,107
Tk.	<u><b>655,645,734</b></u>	<u><b>1,032,633,110</b></u>

##### **(a) Standard Chartered Bank:**

The loan of Tk. 220,000,000 was disbursed for BMRE and it is secured on fixed and floating assets of the company. The interest rate of loan will remain floating. Currently the rate applied to the loan is 12.50% per annum and the loan is repayable in 14 (fourteen) equal quarterly installment starting from May, 2008. The remaining balance stands at Tk. 14,574,485 as on 31.03.2011.

##### **(b) Commercial Bank of Ceylon Ltd.:**

The loan of Tk. 44,288,000 was disbursed for import of machinery and it is secured on specific imported machinery. The interest rate of loan will remain floating. Currently the rate applied to the loan is 11.75% per annum and the loan is repayable in 48 (forty eight) equal monthly installment starting from April, 2008. The remaining balance stands at Tk. 922,667 as on 31.03.2011.

##### **(c) Trust Bank Ltd.:**

The loan of Tk. 150,000,000 was disbursed for the Pellet Project and it is secured on fixed and floating assets of the company. The interest rate of loan will remain floating. Currently the rate applied to the loan is 11.75% per annum and the loan is repayable in 57 (fifty seven) equal monthly installment starting from October, 2007. The remaining balance stands at Tk. 5,736,018 as on 31.03.2011.

##### **(d) HSBC Ltd.:**

The loan was disbursed for import of machineries and it is secured on specific imported machinery. The interest rate of loan will remain floating. Currently the rate applied to the loan is 12.50% per annum and the loan is repayable starting from January, 2009. The remaining balance stands at Tk. 56,864,335 as on 31.03.2011.

##### **(e) DEG Germany:**

The loan of Tk. 1,029,000,000 (USD 15,000,000 @ BDT 68.60) was disbursed for capital expenditure purposes and capacity expansion in normal course of business. The interest rate of loan is 06 months LIBOR+2.70% and the loan is repayable in 08 (eight) equal half-yearly installment of USD 1,875,000 starting from August, 2010.

## NOTES TO THE FINANCIAL STATEMENTS

### (f) Minimum Lease Payments- Tk. 31,773,229

#### (1) Shahjalal Islami Bank Ltd.:

An amount of Tk. 150,000,000 was recognized as Minimum Lease Payments under lease of machineries for Small Volume Parrental Ophthalmic Unit. The lease is repayable in 10 (ten) equal half-yearly installment of Tk. 21,357,000 starting from December 2006 and the remaining balance stands at Tk. 19,959,748 which is shown under note - 17 (F).

#### (2) Industrial Development Leasing Company of Bangladesh Ltd.:

An amount of Tk. 38,442,000 was recognized as Minimum Lease Payments under lease of Vehicle. The lease is repayable in 60 (sixty) equal monthly installment of Tk. 914,540 starting from March 2007 and the remaining balance stands at Tk. 8,980,358 which is shown under note - 17 (F).

#### (3) Prime Bank Ltd.:

An amount of Tk. 54,000,000 was recognized as Minimum Lease Payments under lease of Vehicle. The lease is repayable in 48 (forty eight) equal monthly installment of Tk. 1,381,000 starting from July 2010 and the remaining balance stands at Tk. 31,773,229 as on 31-03-2011.

### 15. DEFERRED TAX LIABILITY: Tk. 302,865,504

This represents provision is made for deferred income tax to pay future income tax liability for temporary differences which is arrived at as follows:

	31-03-11	31-03-10
Opening Balance	225,742,942	211,219,060
Provision made	77,122,562	48,697,850
Adjustment	-	(34,173,968)
Closing Balance	<b>Tk. 302,865,504</b>	<b>225,742,942</b>

### 16. SHORT TERM BANK LOAN: Tk. 2,627,483,864

This consists of as follows:

Cash Credit - Janata Bank Ltd., Pabna	116,137,703	115,727,343
Cash Credit - Janata Bank Ltd., Local Office, Dhaka	78,529,155	50,230,200
Short Term Loan - Citibank N.A, Dhaka	3,404,009	59,785
Trust Receipt - Citibank N.A, Dhaka	630,240,357	38,390,075
Short Term Loan - Commercial Bank of Ceylon Ltd., Dhaka	83,362,597	30,493,989
Trust Receipt - Commercial Bank of Ceylon Ltd., Dhaka	31,935,000	31,899,000
Short Term Loan - Standard Chartered Bank, Dhaka	230,352,884	24,403,546
Trust Receipt - Standard Chartered Bank, Dhaka	405,956,648	31,819,326
Short Term Loan - Bank Alfalah Ltd., Dhaka	100,000,000	100,000,000
Overdraft - Eastern Bank Ltd., Dhaka	36,673,786	14,101,091
Trust Receipt - Eastern Bank Ltd., Dhaka	77,104,193	-
Overdraft - Mercantile Bank Ltd., Dhaka	54,367,373	22,745,361
Trust Receipt - Mercantile Bank Ltd., Dhaka	247,464,414	20,256,652
Trust Receipt - Shahjalal Islami Bank Ltd., Dhaka	47,173,348	10,720,795
Short Term Loan - HSBC Ltd., Dhaka	10,285,527	-
Trust Receipt - HSBC Ltd., Dhaka	231,854,503	52,683,214
Overdraft - Pubali Bank Ltd., Dhaka	349,524	3,654,386
Trust Receipt - Pubali Bank Ltd., Dhaka	-	11,946,951
Overdraft - Bank Asia Ltd., Dhaka	11,897,284	19,136,921
Trust Receipt - Bank Asia Ltd., Dhaka	138,811,612	32,478,517
Overdraft - Janata Bank Ltd., Mohakhali Corporate Br., Dhaka-Secured by FDR	71,298,144	106,300,353
Overdraft - Janata Bank Ltd., Mimi Super Market Br, Chittagong-Secured by FDR	4,812,288	4,178,930
Overdraft - Janata Bank Ltd., Foreign Exchange Corporate Br, Sylhet-Secured by FDR	1,515,028	1,530,539
Overdraft - Janata Bank Ltd., Maizdee Court Corporate Br., Noakhali-Secured by FDR	1,592,111	1,068,429
Others	12,366,376	12,618,445
<b>Tk.</b>	<b>2,627,483,864</b>	<b>736,443,848</b>

The loans of Janata Bank Ltd. are secured by registered mortgage and other loans are secured against pledge and hypothecation of stocks and book debts.

	31-03-11	31-03-10
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#### 17. LONG TERM LOANS - Current Portion: Tk. 478,199,933

This represents current portion of long term loans from financial institutions which are repayable within next 12 months from April, 2011 and consists of as follows:

(a) Standard Chartered Bank, Dhaka	55,000,000	55,000,000
(b) Commercial Bank of Ceylon Ltd., Dhaka	10,149,167	11,072,004
(c) Trust Bak Ltd., Dhaka	39,968,399	34,947,356
(d) HSBC Ltd., Dhaka	58,604,896	52,908,559
(e) DEG, Germany	272,887,500	261,375,000
(f) Minimum Lease Payments	41,589,971	46,787,292
Tk.	<b>478,199,933</b>	<b>462,090,211</b>

#### 18. TRADE CREDITORS: Tk. 733,369,218

This represents amount payable to regular suppliers of raw materials, packing materials, promotional materials etc. All suppliers were paid on a regular basis.

#### 19. LIABILITIES FOR EXPENSES: Tk. 79,499,584

This consists of as follows:

Accrued Expenses	65,016,467	47,243,229
Clearing & Forwarding	14,233,117	8,970,341
Audit Fees	250,000	250,000
Tk.	<b>79,499,584</b>	<b>56,463,570</b>

#### 20. LIABILITIES FOR OTHER FINANCE: Tk. 749,636,827

This consists of as follows:

Sundry Creditors	249,935,379	161,186,629
Income Tax (Deduction at Source)	8,570,981	382,973
Retention Money	850,420	826,620
Workers' Profit Participation Fund	407,968,342	325,514,827
Income Tax Payable (Note-21)	82,311,705	79,119,808
Tk.	<b>749,636,827</b>	<b>567,030,857</b>

#### 21. INCOME TAX PAYABLE: Tk. 82,311,705

This is arrived at as follows:

Opening balance	79,119,808	212,334,877
Provision made (Note-32)	805,575,198	688,499,602
Tax paid (including Advance Income Tax during the year)	(802,383,301)	(821,714,671)
Closing balance	<b>82,311,705</b>	<b>79,119,808</b>



## NOTES TO THE FINANCIAL STATEMENTS

2010-2011

2009-2010

### 22. GROSS TURNOVER: Tk. 15,576,487,536

This is made-up as follows:

Local Sales	15,134,053,882	12,914,598,313
Export Sales in US\$ 6,357,091 (FY 2009-2010 US\$ 5,522,556)	442,433,654	364,543,444
Tk. <b>15,576,487,536</b>	<b>15,576,487,536</b>	<b>13,279,141,757</b>

- (i) Sales consists of 567 Pharmaceuticals Products, 20 Basic Chemical Products, 45 AgroVet Products and 20 Pesticide Products . The summarised quantity are as under:

(Quantity in Thousand)

Category	Unit	Opening	Production/Purchase	Sales	Closing
Tablet	Pcs	288,682	3,811,424	3,839,038	261,068
Capsule	Pcs	52,579	889,987	903,803	38,763
Liquid	Bottles	3,011	60,170	59,461	3,720
Injectable (Vial & Ampoule)	Pcs	3,824	43,728	43,373	4,179
ENT Preparation- Drops, Spray, Gel & Others	Phials	217	28,111	28,187	141
Steroid- Cream, Ointment, Spray, Gel & Others	Phials	745	4,392	4,993	144
Non Steroid- Cream, Ointment, Spray, Gel & Others	Phials	892	7,928	8,314	506
Opthal Preparation & Others	Phials	426	1,795	2,097	124
Dry Syrup	Bottles	214	7,217	6,581	850
Suppository	Pcs	1,305	17,370	16,098	2,577
Sachet	Pcs	-	1,445	1,421	24
Inhaler	Cans	365	1,588	1,839	114
Insulin	Pcs	1	203	197	7
Basic Chemical	Kg	9	353	344	18
Pellet	Kg	12	84	84	12
Tablet - AgroVet	Pcs	730	5,577	5,750	557
Powder - AgroVet	Gm	1,579	46,748	46,715	1,612
Injectable - AgroVet	Pcs	68	781	737	112
Liquid - AgroVet	Bottles	23	162	179	6
Liquid - Insecticide	Litre	7	39	39	7
Granuler - Insecticide	Kg	45	220	242	23
Powder - Insecticide	Kg	-	11	10	1
Powder / Liquids - Fungicide	Kg / Litre	47	1,041	1,033	55
Liquid - Weedicide	Litre	-	14	12	2
Granuler - Fertilizer	Kg	-	455	455	-
Aerosol	Pcs	1	518	498	21

- (ii) 242.75 M.T of basic chemicals valued at Tk. 236,147,800 and 83.88 M.T. of Pellet valued at Tk. 116,210,660 has been transferred from chemical plant to pharma formulation plants of the company which has not been included in the above turnover.

- (iii) The company has no Sales Agent on commission basis.

		2010 -2011	2009 -2010
<b>23. COST OF GOODS SOLD: 7,703,661,010</b>			
This is arrived at as follows:	Notes		
Raw Materials Consumed	24	3,921,945,368	3,513,411,701
Packing Materials Consumed	25	1,863,215,814	1,490,267,842
		5,785,161,182	5,003,679,543
Work-in-Process (Opening)		150,454,182	146,340,693
Work-in-Process (Closing)		(162,243,925)	(150,454,182)
TOTAL CONSUMPTION		5,773,371,439	4,999,566,054
Factory Overhead	26	1,679,488,922	1,379,739,832
COST OF PRODUCTION		7,452,860,361	6,379,305,886
Purchase of Finished Goods		377,709,844	226,814,860
Finished Goods (Opening)		579,540,927	568,607,732
Finished Goods (Closing)		(653,544,141)	(579,540,927)
		7,756,566,991	6,595,187,551
Cost of Physician Sample		(52,905,981)	(33,899,066)
	Tk.	<b>7,703,661,010</b>	<b>6,561,288,485</b>

#### 24. RAW MATERIALS CONSUMED: Tk. 3,921,945,368

This is arrived at as follows:

Opening Stock	762,451,128	712,447,113
Purchase	3,984,783,436	3,563,415,716
Closing Stock	(825,289,196)	(762,451,128)
	<b>3,921,945,368</b>	<b>3,513,411,701</b>

Summarised quantity and total value of ingredients are stated as under:

Particulars	Pcs Cap-Shell	Quantity (Kg)					Total Value (Tk.)
		Active	Excepients	Colour	Flavour	Total	
Opening Balance	218,024,400	596,301	1,269,997	115,929	5,765	1,987,992	762,451,128
Purchase	997,389,000	3,488,805	9,446,713	255,586	32,508	13,223,612	3,984,783,436
Available for use	1,215,413,400	4,085,106	10,716,710	371,515	38,273	15,211,604	4,747,234,564
Closing Balance	355,599,000	638,302	2,051,843	100,907	11,464	2,802,516	825,289,196
Consumption	859,814,400	3,446,804	8,664,867	270,608	26,809	12,409,088	3,921,945,368

Raw materials consists of 1,006 items of which 83.12% (in value) are imported.

#### 25. PACKING MATERIALS CONSUMED: Tk. 1,863,215,814

This is arrived at as follows:

Opening Stock	220,790,578	203,170,462
Purchase	1,906,806,153	1,507,887,958
Closing Stock	(264,380,917)	(220,790,578)
	<b>1,863,215,814</b>	<b>1,490,267,842</b>

## NOTES TO THE FINANCIAL STATEMENTS

Summarised quantity of packing materials are stated as under:

Name of Item	Unit	Opening	Purchase	Consumption	Closing
Inner Carton	Pcs	19,702,448	161,048,142	154,537,338	26,213,252
Shipper's Carton	Pcs	269,506	2,597,268	2,520,976	345,798
Label	Pcs	38,010,515	162,486,768	144,793,161	55,704,122
Direction Slip	Pcs	14,098,278	104,403,066	102,477,829	16,023,515
Container	Pcs	695,589	18,279,521	17,563,753	1,411,357
Blister Foil/Alu Lid Foil	Kg	92,504	448,987	421,922	119,569
Strip Foil	Kg	69,522	348,641	359,861	58,302
PVC/PVDC/PE Film	Kg	184,953	670,042	570,905	284,090
Alu Bottom Foil	Kg	54,643	215,792	190,975	79,460
Bottle (Pet/HDPE/Glass)	Pcs	2,168,838	77,285,895	73,992,439	5,462,294
Ampoule	Pcs	8,289,652	31,659,821	35,569,706	4,379,767
Vial	Pcs	681,634	6,822,684	4,272,436	3,231,882
Flip Off Seal	Pcs	1,623,560	5,164,682	4,388,419	2,399,823
P.P Cap/Plastic Clouser	Pcs	2,406,078	102,390,286	90,471,536	14,324,828
Tube	Pcs	1,986,407	13,452,132	13,048,189	2,390,350
Can	Pcs	2,034,294	6,601,319	6,683,789	1,951,824
Actuator	Pcs	1,123,030	3,526,030	3,343,205	1,305,855
Metered Valve	Pcs	1,545,192	4,123,519	4,616,409	1,052,302
Sachet	Pcs	-	1,642	393	1,249
Syringe/Needle	Pcs	812,640	4,003,713	3,483,924	1,332,429
Water for Injection	Pcs	245,870	7,816,446	7,604,909	457,407
Shrink Wrapping	Pcs	339	4,287,943	2,855,736	1,432,546
Silica Gel/Gum Tape	Pcs	687,555	11,142,137	10,872,198	957,494
Cup/Spoon/Dropper	Pcs	1,287,450	59,330,539	59,030,843	1,587,146
Plastic Applicator	Pcs	114,949	1,189,504	1,012,008	292,445

Packing materials consists of 2,512 items of which 37.56% (in value) are imported.

### 2010-2011

### 2009-2010

#### 26. FACTORY OVERHEAD: Tk. 1,679,488,922

This is made-up as follows:

Salaries, Allowances and Wages	398,387,233	337,137,463
Factory Employees Free Lunch	35,975,959	25,905,419
Factory Staff Uniform	10,625,608	8,896,079
Travelling & Conveyance	13,130,084	8,725,793
Printing & Stationery	22,958,761	22,919,852
Postage, Telephone & Fax	8,517,739	2,800,594
Repairs & Maintenance	272,585,371	214,391,550
Laboratory Consumable Stores	69,629,589	62,271,807
Fuel, Petrol, Light Diesel etc.	28,722,482	16,423,563
Electricity, Gas & Water	92,051,467	83,798,770
Rental Expense	1,280,747	1,227,550
Municipal & Other Tax	1,857,759	1,770,192
Insurance Premium	16,116,879	16,756,776
Factory Sanitation Expenses	12,373,008	10,708,235
Depreciation	662,949,732	544,008,828
Security Services	14,285,954	11,466,607
Research & Development	12,481,045	5,107,477
Software & Hardware Support Service	4,893,750	4,623,493
Other Expenses	665,755	799,784
<b>Tk. 1,679,488,922</b>	<b>1,379,739,832</b>	

	2010-2011	2009-2010
<b>27. SELLING &amp; DISTRIBUTION EXPENSES: Tk. 2,121,163,004</b>		
This consists of as follows:		
Salaries and Allowances	340,965,647	265,797,633
Travelling and Conveyance	38,008,993	29,270,911
Training Expenses	3,140,431	3,337,446
Printing and Stationery	46,296,756	28,315,650
Postage, Telephone & Fax	12,869,071	12,035,971
Electricity, Gas and Water	9,082,224	6,875,772
Tiffin and Refreshment	11,847,413	7,558,001
Office and Godown Rent	8,683,143	5,191,625
Bank Charges	6,741,729	5,836,854
Repairs and Maintenance including car maintenance	135,181,498	106,604,639
Govt. Taxes and Licence Fees	8,092,928	6,035,987
Field Staff Salaries, Allowances, TA and DA	482,191,046	396,883,133
Marketing and Promotional Expenses	405,523,418	317,139,405
Advertisement	3,633,179	3,432,483
Delivery and Packing Expenses	41,535,670	34,982,119
Export Expenses	50,785,939	46,122,101
Special Discount	348,493,929	269,870,286
Sample Expenses	68,280,251	59,067,896
Security Services	16,469,266	14,074,969
Depreciation	81,215,000	66,440,925
Software & Hardware Support Services	168,475	276,000
Other Expenses	1,956,998	2,060,641
	<b>2,121,163,004</b>	<b>1,687,210,447</b>

Tk.

## NOTES TO THE FINANCIAL STATEMENTS

	2010-2011	2009-2010
<b>28. ADMINISTRATIVE EXPENSES: Tk. 626,145,987</b>		
This consists of as follows:		
Salaries and Allowances	135,662,268	110,720,812
Directors' Remuneration	28,900,051	24,434,059
Travelling and Conveyance	56,054,775	49,099,699
Training Expenses	11,676,897	2,721,645
Printing and Stationery	13,908,781	9,112,070
Postage, Telephone & Fax	5,231,924	5,460,872
Electricity, Gas & Water	5,837,573	6,141,458
Tiffin and Refreshment	20,518,707	16,602,016
Office Rent	3,261,728	1,800,000
Sanitation Expenses	1,889,674	2,030,018
Books and Periodicals	800,971	688,252
Subscription and Donation	4,771,745	4,283,929
Advertisement	3,933,225	3,060,296
Repairs and Maintenance	76,422,798	69,830,862
Bank Charges	24,750,194	36,672,467
Insurance Premium	13,490,437	7,663,097
Govt. Taxes, Stamp Duty & Licence Fee	5,629,376	6,716,401
Lease Rent	1,059,500	974,250
Security Services	12,656,373	8,638,630
Management Consultant Fees	34,849,800	2,385,101
Legal Charges	1,001,215	815,950
Audit Fees	250,000	250,000
Depreciation	124,299,761	117,710,857
Annual General Meeting Expenses	4,601,372	5,847,630
Software & Hardware Support Services	30,195,067	21,806,273
Share Demat, Remat & Transfer Fees	3,562,427	8,590,135
Other Expenses	929,348	403,713
Tk.	<b>626,145,987</b>	<b>524,460,492</b>

Audit fees of Tk. 250,000 represents fees for audit of the financial statements of the company for the year 2010-2011.

	2010-2011	2009-2010
<b>29. FINANCIAL EXPENSES: Tk. 268,849,071</b>		
This is made-up as follows:		
Interest on Cash Credit	14,024,412	14,350,850
Interest on Overdraft	15,023,046	17,749,159
Interest on LATR	102,541,768	105,737,732
Interest on Short Term Loan	22,813,735	39,092,764
Interest on Lease	6,394,300	33,298,290
Interest on Long Term Loan	108,051,810	98,632,312
Tk.	<b>268,849,071</b>	<b>308,861,107</b>

### 30. OTHER INCOME: Tk. 833,884,528

This is arrived at as follows:

Interest on FDR	4,990,929	9,402,824
Interest on Savings Account	217,698	165,733
Interest on Senior Secured Bond	5,417,500	-
Interest on Loan to Sister Concern	161,150,767	59,852,957
Rental Income	114,834,632	153,719,770
Sale of Scrap	14,972,549	18,251,781
Dividend	80,196,827	58,144,341
Foreign Exchange Fluctuation Gain/(Loss) on Retention Quota Account	12,034,080	2,938,847
Foreign Exchange Fluctuation Gain/(Loss) against Collection on Export Bill	164,905	161,419
Commission Received	315,836,973	273,106,385
Gain on Sale of Marketable Securities	114,244,183	3,011,292
Gain on Redemption of Zero Coupon Bond	2,014,720	-
	826,075,763	578,755,349
Profit on Sale of Property, Plant and Equipment (Note-36)	7,808,765	6,809,477
Tk.	<b>833,884,528</b>	<b>585,564,826</b>

### 31. ALLOCATION FOR WPPF:

Tk. **170,737,615** **141,253,462**

This represents 5% of Net Profit before Tax after charging the allocation as per provisions of the Companies Profit under Labour Law 2006, Chapter-15.

### 32. PROVISION FOR INCOME TAX: Tk. 805,575,198

This represents estimated Income Tax Liability for the year 2010-2011 as follows:

1) 27.50% Income Tax on Taxable Profit of Tk. 3,112,600,058	855,965,016	735,903,600
2) Half of 27.50% Income Tax on Export Net Profit of Tk. 84,761,843	11,654,754	9,793,132
3) 20% Income Tax on Dividend of Tk. 80,196,827	16,039,365	11,628,868
4) 10% Income Tax against Gain on Sale of Marketable Securities of Tk. 114,244,183	11,424,418	-
	895,083,553	757,325,600
Less: 10% Exemption for declaration of Dividend above 20%	89,508,355	75,732,560
	805,575,198	681,593,040
Add: Short Provision (2007-2008)	-	6,906,562
Tk.	<b>805,575,198</b>	<b>688,499,602</b>



## NOTES TO THE FINANCIAL STATEMENTS

	2010-2011	2009-2010
<b>33. EARNINGS PER SHARE (EPS): Tk. 129.07</b>		
The computation is given below:		
Surplus for the year attributable to Shareholders (Net Profit after Tax)	2,532,054,550	2,087,871,791
Weighted average number of shares outstanding during the year	19,617,390	19,617,390
Earnings Per Share	Tk. <b>129.07</b>	<b>106.43</b>

### 34. APPROPRIATION DURING THE YEAR:

In accordance with BAS-1 "Presentation of Financial Statements", the appropriations for the year have been reflected in the "Statement of Changes in Equity".

Balance of Net Profit though carried forward in the Statement of Financial Position will be applied for payment of this year's cash dividend proposed by the Board of Directors @ Tk. 30 per share and will be recognised as liability in the accounts as and when approved by the Shareholders in the Annual General Meeting. The total amount of Proposed Cash Dividend for the year 2010-2011 is calculated at Tk. 588,521,700.

The Board of Directors also proposed Bonus Shares (Stock Dividend) @35% per share and total amount of proposed Bonus Share (Stock Dividend) for the year is calculated at Tk. 686,608,650.

### 35. PAYMENTS/PERQUISITES TO DIRECTORS AND OFFICERS:

The aggregate amount paid/provided during the year in respect of "Directors" and "Officers" of the company as defined in the Securities and Exchange Rules 1987 are disclosed below:

Directors' Remuneration	28,900,051
Managerial Remuneration	85,095,441
Managerial Benefits:	
Bonus	19,662,412
House Rent	16,781,489
Conveyance	1,681,500
Company's Contribution to Provident Fund	7,535,514

- (a) no compensation was made to the Managing Director of the company except as stated in (35) above.
- (b) no amount was spent by the company for compensating any member of the Board of Directors except as stated in (35) above.

**36. PARTICULARS OF DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT DURING THE YEAR:**

Particulars of Assets	Cost	Acc. Depn Upto 31-03-10	WDV as on 31-03-10	Sales Price	Profit
Motor Vehicle	23,035,214	16,206,776	6,828,438	11,068,014	4,239,576
Motor Cycle	12,456,363	9,557,404	2,898,959	6,468,148	3,569,189
Total	35,491,577	25,764,180	9,727,397	17,536,162	7,808,765

**37. PRODUCTION CAPACITY AND UTILISATION:**

(Quantity in thousand)

Category	Unit	Rated Capacity	Actual Production	Capacity Utilisation
Tablet	Pcs	6,925,995	3,811,424	55%
Capsule	Pcs	897,619	889,987	99%
Liquid	Bottle	179,000	60,170	34%
Injectable (Vial & Ampoul)	Pcs	51,692	43,728	85%
ENT Preparation & Others	Phials	30,000	28,111	94%
Steroid-Cream, Ointment, Spray, Gel & Others	Phials	50,000	4,392	9%
Non Steroid-Cream, Ointment, Spray, Gel & Others	Phials	17,000	7,928	47%
Opthal Preparation & Others	Phials	2,000	1,795	90%
Dry Syrup	Bottle	14,000	7,217	52%
Suppository	Pcs	80,000	17,370	22%
Sachet	Pcs	10,000	1,445	14%
Inhaler	Cans	7,233	1,588	22%
Insulin	Pcs	4,667	203	4%
Basic Chemical	Kg	340	353	104%
Pellet	Kg	72	84	117%
Tablet - AgroVet	Pcs	16,000	5,577	35%
Powder - AgroVet	Gm	17,500	46,748	267%
Injectable - AgroVet	Pcs	6,000	781	13%
Liquid - AgroVet	Bottle	2,000	162	8%
Aerosol	Pcs	1,470	518	35%

Fluctuation of capacity utilisation is due to change of technology, product line and marketing strategy.

**38. NUMBER OF EMPLOYEES:**

The number of employees engaged for the whole year who received a total remuneration of Tk. 3,000 and above per month was 3,662 for the whole year and 955 for part of the year.

**39. CAPITAL EXPENDITURE COMMITMENT:**

Contract for capital expenditure are being executed by the contractors and the running bills are accounted for but the unfinished contracts has not been reflected in this financial statements.

There was no material capital expenditure authorised by the board but not contracted for at 31, March 2011.

**40. EXPATRIATE CONSULTANTS FEES:**

During the year under review an amount of USD 500,000 equivalent to Tk. 34,160,500 has been paid to expatriate consultants as fees for their services rendered to the company.

## NOTES TO THE FINANCIAL STATEMENTS

### **41. DIVIDEND PAID TO THE SHAREHOLDERS:**

During the year under review total cash dividend for 2009-2010 amounting to Tk. 528,160,500 has been paid to the Shareholders and also bonus shares amounting to Tk. 452,709,000 for the year 2009-2010 have been accounted for. Dividend were paid in local currency to the local custodian bank of the shareholders as such no dividend was remitted in foreign currency.

### **42. CLAIM NOT ACKNOWLEDGED AS DEBT:**

There was no claim against the company not acknowledged as debt as on 31-03-2011.

### **43. UN-AVAILED CREDIT FACILITIES:**

There was no credit facility available to the company under any contract but not availed of as on 31-03-2011 other than bank credit facility and trade credit available in the ordinary course of business.

### **44. CONTINGENT LIABILITY:**

Contingent liability of the company was Tk. 1,955,757,917 as on 31-03-2011 for opening letter of credit by the banks in favour of foreign suppliers for raw materials, packing materials and plant & machineries.

### **45. EVENTS AFTER THE REPORTING PERIOD:**

There is no significant event other than normal activities between the financial year closing date and Financial Statement signing date.

# SQUARE PHARMACEUTICALS LTD.

## Property, Plant and Equipment: Tk. 6,981,559,781

Schedule-01

PARTICULARS	COST			DEPRECIATION				Carrying Value as at 31 March 2011	Rate of Depn
	At 31 March 2010	During the year		At 31 March 2010	During the year		At 31 March 2011		
		Additions	Sales/ Transfer		Charged	Sales/ Transfer			
FACTORIES:									
Freehold Land	558,720,910	115,718,375	-	-	-	-	-	674,439,285	-
Building	1,972,116,027	292,769,389	-	898,827,677	136,605,776	-	1,035,433,453	1,229,451,963	10%
Boundary Wall	-	541,500	-	-	54,150	-	54,150	487,350	10%
Building under Construction	14,183,095	49,434,321	-	-	-	-	-	63,617,416	-
Plant & Machinery	4,004,283,006	919,978,243	-	1,864,859,026	458,910,334	-	2,323,769,360	2,600,491,889	15%
Laboratory Equipment	275,709,935	102,383,378	-	103,749,911	27,434,341	-	131,184,252	246,909,061	10%
Furniture & Fixture	149,535,964	45,792,854	-	63,269,956	13,205,886	-	76,475,842	118,852,976	10%
Office Equipment	79,814,140	24,562,120	-	44,924,457	5,945,180	-	50,869,637	53,506,623	10%
Computer	19,083,207	5,820,202	-	24,903,409	1,738,664	-	9,255,439	15,647,970	10%
Motor Vehicles	112,544,825	31,340,000	5,672,534	72,356,058	14,025,374	4,270,644	82,110,788	56,101,503	20%
Motor Vehicle Lease	2,085,000	-	-	1,538,430	109,314	-	1,647,744	437,256	20%
Plant & Machinery in Transit	97,236,418	201,940,760	-	-	-	-	-	299,177,178	-
Electrical Installation	28,099,644	9,487,500	-	18,241,596	2,901,832	-	21,143,428	16,443,716	15%
Gas Line Installation	17,071,716	5,344,010	-	8,956,519	2,018,881	-	10,975,400	11,440,326	15%
Total	7,330,483,887	1,805,112,652	5,672,534	3,084,240,405	662,949,732	4,270,644	3,742,919,493	5,387,004,512	
HEAD OFFICE & OTHERS:									
Land	502,904,675	105,400,069	-	-	-	-	-	608,304,744	-
Building	250,460,502	542,176	-	98,739,876	15,226,281	-	113,966,157	137,036,521	10%
Building under Construction	14,523,435	19,517,299	-	-	-	-	-	34,040,734	-
Furniture & Fixture	59,683,763	10,174,311	-	24,666,499	4,519,158	-	29,185,657	40,672,417	10%
Office Equipment	902,236,110	9,274,805	-	531,017,114	73,347,561	-	604,364,675	307,146,240	10%
Computer	53,356,760	5,551,871	-	26,392,170	3,251,646	-	29,643,816	29,264,815	10%
Motor Vehicle	391,979,161	145,141,240	17,362,680	213,834,475	63,571,875	11,936,132	265,470,218	254,287,503	20%
Motor Vehicle-Lease	64,472,040	54,000,000	-	41,257,862	15,442,836	-	56,700,698	61,771,342	20%
Motor Cycle	167,619,244	21,270,000	12,456,363	92,424,225	18,713,212	9,557,404	101,580,033	74,852,848	20%
Books & Periodicals	528,794	-	-	526,284	753	-	527,037	1,757	30%
SAP Software	-	52,975,426	-	-	10,595,085	-	10,595,085	42,380,341	20%
Electrical Installation	10,763,937	-	-	5,121,576	846,354	-	5,967,930	4,796,007	15%
Total	2,418,528,421	423,847,197	29,819,043	1,033,980,081	205,514,761	21,493,536	1,218,001,306	1,594,555,269	
Grand Total Tk.	9,749,012,308	2,228,959,849	35,491,577	4,118,220,486	868,464,493	25,764,180	4,960,920,799	6,981,559,781	
Total- 2010 Tk.	8,343,690,703	1,743,115,917	337,794,312	3,444,010,871	728,160,610	53,950,995	4,118,220,486	5,630,791,822	





**SQUARE PHARMACEUTICALS LTD.  
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As At 31 March 2011

		<b>31-03-2011</b>	<b>31-03-2010</b>	<b>31-03-2009</b>
		Taka	Taka	Taka
	Notes		Restated	Restated
<b>ASSETS:</b>				
<b>Non-Current Assets:</b>		<b>14,066,327,661</b>	<b>11,789,045,895</b>	<b>10,889,343,585</b>
Property, Plant and Equipment-Carrying Value	2.1	8,059,462,294	6,681,282,992	5,462,139,607
Capital Work-in-Progress	3.1	887,584,197	634,347,093	1,200,808,268
Investment - Long Term (at Cost)	4.1	229,324,380	185,157,800	145,157,800
Investment - Associate Undertakings	4.2	4,273,562,289	3,900,036,758	3,958,738,620
Investment in Marketable Securities (Fair Value)	5.1	616,321,955	388,221,252	115,537,500
Pre-Operating/Preliminary Expenses		72,546	-	6,961,790
<b>Current Assets:</b>		<b>8,454,124,714</b>	<b>4,783,658,887</b>	<b>4,110,509,561</b>
Inventories	6.1	3,178,959,238	2,574,728,918	2,405,531,069
Trade Debtors	7.1	1,421,567,342	511,977,702	477,562,002
Advances,Deposits and Prepayments	8.1	597,979,121	370,650,819	303,720,667
Short Term Loan	9.1	2,504,841,900	1,056,493,647	609,307,247
Margin agains BTB Letter of Credit		321,469,720	-	-
Cash and Cash Equivalents	10.1	429,307,393	269,807,801	314,388,576
<b>TOTAL ASSETS</b>		<b>22,520,452,375</b>	<b>16,572,704,782</b>	<b>14,999,853,146</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES:</b>				
<b>Shareholders' Equity:</b>		<b>15,963,712,784</b>	<b>13,107,161,585</b>	<b>11,021,265,716</b>
Share Capital	11.1	1,961,739,000	1,509,030,000	1,207,224,000
Share Premium	12.1	2,035,465,000	2,035,465,000	2,035,465,000
General Reserve		105,878,200	105,878,200	105,878,200
Tax Holiday Reserve	13.1	1,532,954,925	1,440,910,734	1,248,026,732
Gain on Marketable Securities (Unrealized)	5.1	294,179,676	166,952,026	95,287,500
Retained Earnings		10,033,495,983	7,848,925,625	6,329,384,284
Non Controlling Interest	13.2	5,849,133	4,024,660	2,298,602
<b>Non-Current Liabilities:</b>		<b>1,028,511,238</b>	<b>1,368,376,052</b>	<b>997,553,246</b>
Long Term Loans - Secured	14.1	725,645,734	1,142,633,110	786,334,186
Deferred Tax Liability	15.1	302,865,504	225,742,942	211,219,060
<b>Current Liabilities:</b>		<b>5,522,379,220</b>	<b>2,093,142,485</b>	<b>2,978,735,582</b>
Short Term Bank Loans	16.1	2,914,113,426	879,742,205	1,712,213,040
Long Term Loans - Current Portion	17.1	518,199,933	502,090,211	430,698,517
Trade Creditors	18.1	1,208,102,997	103,428,870	127,550,930
Liabilities for Expenses	19.1	90,485,689	61,271,985	93,613,902
Liabilities for Other Finance	20.1	791,477,175	546,609,214	614,659,193
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES:</b>		<b>22,520,452,375</b>	<b>16,572,704,782</b>	<b>14,999,853,146</b>

Attached notes form part of these Financial Statements.

As per our annexed report of even date.

  
Samuel S. Chowdhury  
Vice Chairman

  
Tapan Chowdhury  
Managing Director

  
Khandaker Habibuzzaman  
Company Secretary

  
B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
Chartered Accountants

Dated, Dhaka: 28 July, 2011



**SQUARE PHARMACEUTICALS LTD.  
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**


For the Year Ended 31 March 2011

		<b>2010-2011</b> Taka	<b>2009-2010</b> Taka
	Notes		
GROSS TURNOVER	22.1	19,365,861,089	15,033,834,326
Less: Value Added Tax		2,391,152,306	2,062,917,585
<b>NET TURNOVER</b>		<b>16,974,708,783</b>	<b>12,970,916,741</b>
COST OF GOODS SOLD	23.1	(10,283,786,212)	(7,352,497,818)
<b>GROSS PROFIT</b>		<b>6,690,922,571</b>	<b>5,618,418,923</b>
<b>Operating Expenses:</b>		<b>(3,183,501,616)</b>	<b>(2,612,837,133)</b>
Selling and Distribution Expenses	27.1	(2,230,231,911)	(1,759,891,706)
Administrative Expenses	28.1	(643,480,785)	(532,625,259)
Financial Expenses	29.1	(309,788,920)	(320,320,168)
<b>PROFIT FROM OPERATIONS</b>		<b>3,507,420,955</b>	<b>3,005,581,790</b>
Other Income	30.1	453,850,083	257,724,880
PROFIT BEFORE WPPF		3,961,271,038	3,263,306,670
Allocation for WPPF	31.1	(191,129,833)	(157,737,316)
PROFIT BEFORE TAX		3,770,141,205	3,105,569,354
Provision for Income Tax	32.1	(862,156,561)	(688,499,602)
Provision for Deferred Income Tax	15.1	(77,122,562)	(48,697,850)
<b>PROFIT AFTER TAX</b>		<b>2,830,862,082</b>	<b>2,368,371,902</b>
Profit/(Loss) from Associate Undertakings	32.2	428,446,440	130,475,099
<b>PROFIT FOR THE YEAR</b>		<b>3,259,308,522</b>	<b>2,498,847,001</b>
Other Comprehensive Income:			
Gain on Marketable Securities (Unrealized)		127,227,650	71,664,526
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>3,386,536,172</b>	<b>2,570,511,527</b>
Profit Attributable to:			
Owners of the Company		3,257,484,049	2,497,120,943
Non Controlling Interest		1,824,473	1,726,058
		<b>3,259,308,522</b>	<b>2,498,847,001</b>
Total Comprehensive Income Attributable to:			
Owners of the Company		3,384,711,699	2,568,785,469
Non Controlling Interest		1,824,473	1,726,058
		<b>3,386,536,172</b>	<b>2,570,511,527</b>
Earnings Per Share (EPS)	33.1	166.05	127.29
Number of Shares used to compute EPS		19,617,390	19,617,390

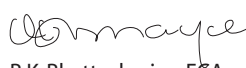
Attached notes form part of these Financial Statements.

As per our annexed report of even date.

  
Samuel S. Chowdhury  
Vice Chairman

  
Tapan Chowdhury  
Managing Director

  
Khandaker Habibuzzaman  
Company Secretary

  
B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
Chartered Accountants

Dated, Dhaka: 28 July, 2011

**SQUARE PHARMACEUTICALS LTD.**  
**AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the Year Ended 31 March 2011


	Share Capital	Share Premium	General Reserve	Tax Holiday Reserve	Gain on Marketable Securities (Unrealized)	Retained Earnings	Non Controlling Interest	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
At 31 March 2010	1,509,030,000	2,035,465,000	105,878,200	1,440,910,734	166,952,026	7,848,925,625	4,024,660	13,111,186,245
Total Comprehensive Income (2010-2011)	-	-	-	-	127,227,650	3,257,484,049	1,824,473	3,386,536,172
Transfer to Tax Holiday Reserve	-	-	-	92,044,191	-	(92,044,191)	-	-
Cash Dividend (2009-2010)	-	-	-	-	-	(528,160,500)	-	(528,160,500)
Stock Dividend (2009-2010)	452,709,000	-	-	-	-	(452,709,000)	-	-
<b>At 31 March 2011</b>	<b>1,961,739,000</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>1,532,954,925</b>	<b>294,179,676</b>	<b>10,033,495,983</b>	<b>5,849,133</b>	<b>15,969,561,917</b>

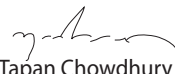
**SQUARE PHARMACEUTICALS LTD.**  
**AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the Year Ended 31 March 2010

	Share Capital	Share Premium	General Reserve	Tax Holiday Reserve	Gain on Marketable Securities (Unrealized)	Retained Earnings	Non Controlling Interest	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
At 31 March 2009	1,207,224,000	2,035,465,000	105,878,200	1,248,026,732	-	6,329,384,284	2,298,602	10,928,276,818
Impact of Changes in Accounting Policies	-	-	-	-	95,287,500	-	-	95,287,500
Restated Balance at 31-03-2009	1,207,224,000	2,035,465,000	105,878,200	1,248,026,732	95,287,500	6,329,384,284	2,298,602	11,023,564,318
Total Comprehensive Income (2009-2010)	-	-	-	-	71,664,526	2,497,120,943	1,726,058	2,570,511,527
Transfer to Tax Holiday Reserve	-	-	-	192,884,002	-	(192,884,002)	-	-
Cash Dividend (2008-2009)	-	-	-	-	-	(482,889,600)	-	(482,889,600)
Stock Dividend (2008-2009)	301,806,000	-	-	-	-	(301,806,000)	-	-
<b>At 31 March 2010</b>	<b>1,509,030,000</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>1,440,910,734</b>	<b>166,952,026</b>	<b>7,848,925,625</b>	<b>4,024,660</b>	<b>13,111,186,245</b>

As per our annexed report of even date.

  
Samuel S. Chowdhury  
Vice Chairman

  
Tapan Chowdhury  
Managing Director

  
Khandaker Habibuzzaman  
Company Secretary

  
B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
Chartered Accountants

Dated, Dhaka: 28 July, 2011

**SQUARE PHARMACEUTICALS LTD.  
AND ITS SUBSIDIARIES**  
**CONSOLIDATED CASH FLOW STATEMENT**  
For the Year Ended 31 March 2011

**Cash Flows From Operating Activities:**

**RECEIPTS:**

Collection from Sales  
Others

**PAYMENTS:**

Purchase of Raw and Packing Materials  
Manufacturing and Operating Expenses  
Bank Interest  
Income Tax  
Workers Profit Participation Fund  
Others

Net cash provided by operating activities

**Cash Flows From Investing Activities:**

Purchase of Fixed Assets  
Disposal of Fixed Assets  
Pre-operating Cost  
Investment in Central Depository Bangladesh Ltd.  
Investment in Square Knit Fabrics Ltd.  
Investment in Square Fashions Ltd.  
Investment in Orascom Telecom Bangladesh Ltd.  
Investment in Marketable Securities  
Loan to Sister Concerns  
Capital Work-in-Progress  
Sales of Marketable Securities  
Interest Received  
Dividend Received

Net cash used in investing activities

**Cash Flows From Financing Activities:**

Long Term Loan Received  
Long Term Loan Repaid  
Short Term Bank Loan Increase/(Decrease)  
Dividend Paid

Net cash provided by financing activities


Increase in Cash and Cash Equivalents

Cash and Cash Equivalents at the Opening

Cash and Cash Equivalents at the Closing

	2010-2011 Taka	2009-2010 Taka
<b>RECEIPTS:</b>		
Collection from Sales	16,005,510,721	12,906,933,353
Others	149,438,386	169,515,217
	16,154,949,107	13,076,448,570
<b>PAYMENTS:</b>		
Purchase of Raw and Packing Materials	7,982,113,885	5,921,892,997
Manufacturing and Operating Expenses	3,924,847,676	3,080,105,963
Bank Interest	309,788,920	320,320,168
Income Tax	824,832,364	881,207,178
Workers Profit Participation Fund	94,797,200	86,103,540
Others	10,681,159	3,529,132
	13,147,061,204	10,293,158,978
Net cash provided by operating activities	3,007,887,903	2,783,289,592
<b>Cash Flows From Investing Activities:</b>		
Purchase of Fixed Assets	(2,476,083,845)	(900,700,309)
Disposal of Fixed Assets	17,536,162	12,475,331
Pre-operating Cost	(72,546)	-
Investment in Central Depository Bangladesh Ltd.	(34,166,580)	-
Investment in Square Knit Fabrics Ltd.	-	92,000,000
Investment in Square Fashions Ltd.	-	48,000,000
Investment in Orascom Telecom Bangladesh Ltd.	(10,000,000)	(40,000,000)
Investment in Marketable Securities	(109,290,273)	(213,679,839)
Loan to Sister Concerns	(1,448,348,253)	(447,186,400)
Capital Work-in-Progress	(253,237,104)	(634,347,093)
Sales of Marketable Securities	125,126,871	15,671,905
Interest Received	154,278,638	69,421,514
Dividend Received	80,535,552	58,144,341
Net cash used in investing activities	(3,953,721,378)	(1,940,200,550)
<b>Cash Flows From Financing Activities:</b>		
Long Term Loan Received	114,435,352	1,150,897,800
Long Term Loan Repaid	(515,313,006)	(723,207,182)
Short Term Bank Loan Increase/(Decrease)	2,034,371,221	(832,470,835)
Dividend Paid	(528,160,500)	(482,889,600)
Net cash provided by financing activities	1,105,333,067	(887,669,817)
Increase in Cash and Cash Equivalents	159,499,592	(44,580,775)
Cash and Cash Equivalents at the Opening	269,807,801	314,388,576
Cash and Cash Equivalents at the Closing	429,307,393	269,807,801

As per our annexed report of even date.

  
Samuel S. Chowdhury  
Vice Chairman

  
Tapan Chowdhury  
Managing Director

  
Khandaker Habibuzzaman  
Company Secretary

  
B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
Chartered Accountants

Dated, Dhaka: 28 July, 2011

**SQUARE PHARMACEUTICALS LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended 31 March 2011

**31-03-11****31-03-10****2.1 CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT: Tk. 8,059,462,294**

Details of Property, Plant and Equipment and Depreciation as at 31 March 2011 are shown in the annexed Schedule - 02. This is arrived at as follows:

Opening Balance (At Cost)	11,373,590,553	9,324,737,035
Add: Net Addition during the Year	2,440,592,268	2,048,853,518
Closing Balance (At Cost)	13,814,182,821	11,373,590,553
Less: Accumulated Depreciation	5,754,720,527	4,692,307,561
Carrying Value	<b>Tk. 8,059,462,294</b>	<b>6,681,282,992</b>

Allocation of depreciation charge for the year has been made in the accounts as follows:

	<b>2010-2011</b>	<b>2009-2010</b>
Factory Overhead	882,401,985	699,248,946
Selling and Distribution Expenses	81,215,000	66,440,925
Administrative Expenses	124,560,161	117,971,257
Tk.	<b>1,088,177,146</b>	<b>883,661,128</b>
	<b>31-03-11</b>	<b>31-03-10</b>

**3.1 CONSOLIDATED CAPITAL WORK-IN-PROGRESS: Tk. 887,584,197**

This represents expenditure incurred in respect of the following:

Land & Land Development	48,396,918	8,400,000
Building/Civil Work	729,264,056	360,251,540
Plant & Machinery	95,059,717	257,121,390
Other Assets	14,863,506	8,574,163
Tk.	<b>887,584,197</b>	<b>634,347,093</b>

**4.1 CONSOLIDATED INVESTMENT-Long Term (at Cost): Tk. 229,324,380**

This consists of the following:

(a) 120,000 Ordinary Shares of Tk.100/- each in United Hospital Ltd.	12,000,000	12,000,000
(b) National Housing Finance and Investment Ltd. * 259,552 Ordinary Shares of Tk.100/- each including 59,552 Bonus Shares * 10,526 Ordinary Shares of Tk. 100/- each with premium of Tk. 200/- each	23,157,800	23,157,800
(c) Central Depository Bangladesh Ltd.: -2,000,000 Ordinary Shares of Tk.10/- each including 1,000,000 Bonus Shares -569,443 Ordinary Shares of Tk. 10/- each with premium of Tk. 50/- each	44,166,580	10,000,000
(d) Advance against Share Money with Square Informatix Ltd. for 1,000,000 Shares of Tk.100/- each	100,000,000	100,000,000
(e) 5 Senior Secured Bond of Tk. 10,000,000/- each in Orascom Telecom Bangladesh Ltd.	50,000,000	40,000,000
Tk.	<b>229,324,380</b>	<b>185,157,800</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.2 INVESTMENT-Associate Undertakings: Tk. 4,273,562,289

This is arrived at as follows:

	31-03-11	31-03-10
Opening Balance	3,900,036,758	3,958,738,620
Add: Investment made/(disposed off) during the Year	(2,465,468)	(140,000,000)
Add: Profit/(Loss) during the Year (Note-32.2)	428,446,440	130,475,099
Less: Dividend during the Year	(52,455,441)	(49,176,961)
Closing Balance	Tk. <b>4,273,562,289</b>	<b>3,900,036,758</b>

### List of Associate Undertakings (As per BAS-28):

Name of Company	Country of Incorporation	Proportion of Ownership Interest
Square Textiles Ltd.	Bangladesh	46.45%
Square Knit Fabrics Ltd.	Bangladesh	48.84%
Square Fashions Ltd.	Bangladesh	48.46%
Square Hospitals Ltd.	Bangladesh	49.56%

Voting power is not different with proportion of ownership interest. The company are using equity method of accounting in preparation of consolidated financial statements.

### 5.1 INVESTMENT IN MARKETABLE SECURITIES (Fair Value): Tk. 616,321,955

This consists of as follows:

Square Pharmaceuticals Ltd.	521,300,555	388,221,252
Square Cephalosporins Ltd.	95,021,400	-
	Tk. <b>616,321,955</b>	<b>388,221,252</b>

### INVESTMENT OF SQUARE PHARMACEUTICALS LTD.

SL. No	Name of Company Mutual Fund/Bond	No. of Shares Held	Face Value per Share	Cost Holding	Average Cost	Quoted Rate per Share as on 31-03-11	Total Market Value of Shares as on 31-03-11	Unrealised Gain/(Loss)
1	1st ICB Mutual Fund	605	100	4,700,114	7,768.78	10,480.00	6,340,400	1,640,286
2	2nd ICB Mutual Fund	660	100	1,925,233	2,917.02	3,998.00	2,638,680	713,447
3	3rd ICB Mutual Fund	1,725	100	3,072,523	1,781.17	2,470.00	4,260,750	1,188,227
4	4th ICB Mutual Fund	2,170	100	3,935,185	1,813.45	2,447.75	5,311,618	1,376,432
5	5th ICB Mutual Fund	5,060	100	8,771,343	1,733.47	1,722.00	8,713,320	(58,023)
6	6th ICB Mutual Fund	6,170	100	4,389,058	711.35	650.00	4,010,500	(378,558)
7	7th ICB Mutual Fund	7,750	100	7,671,229	989.84	1,324.00	10,261,000	2,589,771
8	8th ICB Mutual Fund	8,250	100	6,226,186	754.69	736.80	6,078,600	(147,586)
9	BATA Shoe Ltd.	700	10	202,891	289.84	650.00	455,000	252,109
10	BATBC Ltd.	3,000	10	594,181	198.06	667.70	2,003,100	1,408,919
11	IBBL MP Bond	143,330	1,000	133,574,294	931.94	993.30	142,369,689	8,795,395
12	Islami Bank Ltd.	5,800	100	2,877,463	496.11	626.00	3,630,800	753,337
13	Padma Oil Ltd.	400	10	91,069	227.67	726.90	290,760	199,691
14	Shahjalal Islami Bank Ltd.	25,000	10	427,870	17.11	49.70	1,242,500	814,630
15	Titans Gas TDCL	29,800	100	24,236,219	813.30	841.30	25,070,740	834,521
16	Uttara Bank Ltd.	12,000	10	929,257	77.44	70.50	846,000	(83,257)
17	Meghna Petroleum Ltd.	27,600	10	6,619,248	239.83	198.20	5,470,320	(1,148,928)
18	Usmania Glass Ltd.	3,110	100	5,530,663	1,778.35	1,648.00	5,125,280	(405,382)
19	EXIM Bank Ltd.	5,000	10	246,738	49.35	48.30	241,500	(5,238)
20	ACI Ltd.	9,300	10	1,597,554	171.78	268.70	2,498,910	901,356
21	Pioneer Insurance Co. Ltd.	187,500	100	20,250,000	108.00	1,387.00	260,062,500	239,812,500
22	ACI 20% Convertible Zero Coupon Bond	32,056	1000	23,997,122	748.60	760.50	24,378,588	381,466
<b>Total Tk.</b>				<b>261,865,440</b>			<b>521,300,555</b>	<b>259,435,115</b>

## INVESTMENT OF SQUARE CEPHALOSPORINS LTD.:

SL. No	Name of Company Mutual Fund	No. of Shares Held	Face Value per Share	Cost Holding	Average Cost	Quoted Rate per Share as on 31-03-11	Total Market Value of Shares as on 31-03-11	Unrealised Gain/(Loss)
1	4th ICB Mutual Fund	320	100	561,078	1,753.37	2,447.75	783,280	222,202
2	5th ICB Mutual Fund	10	100	15,195	1,519.50	1,722.00	17,220	2,025
3	6th ICB Mutual Fund	280	100	164,291	586.75	650.00	182,000	17,709
4	7th ICB Mutual Fund	200	100	180,390	901.95	1,324.00	264,800	84,410
5	8th ICB Mutual Fund	200	100	127,883	639.42	736.80	147,360	19,477
6	Islami Bank Ltd.	9,160	100	4,653,946	508.07	626.00	5,734,160	1,080,214
7	Lafarge Surma Cement Ltd.	1,300	100	574,970	442.28	430.80	560,040	(14,930)
8	Power Grid Ltd.	2,300	100	1,669,117	725.70	810.30	1,863,690	194,573
9	Pragati Insurance Ltd.	500	100	808,388	1,616.78	1,077.00	538,500	(269,888)
10	Square Textiles Ltd.	425,000	10	44,148,891	103.88	178.40	75,820,000	31,671,109
11	Titas Gas TDCL	10,300	100	6,811,938	661.35	841.30	8,665,390	1,853,452
12	Usmania Glass Ltd.	270	100	560,752	2,076.86	1,648.00	444,960	(115,792)
<b>Total Tk.</b>				<b>60,276,839</b>			<b>95,021,400</b>	<b>34,744,561</b>

### 6.1 CONSOLIDATED INVENTORIES: Tk. 3,178,959,238

31-03-11

31-03-10

The break-up is as under:

Raw Materials	1,105,024,756	900,437,772
Packing Materials	326,237,232	259,858,420
Work-in-Process	244,818,460	190,718,142
Finished Goods	744,995,014	675,123,128
Spares & Accessories	222,563,449	166,523,457
Goods in Transit	535,320,327	382,067,999
<b>Tk.</b>	<b>3,178,959,238</b>	<b>2,574,728,918</b>

The basis of valuation is stated in Note-1 (1.9)

### 7.1 CONSOLIDATED TRADE DEBTORS (Considered Good):

Tk. 1,421,567,342

511,977,702

### 8.1 CONSOLIDATED ADVANCES, DEPOSITS & PREPAYMENTS (Considered Good): Tk. 597,979,121

This consists of as follows:

<b>Advances:</b>	<b>352,561,900</b>	<b>179,366,409</b>
Employees	18,060,218	13,507,171
Motor Cycle Loan - Employees	3,547,088	3,566,161
Suppliers	330,954,594	162,293,077
<b>Deposits:</b>	<b>225,736,113</b>	<b>176,151,087</b>
L.C Margin	24,982,721	31,749,984
Value Added Tax	153,672,660	94,064,238
Earnest Money & Security Deposit	29,059,025	19,601,648
Lease Deposit	2,295,540	1,071,758
Others	15,726,167	29,663,459
<b>Prepayments:</b>	<b>19,681,108</b>	<b>15,133,323</b>
Office Rent	3,543,712	2,048,812
Insurance Premium	16,137,396	13,084,511
<b>Tk.</b>	<b>597,979,121</b>	<b>370,650,819</b>

### 9.1 CONSOLIDATED SHORT TERM LOAN (Unsecured): Tk. 2,504,841,900

This consists of the following:

(a) Square Textiles Ltd.	540,790,520	391,301,298
(b) Square Knit Fabrics Ltd.	53,814,124	217,457,229
(c) Square Fashions Ltd.	968,133,272	65,848,624
(d) Square Hospitals Ltd.	767,910,176	210,163,574
(e) Square InformatiX Ltd.	174,193,808	171,722,922
<b>Tk.</b>	<b>2,504,841,900</b>	<b>1,056,493,647</b>

Short term loan is receivable from the above associate undertakings and bearing interest @ 1% above the rate of interest charged by the commercial bank and considered good.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31-03-11	31-03-10
<b>10.1 CONSOLIDATED CASH AND CASH EQUIVALENTS: Tk. 429,307,393</b>		
This is made-up as follows:		
(a) Cash in Hand	1,064,226	611,159
(b) Cash at Bank :	428,243,167	269,196,642
• Current Account	29,774,535	46,881,175
• STD Account	7,718,165	5,028,759
• Fixed Deposit Account (BDT)	26,962,115	23,264,312
• Fixed Deposit Account (USD)	60,218,200	57,228,391
• Export Retention Quata Account	303,570,152	136,794,005
Tk.	<b>429,307,393</b>	<b>269,807,801</b>

<b>11.1 SHARE CAPITAL:</b>	Tk. <b>1,961,739,000</b>	<b>1,509,030,000</b>
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<b>12.1 SHARE PREMIUM:</b>	Tk. <b>2,035,465,000</b>	<b>2,035,465,000</b>
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### 13.1 CONSOLIDATED TAX HOLIDAY RESERVE: Tk. 1,532,954,925

This has been provided as per provisions of section 46 A (3) of the Income Tax Ordinance 1984 which is arrived at as follows:

Opening Balance	1,440,910,734	1,248,026,732
Add: Provided during the year	92,044,191	192,884,002
Closing Balance	Tk. <b>1,532,954,925</b>	<b>1,440,910,734</b>

### 13.2 NON CONTROLLING INTEREST: Tk. 5,849,133

This represents non controlling interest of Square Cephalosporins Ltd., Square Biotechs Ltd. and Square Multi Fabrics Ltd. is as follows:

Paid-up Capital (Investment)	1,500,000	1,500,000
Retained Earnings	4,349,133	2,524,660
Tk.	<b>5,849,133</b>	<b>4,024,660</b>

List of Subsidiary (As per BAS -27):

Name of Company	Country of Incorporation	Proportion of Ownership Interest
Square Cephalosporins Ltd.	Bangladesh	99.48%
Square Biotechs Ltd.	Bangladesh	99.25%
Square Multi Fabrics Ltd.	Bangladesh	99.50%

Voting power is not different with proportion of ownership interest. The company is using equity method of accounting in preparation of consolidated financial statements.



31-03-11

31-03-10

**14.1 CONSOLIDATED LONG TERM LOANS (Secured): Tk. 725,645,734**

This represents long term loans from financial institutions are as follows :

(a) Standard Chartered Bank, Dhaka	84,574,485	179,574,485
(b) Commercial Bank of Ceylon Ltd., Dhaka	922,667	11,071,834
(c) HSBC Ltd., Dhaka	56,864,335	93,217,266
(d) Trust Bank Ltd., Dhaka	5,736,018	45,704,418
(e) DEG, Germany	545,775,000	784,125,000
(f) Minimum Lease Payments	31,773,229	28,940,107
Tk.	<b>725,645,734</b>	<b>1,142,633,110</b>

**15.1 DEFERRED TAX LIABILITY: Tk. 302,865,504**

This represents provision is made for deferred income tax to pay future income tax liability for temporary differences which is arrived at as follows:

Opening balance	225,742,942	211,219,060
Provision made	77,122,562	48,697,850
Adjustment	-	(34,173,968)
Closing balance	<b>302,865,504</b>	<b>225,742,942</b>

**16.1 CONSOLIDATED SHORT TERM BANK LOANS: Tk. 2,914,113,426**

This consists of as follows:

Cash Credit - Janata Bank Ltd., Pabna	116,137,703	115,727,343
Cash Credit - Janata Bank Ltd., Local Office, Dhaka	78,529,155	50,230,200
Short Term Loan - Citibank N.A, Dhaka	3,404,009	8,772,009
Trust Receipt - Citibank N.A, Dhaka	630,240,357	38,390,075
Short Term Loan - Commercial Bank of Ceylon Ltd., Dhaka	83,362,597	30,493,989
Trust Receipt - Commercial Bank of Ceylon Ltd., Dhaka	31,935,000	31,899,000
Short Term Loan - Standard Chartered Bank, Dhaka	273,471,666	45,648,693
Trust Receipt - Standard Chartered Bank, Dhaka	411,163,239	39,400,561
Short Term Loan- Bank Alfalah Ltd., Dhaka	100,000,000	100,000,000
Overdraft - Eastern Bank Ltd., Dhaka	54,584,240	16,439,568
Trust Receipt - Eastern Bank Ltd., Dhaka	84,427,877	694,500
Overdraft - Mercantile Bank Ltd., Dhaka	54,367,373	22,745,361
Trust Receipt - Mercantile Bank Ltd., Dhaka	247,464,414	20,256,652
Short Term Loan - HSBC Ltd., Dhaka	33,311,670	54,581,142
Trust Receipt - HSBC Ltd., Dhaka	421,898,411	100,828,846
Trust Receipt - Shahjalal Islami Bank Ltd., Dhaka	47,173,348	10,720,795
Overdraft - Bank Asia Ltd., Dhaka	11,897,284	19,136,921
Trust Receipt - Bank Asia Ltd., Dhaka	138,811,612	32,478,517
Overdraft - Pubali Bank Ltd. Dhaka	349,524	3,654,386
Trust Receipt - Pubali Bank Ltd. Dhaka	-	11,946,951
Overdraft - Janata Bank Ltd., Mohakhali Corporate Br., Dhaka-Secured by FDR	71,298,144	106,300,353
Overdraft - Janata Bank Ltd., Mimi Super Market Br, Chittagong-Secured by FDR	4,812,288	4,178,930
Overdraft - Janata Bank Ltd., Foreign Exchange Corporate Br., Sylhet-Secured by FDR	1,515,028	1,530,539
Overdraft - Janata Bank Ltd., Maizdee Court Corporate Br., Noakhali-Secured by FDR	1,592,111	1,068,429
Others	12,366,376	12,618,445
Tk.	<b>2,914,113,426</b>	<b>879,742,205</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	31-03-11	31-03-10
<b>17.1 CONSOLIDATED LONG TERM LOANS - Current Portion: Tk. 518,199,933</b>		
This represents current portion of long term loans from financial institutions which are repayable within next 12 months from April, 2011 and consists of as follows:		
(a) Standard Chartered Bank, Dhaka	95,000,000	95,000,000
(b) Commercial Bank of Ceylon Ltd., Dhaka	10,149,167	11,072,004
(c) HSBC Ltd., Dhaka	58,604,896	52,908,559
(d) Trust Bank Ltd., Dhaka	39,968,399	34,947,356
(e) DEG, Germany	272,887,500	261,375,000
(f) Minimum Lease Payments	41,589,971	46,787,292
Tk.	<b>518,199,933</b>	<b>502,090,211</b>

<b>18.1 CONSOLIDATED TRADE CREDITORS:</b>	Tk. <b>1,208,102,997</b>	<b>103,428,870</b>
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This represents amount payable to regular suppliers of raw materials, packing materials, promotional materials etc. All suppliers were paid on a regular basis.

### 19.1 CONSOLIDATED LIABILITIES FOR EXPENSES: Tk. 90,485,689

This consists of as follows:

Accrued Expenses	75,937,822	51,986,644
Clearing & Forwarding	14,233,117	8,970,341
Audit Fees	314,750	315,000
Tk.	<b>90,485,689</b>	<b>61,271,985</b>

### 20.1 CONSOLIDATED LIABILITIES FOR OTHER FINANCE: Tk. 791,477,175

This consists of as follows:

Sundry Creditors	253,166,597	161,186,629
Income Tax (Deduction at Source)	20,014,092	807,053
Retention Money	850,744	826,620
Workers' Profit Participation Fund	444,034,764	347,702,131
Income Tax Payable (Note- 21.1)	73,410,978	36,086,781
Tk.	<b>791,477,175</b>	<b>546,609,214</b>

	31-03-11	31-03-10
<b>21.1 CONSOLIDATED INCOME TAX PAYABLE: Tk. 73,410,978</b>		
This is arrived at as follows:		
Opening Balance	36,086,781	194,620,389
Provision made (Note-32.1)	862,156,561	688,499,602
Tax paid (including advance Income Tax during the year)	(824,832,364)	(847,033,210)
Closing Balance	<b>Tk. 73,410,978</b>	<b>36,086,781</b>

	2010-2011	2009-2010
<b>22.1 CONSOLIDATED GROSS TURNOVER: Tk. 19,365,861,089</b>		
This consists of as follows:		
Square Pharmaceuticals Ltd.	15,576,487,536	13,279,141,757
Square Cephalosporins Ltd.	2,039,091,032	1,754,692,569
Square Multi Fabrics Ltd.	1,750,282,521	-
	<b>Tk. 19,365,861,089</b>	<b>15,033,834,326</b>

**23.1 CONSOLIDATED COST OF GOODS SOLD: Tk. 10,283,786,212**

This is arrived at as follows:	Notes		
Raw Materials Consumed	24.1	5,992,967,096	3,950,008,408
Packing Materials Consumed	25.1	2,051,455,889	1,626,970,803
		8,044,422,985	5,576,979,211
Work-in-Process (Opening)		170,572,382	174,715,973
Work-in-Process (Opening) of Square Multi Fabrics Ltd.		20,145,760	-
Adjustment for Merger of Square Spinnings Ltd.		-	(5,421,222)
Work-in-Process (Closing)		(244,818,460)	(170,572,382)
<b>TOTAL CONSUMPTION</b>		<b>7,990,322,667</b>	<b>5,575,701,580</b>
Factory Overhead	26.1	2,045,953,693	1,604,800,756
<b>COST OF PRODUCTION</b>		<b>10,036,276,360</b>	<b>7,180,502,336</b>
Purchase of Finished Goods		377,709,844	226,814,860
Finished Goods (Opening)		675,123,128	655,585,406
Adjustment for Merger of Square Spinnings Ltd.		-	(1,382,590)
Finished Goods (Closing)		(744,995,014)	(675,123,128)
		<b>10,344,114,318</b>	<b>7,386,396,884</b>
Cost of Physician Sample		(60,328,106)	(33,899,066)
	<b>Tk.</b>	<b>10,283,786,212</b>	<b>7,352,497,818</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2010-2011	2009-2010
<b>24.1 CONSOLIDATED RAW MATERIALS CONSUMED: Tk. 5,992,967,096</b>		
This is arrived at as follows:		
Opening Stock	858,471,389	1,062,601,926
Opening Stock of Square Multi Fabrics Ltd.	41,966,383	-
Adjustment for Merger of Square Spinnings Ltd.	-	(236,993,789)
Purchase	6,197,554,080	3,982,871,660
Closing Stock	(1,105,024,756)	(858,471,389)
Tk.	<b>5,992,967,096</b>	<b>3,950,008,408</b>

### 25.1 CONSOLIDATED PACKING MATERIALS CONSUMED: Tk. 2,051,455,889

This is arrived at as follows:

Opening Stock	259,270,600	242,488,694
Opening Stock of Square Multi Fabrics Ltd.	587,820	-
Adjustment for Merger of Square Spinnings Ltd.	-	(4,142,079)
Purchase	2,117,834,701	1,647,894,788
Closing Stock	(326,237,232)	(259,270,600)
Tk.	<b>2,051,455,889</b>	<b>1,626,970,803</b>

### 26.1 CONSOLIDATED FACTORY OVERHEAD: Tk. 2,045,953,693

This is made-up as follows:

Salaries, Allowances and Wages	451,109,808	357,397,184
Factory Employees Free Lunch	38,804,035	27,697,574
Factory Staff Uniform	10,849,585	9,276,672
Travelling & Conveyance	13,131,246	9,196,003
Printing & Stationery	26,240,690	24,997,297
Postage, Telephone & Fax	8,523,007	2,818,908
Repairs & Maintenance	314,417,330	237,447,102
Laboratory Consumable Stores	81,492,983	70,973,326
Fuel, Petrol, Light Diesel etc.	30,749,285	16,423,563
Electricity, Gas & Water	117,751,236	93,306,571
Rental Expenses	2,613,947	1,227,550
Municipal & Other Tax	1,893,634	1,885,630
Insurance Premium	21,242,920	19,973,968
Factory Sanitation Expenses	12,373,008	10,918,877
Depreciation	882,401,985	699,248,946
Security Services	14,285,954	11,466,607
Research & Development	12,481,045	5,107,477
Software & Hardware Support Services	4,893,750	4,623,493
Other Expenses	698,245	814,008
Tk.	<b>2,045,953,693</b>	<b>1,604,800,756</b>

2010- 2011

2009- 2010

**27.1 CONSOLIDATED SELLING & DISTRIBUTION EXPENSES: Tk. 2,230,231,911**

This consists of as follows:

Salaries and Allowances	431,478,426	273,392,241
Travelling and Conveyance	38,008,993	29,270,911
Training Expenses	3,140,431	3,337,446
Printing and Stationery	46,296,756	28,315,650
Postage, Telephone & Fax	12,869,071	12,035,971
Electricity, Gas and Water	9,082,224	6,875,772
Tiffin and Refreshment	11,847,413	7,558,001
Office and Godown Rent	8,683,143	5,191,625
Bank Charges	6,936,578	5,836,854
Repairs and Maintenance including car maintenance	135,181,498	106,604,639
Govt. Taxes and Licence Fees	8,092,928	6,035,987
Field Staff Salaries, Allowances, T.A and D.A	482,191,046	451,626,792
Marketing and Promotional Expenses	411,856,427	318,023,532
Advertisement	3,633,179	3,432,483
Delivery and Packing Expenses	41,535,670	34,982,119
Export Expenses	53,053,770	47,366,477
Special Discount	348,493,929	269,870,286
Sample Expenses	78,040,690	67,282,385
Security Services	16,469,266	14,074,969
Depreciation	81,215,000	66,440,925
Software & Hardware Support Services	168,475	276,000
Other Expenses	1,956,998	2,060,641
Tk.	<b>2,230,231,911</b>	<b>1,759,891,706</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2010-2011	2009-2010
<b>28.1 CONSOLIDATED ADMINISTRATIVE EXPENSES: Tk. 643,480,785</b>		
This consists of as follows:		
Salaries and Allowances	137,651,212	111,823,390
Directors' Remuneration	35,701,387	29,860,536
Travelling and Conveyance	61,946,756	49,831,242
Training Expenses	11,676,897	2,721,645
Printing and Stationery	13,935,114	9,112,070
Postage, Telephone & Fax	5,254,071	5,483,104
Electricity, Gas & Water	5,837,573	6,141,458
Tiffin and Refreshment	20,527,572	16,602,016
Office Rent	3,261,728	1,800,000
Sanitation Expenses	1,889,674	2,030,018
Books and Periodicals	800,971	688,252
Subscription and Donation	5,082,142	4,346,504
Advertisement	3,933,225	3,060,296
Repairs and Maintenance	77,542,912	69,999,712
Bank Charges	25,371,859	36,980,204
Insurance Premium	13,492,673	7,663,097
Govt. Taxes, Stamp Duty & Licence Fee	5,864,256	6,773,776
Lease Rent	1,059,500	974,250
Security Services	12,656,373	8,638,630
Management Consultant Fees	34,849,800	2,385,101
Legal Charges	1,001,215	815,950
Audit Fees	295,500	275,000
Depreciation	124,560,161	117,971,257
Annual General Meeting Expenses	4,601,372	5,847,630
Software & Hardware Support Services	30,195,067	21,806,273
Share Demat, Remat & Transfer Fees	3,562,427	8,590,135
Other Expenses	929,348	403,713
Tk.	<b>643,480,785</b>	<b>532,625,259</b>

### 29.1 CONSOLIDATED FINANCIAL EXPENSES: Tk. 309,788,920

This is made-up as follows:

Interest on Cash Credit	14,024,412	14,350,850
Interest on Overdraft	29,961,616	20,832,090
Interest on LATR & LPO	114,575,825	109,569,777
Interest on Short Term Loan	22,813,735	42,154,456
Interest on Lease	6,394,300	33,298,290
Interest on Long Term Loan	122,019,032	100,114,705
Tk.	<b>309,788,920</b>	<b>320,320,168</b>

	2010-2011	2009-2010
<b>30.1 CONSOLIDATED OTHER INCOME: Tk. 453,850,083</b>		
This is arrived at as follows:		
Interest on FDR	4,990,929	9,402,824
Interest on Savings Account	217,698	165,733
Interest on Senior Secured Bond	5,417,500	-
Rental Income	114,834,632	148,163,170
Sale of Scrap	14,972,549	18,251,781
Foreign Exchange Fluctuation Gain/(Loss) on Retention Quota Account	12,034,080	2,938,847
Foreign Exchange Fluctuation Gain/(Loss) against Collection on Export Bills	164,905	161,419
Dividend Received	28,080,111	8,967,380
Interest on Loan to Sister Concern	149,070,011	59,852,957
Gain on Sale of Marketable Securities	114,244,183	3,011,292
Gain on Redemption of Zero Coupon Bond	2,014,720	-
	446,041,318	250,915,403
Profit on Sale of Property, Plant and Equipment (Note-36)	7,808,765	6,809,477
Tk.	<b>453,850,083</b>	<b>257,724,880</b>

### 31.1 CONSOLIDATED ALLOCATION FOR WPPF: Tk. 191,129,833

This consists of as follows:

Square Pharmaceuticals Ltd.	170,737,615	141,253,462
Square Cephalosporins Ltd.	17,293,719	16,483,854
Square Multi Fabrics Ltd.	3,098,499	-
Tk.	<b>191,129,833</b>	<b>157,737,316</b>

### 32.1 CONSOLIDATED PROVISION FOR INCOME TAX: Tk. 862,156,561

This is made-up as follows:

Square Pharmaceuticals Ltd.	805,575,198	688,499,602
Square Cephalosporins Ltd.	56,581,363	-
Tk.	<b>862,156,561</b>	<b>688,499,602</b>

### 32.2 PROFIT/(LOSS) FROM ASSOCIATE UNDERTAKINGS: Tk. 428,446,440

This is arrived at as follows:

Square Textiles Ltd.	258,843,194	121,058,395
Square Knit Fabrics Ltd.	62,489,404	52,075,388
Square Fashions Ltd.	102,952,634	67,025,896
Square Hospitals Ltd.	4,161,208	(109,684,580)
Tk.	<b>428,446,440</b>	<b>130,475,099</b>

### 33.1 CONSOLIDATED EARNINGS PER SHARE (EPS): Tk. 166.05

The computation is given below:

Surplus for the year attributable to Shareholders	3,257,484,049	2,497,120,943
Weighted average number of shares outstanding during the year	19,617,390	19,617,390
Earnings Per Share	<b>166.05</b>	<b>127.29</b>

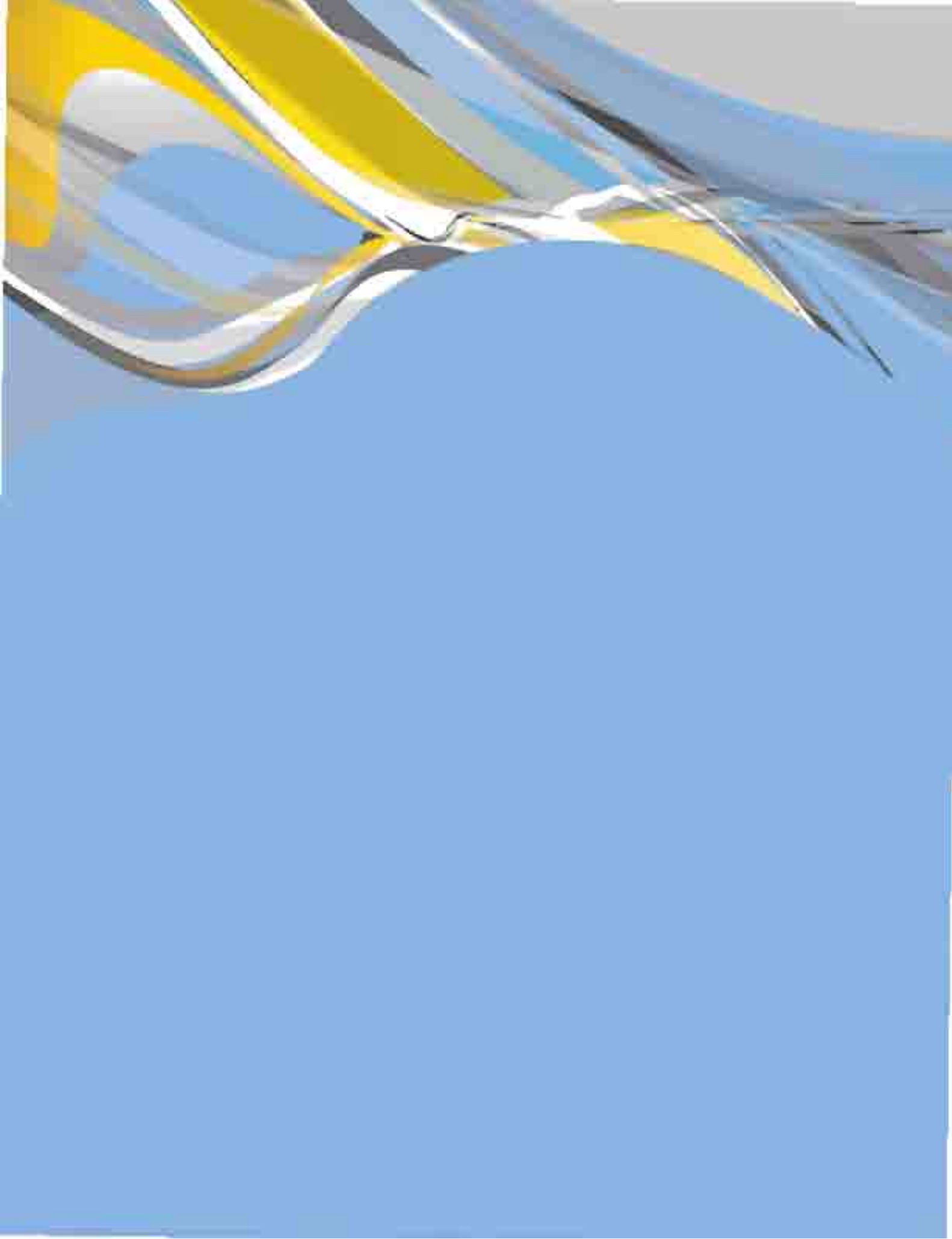


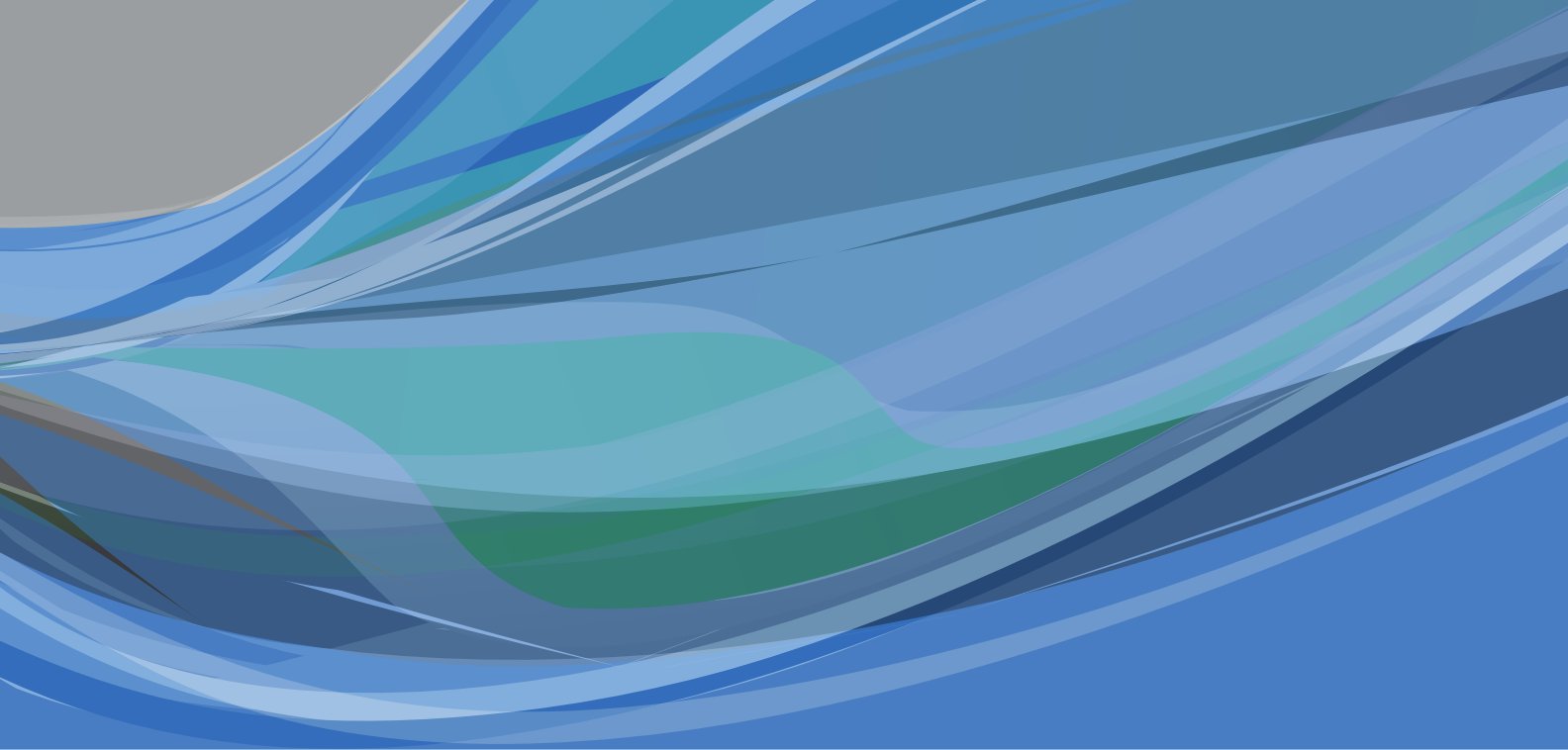
# SQUARE PHARMACEUTICALS LTD.

## Consolidated Property, Plant and Equipment: Tk. 8,059,462,294

Schedule-02

PARTICULARS	COST			DEPRECIATION				Carrying Value as at 31 March 2011	Rate of Depn
	At 31 March 2010	During the year		At 31 March 2010	During the year		At 31 March 2011		
		Additions	Sales/ Transfer		Charged	Sales/ Transfer			
FACTORIES:									
Freehold Land	558,720,910	115,718,375	-	-	-	-	-	674,439,285	-
Building	2,254,651,126	292,769,389	-	911,803,796	157,220,591	-	1,069,024,387	1,478,396,128	10%
Boundary Wall	-	541,500	-	-	54,150	-	54,150	487,350	10%
Building under Construction	14,851,380	49,434,321	-	-	-	-	-	64,285,701	-
Plant & Machinery	4,680,305,572	1,111,634,413	-	2,073,129,929	559,574,879	-	2,632,704,808	3,159,235,177	15%
Laboratory Equipment	380,779,911	108,116,576	-	144,378,900	38,514,658	-	182,893,558	306,002,929	10%
Electromechanical Equipments	511,177,359	5,809,222	-	306,597,420	77,511,655	-	384,109,075	132,877,506	15%
Furniture & Fixture	158,172,379	46,981,547	-	63,970,478	14,438,952	-	78,409,430	126,744,496	10%
Office Equipment	84,125,796	30,224,870	-	45,038,494	7,284,888	-	52,323,382	62,027,284	10%
Computer	21,111,968	5,951,598	-	8,196,580	2,057,223	-	10,253,803	16,809,763	20%
Motor Vehicles	114,984,825	31,340,000	5,672,534	72,576,058	14,513,374	4,270,644	82,818,788	57,833,503	20%
Motor Vehicle Lease	2,085,000	-	-	1,538,430	109,314	-	1,647,744	437,256	20%
Plant & Machinery in Transit	102,495,236	222,666,715	-	-	-	-	-	325,161,95	-
Electrical Installation	53,226,954	25,704,112	-	21,359,676	9,103,420	-	30,463,096	48,467,970	15%
Gas Line Installation	17,071,716	5,344,010	-	8,956,519	2,018,881	-	10,975,400	11,440,326	15%
Total	8,953,760,132	2,052,236,648	5,672,534	3,657,546,280	882,401,985	4,270,644	4,535,677,621	6,464,646,625	
HEAD OFFICE & OTHERS:									
Land	502,904,675	105,400,069	-	-	-	-	-	608,304,744	-
Building	250,460,502	542,176	-	98,739,876	15,226,281	-	113,966,157	137,036,521	10%
Building under Construction	14,523,435	19,517,299	-	-	-	-	-	34,040,734	-
Furniture & Fixture	59,683,763	10,174,311	-	24,666,499	4,519,158	-	29,185,657	40,672,417	10%
Office Equipment	902,236,110	9,274,805	-	531,017,114	73,347,561	-	604,364,675	307,146,240	10%
Computer	53,356,760	5,551,871	-	26,392,170	3,251,646	-	29,643,816	29,264,815	10%
Motor Vehicle	393,281,161	145,141,240	17,362,680	214,615,675	63,832,275	11,936,132	266,511,818	254,547,903	20%
Motor Vehicle-Lease	64,472,040	54,000,000	-	41,257,862	15,442,836	-	56,700,698	61,771,342	20%
Motor Cycle	167,619,244	21,270,000	12,456,363	92,424,225	18,713,212	9,557,404	101,580,033	74,852,848	20%
Books & Periodicals	528,794	-	-	526,284	753	-	527,037	1,757	30%
SAP Software	-	52,975,426	-	-	10,595,085	-	10,595,085	42,380,341	20%
Electrical Installation	10,763,937	-	-	5,121,576	846,354	-	5,967,930	4,796,007	15%
Total	2,419,830,421	423,847,197	29,819,043	1,034,761,281	205,775,161	21,493,536	1,219,042,906	1,594,815,669	
Grand Total Tk.	11,373,590,553	2,476,083,845	35,491,577	4,692,307,561	1,088,177,146	25,764,180	5,754,720,527	8,059,462,294	
Total-2010 Tk.	9,324,737,035	2,386,647,830	337,794,312	3,862,597,428	883,661,128	53,950,995	4,692,307,561	6,681,282,992	





## **Subsidiary Profile**

**SQUARE CEPHALOSPORINS LIMITED**  
**DIRECTOR'S REPORT TO THE SHAREHOLDERS**  
**FOR THE PERIOD 2010-2011**

Dear Shareholders,

In terms of the provisions of section 184 of the Companies Act 1994 and IAS codes, I, on behalf of the Board of Directors, have the pleasure to submit its Report to you at the fourth annual general meeting for the period ended 31 March, 2011 in the following paragraphs:

**1. IMPLEMENTATION:**

The company completed implementation of the project in October 2006 and the plant commenced production from November 2006. The total cost of project incurred up to 31 March 2011 stood as follows:

	<b>2011</b>	<b>2010</b>
* Buildings (Factory)	129,761,185	129,761,185
* Plant & Machinery	513,496,013	354,512,776
* Laboratory Equipment	110,803,174	105,069,975
* Electro Mechanical Equipment	516,744,369	511,177,359
* Other Assets	35,783,123	20,260,785
Total Tk.	<u>1,306,677,864</u>	<u>1,120,782,080</u>

**2. SHAREHOLDING:**

The company has issued 950,000 shares of Tk. 100 each to Square Pharmaceuticals Ltd. (SPL.) In addition 5,000 shares of Tk.100 each have been issued to the individual shareholders as follows:

* Mr. Samson H. Chowdhury	1,000	Shares
* Mr. Samuel S. Chowdhury	1,000	"
* Mr. Tapan Chowdhury	1,000	"
* Mr. Anjan Chowdhury	1,000	"
* Mr. Charles C R Patra	1,000	"
Total:	<u>5,000</u>	

On the basis of the above shareholdings, Square Cephalosporins Ltd. (SCL.) has the status of subsidiary to SPL.

**3. OPERATIONS:**

The company had operated only for about 5 months/during 2006-2007 and the output, cost and expense levels could not reach optimum level as yet. The operational performance during the years 2007-2008, 2008-2009, 2009-2010 and 2010-2011 are as follows:

		2007-2008	2008-2009	2009-2010	2010-2011
Gross Turnover	Tk.	1,129,832,873	1,475,556,620	1,754,692,569	2,039,091,032
Gross Profit /(Loss)	Tk.	399,808,653	552,265,124	711,572,398	827,382,274
Net Profit /(Loss) AT	Tk.	85,347,129	187,562,674	329,677,072	289,203,008
Earnings Per Share		89.37	196.50	345.21	302.83
Net Assets Value Per Share		63.23	259.72	1,023.78	1,363.09

The above reveals that the turnover increased by 16.21% during 2010-11 as against increase 18.92% over the previous year. The Gross Profit however increased by 16.28%.

**4. FINANCIAL POSITION:**

The Statement of Financial Position as of March 31 2011, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows then ended at 31 March 2011 are placed hereunder.

### 5. BOARD OF DIRECTORS:

The Board of Directors as included in the Articles of Association continue to serve and no vacancy has been yet created therein.

### 6. APPOINTMENT OF AUDITORS:

In terms of provisions of sub-section (1) of section 210 of the Companies Act 1994, the shareholders' are required to appoint Auditors' of the company. Being eligible M/s. Chowdhury Bhattachajee & Co., Chartered Accountants', the statutory auditors, who retired at this AGM, have offered to be reappointed as Auditors for the year 2011-2012 as per proviso (a) of sub-section (6) of section 210 of the Act.

### 7. ACKNOWLEDGEMENT:

The Directors record with appropriation the services rendered by all concerned.



Samson H. Chowdhury  
Chairman

## AUDITORS' REPORT

TO THE SHAREHOLDERS OF

**SQUARE CEPHALOSPORINS LTD.**

We have audited the accompanying financial statements of Square Cephalosporins Limited, which comprises the Statement of Financial Position as at 31 March 2011 and Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchanges Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the Financial Statements prepared in accordance with Bangladesh Financial Reporting Standards, give a true and fair view of the state of the company's affairs as at 31 March, 2011 and of the results of its operations and its cash flows for the period then ended and comply with the companies Act 1994 and other applicable laws and regulations.

Further to our opinion in the above paragraph, we state that:

- (i) 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;
- (ii) In our opinion, proper books of account as required by law have been kept by Square Cephalosporins Limited so far as it appeared from our examination of those books;
- (iii) The company's Statement of Financial Position, Statement of Comprehensive Income and its Cash Flows dealt with by the report are in agreement with the books of account and returns;
- (iv) The expenditure incurred was for the purpose of the company's business.

Dated, Dhaka  
14 July, 2011



B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
Chartered Accountants

## SQUARE CEPHALOSPORINS LTD.

### STATEMENT OF FINANCIAL POSITION

as at 31 March 2011

		31-03-11 Taka	31-03-10 Taka
<b>PROPERTY AND ASSETS</b>	Notes		
<b>Non Current Assets:</b>		<b>647,717,774</b>	<b>547,997,005</b>
Fixed Asset Less Depreciation	2	552,696,374	547,997,005
Investment in Marketable Securities (Fair Value)	3	95,021,400	-
<b>CURRENT ASSETS:</b>		<b>978,972,709</b>	<b>598,651,827</b>
Inventories	4	453,141,131	299,424,376
Accounts Receivable	5	439,457,878	241,635,294
Advance, Deposit and Prepayments	6	79,849,903	52,329,100
Cash and Cash Equivalents	7	6,523,797	5,263,057
<b>TOTAL ASSETS</b>		<b>1,626,690,483</b>	<b>1,146,648,832</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity:</b>		<b>901,747,574</b>	<b>577,710,005</b>
Share Capital	8	95,500,000	95,500,000
Tax Holiday Reserve	9	284,928,193	192,884,002
Gain on Marketable Securities (Unrealized)		34,744,561	-
Retained Earnings		486,574,820	289,326,003
<b>NON CURRENT LIABILITIES:</b>		<b>400,000,000</b>	<b>400,000,000</b>
Share Money Deposit		400,000,000	400,000,000
<b>CURRENT LIABILITIES:</b>		<b>324,942,909</b>	<b>168,938,827</b>
Short Term Borrowings	10	262,790,988	133,402,251
Trade Creditors	11	14,042,777	10,271,391
Liabilities for Expenses	12	48,109,144	25,265,185
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES:</b>		<b>1,626,690,483</b>	<b>1,146,648,832</b>

Attached notes form an integral part of this Financial Statements.

Signed as per our annexed report of even date.

Samson H. Chowdhury  
Managing Director

Samuel S. Chowdhury  
Director

Khandaker Habibuzzaman  
Company Secretary

B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
Chartered Accountants

Dated, Dhaka: 14 July, 2011



**SQUARE CEPHALOSPORINS LTD.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 March 2011

		<b>2010-2011</b> Taka	<b>2009-2010</b> Taka
	Notes		
GROSS TURNOVER	13	2,039,091,032	1,754,692,569
Less: Value Added Tax		(286,089,239)	(246,354,238)
<b>NET TURNOVER</b>		<b>1,753,001,793</b>	<b>1,508,338,331</b>
Cost of Goods Sold	14	(925,619,519)	(796,765,933)
<b>GROSS PROFIT</b>		<b>827,382,274</b>	<b>711,572,398</b>
<b>OPERATING EXPENSES</b>		<b>(464,552,909)</b>	<b>(365,411,472)</b>
Administrative, Selling and Distribution Expenses	15	(438,060,201)	(353,952,411)
Financial Expenses	16	(26,492,708)	(11,459,061)
<b>PROFIT/(LOSS) FROM OPERATIONS</b>		<b>362,829,365</b>	<b>346,160,926</b>
Other Income		338,725	-
<b>NET PROFIT BEFORE WPPF</b>		<b>363,168,090</b>	<b>346,160,926</b>
Allocation for WPPF		(17,293,719)	(16,483,854)
<b>NET PROFIT BEFORE TAX</b>		<b>345,874,371</b>	<b>329,677,072</b>
Income Tax		(56,581,363)	-
<b>NET PROFIT AFTER TAX</b>		<b>289,293,008</b>	<b>329,677,072</b>
Other Comprehensive Income:			
Gain on Marketable Securities (Unrealized)		34,744,561	-
<b>Total Comprehensive Income for the Year</b>		<b>324,037,569</b>	<b>329,677,072</b>

Attached notes form an integral part of this Financial Statements.

Signed as per our annexed report of even date.



Samson H. Chowdhury  
Managing Director



Samuel S. Chowdhury  
Director



Khandaker Habibuzzaman  
Company Secretary



B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
Chartered Accountants

Dated, Dhaka: 14 July, 2011

**SQUARE CEPHALOSPORINS LTD.****STATEMENT OF CHANGES IN EQUITY**

For the Year Ended 31 March 2011

	Share Capital Taka	Tax Holiday Reserve Taka	Gain on Marketable Securities (Unrealized) Taka	Retained Earnings Taka	Total Taka
<b>At 31 March 2010</b>	<b>95,500,000</b>	<b>192,884,002</b>	-	<b>289,326,003</b>	<b>577,710,005</b>
Transfer to Tax Holiday Reserve	-	92,044,191	-	(92,044,191)	-
Total Comprehensive Income (2010-2011)	-	-	34,744,561	289,293,008	324,037,569
<b>At 31 March 2011</b>	<b>95,500,000</b>	<b>284,928,193</b>	<b>34,744,561</b>	<b>486,574,820</b>	<b>901,747,574</b>

**SQUARE CEPHALOSPORINS LTD.****STATEMENT OF CHANGES IN EQUITY**

For the Year Ended 31 March 2010

	Share Capital Taka	Tax Holiday Reserve Taka	Gain on Marketable Securities (Unrealized) Taka	Retained Earnings Taka	Total Taka
<b>At 31 March 2009</b>	<b>95,500,000</b>	-	-	<b>152,532,933</b>	<b>248,032,933</b>
Transfer to Tax Holiday Reserve	-	192,884,002	-	(192,884,002)	-
Total Comprehensive Income (2009-2010)	-	-	-	329,677,072	329,677,072
<b>At 31 March 2010</b>	<b>95,500,000</b>	<b>192,884,002</b>	-	<b>289,326,003</b>	<b>577,710,005</b>

Signed as per our annexed report of even date.


Samson H. Chowdhury  
Managing Director

Samuel S. Chowdhury  
Director

Khandaker Habibuzzaman  
Company Secretary

B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
Chartered Accountants

Dated, Dhaka: 14 July, 2011

## SQUARE CEPHALOSPORINS LTD.

### STATEMENT OF CASH FLOWS

for the year ended 31 March 2011

	2010-2011 Taka	2009-2010 Taka
<b>Cash Flow from Operating Activities:</b>	<b>340,983,544</b>	<b>244,518,469</b>
Receipts from Customers	1,841,268,448	1,513,057,275
Payment to Suppliers	(662,288,983)	(567,251,173)
Payment to Employees & Others	(811,503,213)	(689,828,573)
Payment of Interest on Borrowings	(26,492,708)	(11,459,061)
<b>Cash Flow from Investing Activities:</b>	<b>(295,833,898)</b>	<b>(141,037,748)</b>
Purchase of Fixed Assets	(185,895,784)	(141,037,748)
Payment of Short Term Loan	(50,000,000)	-
Purchase of Securities	(60,276,839)	-
Dividend Income	338,725	-
<b>Cash Flow from Financing Activities:</b>	<b>(43,888,906)</b>	<b>(111,810,869)</b>
Short Term Loan Received	-	41,550,429
Payment of Short Term Loan	(43,888,906)	(109,218,048)
Payment of Long Term Loan	-	(44,143,250)
Net Cash Inflow/(Outflow)	<b>1,260,740</b>	<b>(8,330,148)</b>
Opening Cash and Cash Equivalent	5,263,057	13,593,205
Closing Cash and Cash Equivalent	<b>6,523,797</b>	<b>5,263,057</b>

Signed as per our annexed report of even date.



Samson H. Chowdhury  
Managing Director



Samuel S. Chowdhury  
Director



Khandaker Habibuzzaman  
Company Secretary



B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
Chartered Accountants

Dated, Dhaka: 14 July, 2011

Dear Shareholders,

In terms of provision of Section 184 of the Companies Act. 1994 and IAS-1 codes, I am pleased to submit to you on behalf of the Board of Directors their Report along with the Audited Accounts containing Statement of Financial Position as on 31 March, 2011 at this 4th Annual General Meeting.

### 1. OPERATIONS:

As the company has not commenced commercial production, no Statement of Comprehensive Income has been prepared.

### 2. FINANCIAL POSITION:

The total investment made by the company upto 31 March, 2008, 2009, 2010 and 2011 as detailed below:

<b>Fixed Assets:</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
* Building/Civil works	46,833,353	75,103,755	-	-
* Plant & Machinery	509,910,804	751,340,091	-	-
* Other Assets	-	42,127,732	-	-
* Interest during Construction Period	-	4,709,766	-	-
* Pre-operating Expenses	2,873,517	24,855	-	72,546
* Current Assets	11,048,974	180,213	75,742,224	66,950,454
Total Tk.	<u>570,666,648</u>	<u>873,486,412</u>	<u>75,742,224</u>	<u>67,023,000</u>

The above investment have been financed as follows:

* Paid-up Capital	67,000,000	67,000,000	67,000,000	67,000,000
* Share Money Deposit	268,000,000	418,000,000	-	-
* Short Term Bank Loan	136,541,244	245,576,578	8,712,224	-
* Current Liabilities	99,125,404	142,909,834	30,000	23,000
Total Tk.	<u>570,666,648</u>	<u>873,486,412</u>	<u>75,742,224</u>	<u>67,023,000</u>

### 3. SALE OF ASSETS:

In order to avoid operational and management hazards the company has sold the entire fixed & other assets to SPL at cost as on 31 May 2009.

### 4. FINANCIALS:

The company's (SBL) Accounting Year ended on 31 March, 2011. As the company did not commence production during the year ended 31 March, 2011, no Statement of Comprehensive Income and Statement of Changes in Equity and Cash Flow Statement has been prepared.

### 5. BOARD OF DIRECTORS:


The Board of Directors as included in the Articles of Association continue to serve and no vacancy has yet been created therein.

### 6. APPOINTMENT OF AUDITORS:

The present auditor's M/S Chowdhury Bhattachargee & Co. Chartered Accountants retire at this AGM. Being eligible they have offered to continuing for 2011-2012 and sought re-appointment by shareholders.

### 7. ACKNOWLEDGEMENT:

The Directors record with deep appreciation the hardship taken by the management in implementation of the project despite multifarious obstacles involved in such a State-of-Art life-science project. The board also acknowledge the support given by the shareholders, the bankers and the government agencies involved.

  
Samson H. Chowdhury  
Chairman

## AUDITORS' REPORT

TO THE SHAREHOLDERS OF

**SQUARE BIOTECHS LTD.**

We have audited the accompanying financial statements of Square Biotechs Limited, which comprises the Statement of Financial Position as at 31 March 2011 and a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 and the other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the Financial Statements prepared in accordance with Bangladesh Financial Reporting Standards, give a true and fair view of the state of the company's affairs as at 31 March, 2011 and of the results of its operations and comply with the companies Act 1994 and other applicable laws and regulations.

Further to our opinion in the above paragraph, we state that:

- (i) 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;
- (ii) In our opinion, proper books of account as required by law have been kept by Square Biotechs Limited so far as it appeared from our examination of those books;
- (iii) The company's Statement of Financial Position dealt with by the report are in agreement with the books of account and returns;

Dated, Dhaka  
13 July, 2011



B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
Chartered Accountants

**SQUARE BIOTECHS LTD.****STATEMENT OF FINANCIAL POSITION**

as at 31 March 2011

		31-03-11 Taka	31-03-10 Taka
<b>PROPERTY AND ASSETS:</b>	Notes		
<b>Non Current Assets:</b>		<b>72,546</b>	-
Pre-Operating Expenses	2	72,546	-
<b>CURRENT ASSETS:</b>		<b>66,950,454</b>	<b>75,742,224</b>
Receivable	3	66,948,979	75,741,229
Cash and Cash Equivalents	4	1,475	995
<b>TOTAL ASSETS</b>		<b>67,023,000</b>	<b>75,742,224</b>
<b>SHAREHOLDERS' EQUITY &amp; LIABILITIES:</b>			
Shareholders' Equity:			
Authorised Capital			
10,000,000 Ordinary Shares of Tk. 100/- each		1,000,000,000	1,000,000,000
Issued & Subscribed Capital:			
950,000 Ordinary Shares of Tk. 100/- each		95,000,000	95,000,000
Paid-up Capital:			
670,000 Ordinary Shares of Tk. 100/- each		67,000,000	67,000,000
Paid-up in Cash			
<b>CURRENT LIABILITIES:</b>		<b>23,000</b>	<b>8,742,224</b>
Short Term Borrowings	5	-	8,712,224
Liabilities for Expenses	6	23,000	30,000
<b>Shareholders' Equity &amp; Liabilities</b>		<b>67,023,000</b>	<b>75,742,224</b>

Attached notes form an integral part of this Financial Statements.

Signed as per our annexed report of even date.


Samson H. Chowdhury  
Managing Director

Samuel S. Chowdhury  
Director

Khandaker Habibuzzaman  
Company Secretary

B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
Chartered Accountants

Dated, Dhaka: 13 July, 2011

**SQUARE MULTI FABRICS LTD.**  
DIRECTORS' REPORT TO THE SHAREHOLDERS  
FOR THE YEAR 2010-2011

Dear Shareholders,

In terms of provision of Section 184 of the Companies Act. 1994 and IAS-1 codes, I am pleased to submit to you on behalf of the Board of Directors their Report along with the Audited Accounts containing Statement of Financial Position as on 31 March, 2011 at this Second Annual General Meeting.

**1. IMPLEMENTATION:**

The company is completed implementation of the project in Feb' 2010 and the plant commenced production from April 2010. The total cost of the project invested up to 31 March 2011 stood as follows.

	<b>2010-2011</b>	<b>2009-2010</b>
Factory Building	152,773,914	152,773,914
Plant & Machinery	354,424,935	321,509,790
Electrical Installation	32,555,339	17,925,047
Other Assets	23,968,189	10,285,414
Total Tk.	<u>563,722,377</u>	<u>502,494,165</u>

**2. OPERATIONS:**

The operational performance during the year 2010-2011 is as follows:

Turnover	1,750,282,521
Gross Profit	95,776,838
Net Profit	61,969,965
Earning Per Share	61.97
Net Asset Value Per Share	161.97

**3. FINANCIALS:**

The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows as at 31 March 2011 are placed hereunder.

**4. BOARD OF DIRECTORS:**

There has been no change in the constitution of the Board of Directors. As such existing board member are continuing to serve.


**5. APPOINTMENT OF AUDITORS:**

The present auditor M/S Chowdhury Bhattachargee & Co., Chartered Accountants retire at this AGM. Being eligible they have offered to continuing for 2011-2012 and sought re-appointment by shareholders.

**6. ACKNOWLEDGEMENT:**

The Board of Directors record with appreciation the services rendered by all concerns in implementing the project on schedule.

I wish you best in life

  
Samson H. Chowdhury  
Chairman



### AUDITORS' REPORT

TO THE SHAREHOLDERS OF

**SQUARE MULTI FABRICS LTD.**

We have audited the accompanying financial statements of Square Multi Fabrics Limited, which comprises the Statement of Financial Position as at 31 March 2011, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchanges Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the Financial Statements prepared in accordance with Bangladesh Financial Reporting Standards, give a true and fair view of the state of the company's affairs as at 31 March, 2011 and of the results of its operations and its cash flows for the period then ended and comply with the companies Act 1994, the Securities and Exchanges Rules 1987 and other applicable laws and regulations.

Further to our opinion in the above paragraph, we state that:

- (i) 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;
- (ii) In our opinion, proper books of account as required by law have been kept by Square Multi Fabrics Limited so far as it appeared from our examination of those books;
- (iii) The company's Statement of Financial Position, Statement of Comprehensive Income and its Cash Flows dealt with by the report are in agreement with the books of account and returns;

Dated, Dhaka  
20 July, 2011

  
B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
Chartered Accountants

**SQUARE MULTI FABRICS LTD.****STATEMENT OF FINANCIAL POSITION**

as at 31 March 2011

		31-03-11 Taka	31-03-10 Taka
<b>ASSETS &amp; PROPERTY:</b>	Notes		
<b>Non-Current Assets:</b>		<b>525,206,139</b>	<b>502,494,165</b>
Property, Plant and Equipment (Carrying Value)	2	525,206,139	502,494,165
<b>Current Assets:</b>		<b>1,196,373,228</b>	<b>77,147,184</b>
Inventories	3	184,129,778	68,282,355
Trade Receivables	4	635,254,498	-
Advance, Deposit & Prepayments	5	3,038,866	3,048,775
Margin Against BTB Letter of Credit	6	321,469,720	-
Cash and Cash Equivalent	7	52,480,366	5,816,054
<b>Total Assets</b>		<b>1,721,579,367</b>	<b>579,641,349</b>
<b>Equity and Liabilities:</b>			
<b>Equity Attributable to Shareholders</b>		<b>161,969,965</b>	<b>100,000,000</b>
Share Capital	8	100,000,000	100,000,000
Tax Holiday Reserve		24,787,986	-
Retained Earnings		37,181,979	-
<b>Non-current Liabilities:</b>		<b>220,000,000</b>	<b>260,000,000</b>
Share Money Deposit		150,000,000	150,000,000
Long Term Loan- Secured	9	70,000,000	110,000,000
<b>Current Liabilities:</b>		<b>1,339,609,402</b>	<b>219,641,349</b>
Trade Payables	10	953,206,360	12,089,559
Short Term Loan	11	332,808,006	165,427,176
Long Term Loan-Current Portion	12	40,000,000	40,000,000
Liabilities for Expenses	13	7,218,228	1,611,522
Liabilities for Other Finance	14	6,376,808	513,092
<b>Total Equity and Liabilities</b>		<b>1,721,579,367</b>	<b>579,641,349</b>


Attached notes form an integral part of this Financial Statement.

Signed as per our annexed report of even date.

  
 Samuel S. Chowdhury  
 Managing Director

  
 Tapan Chowdhury  
 Director

  
 Khandaker Habibuzzaman  
 Company Secretary

  
 B.K. Bhattacharjee, FCA  
 Partner  
 Chowdhury Bhattacharjee & Co.  
 Chartered Accountants

Dated, Dhaka: 20 July, 2011

## SUBSIDIARY PROFILE

**SQUARE MULTI FABRICS LTD.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 March 2011

		2010-2011 Taka
	Notes	
<b>Revenue</b>	15	<b>1,750,282,521</b>
Less: Cost of Sales	16	1,654,505,683
<b>Gross Profit</b>		<b>95,776,838</b>
<b>Less: Operating Expenses</b>		<b>30,708,374</b>
Selling And Distribution Expenses	17	194,849
Administrative Expenses	18	3,985,628
Financial Expenses	19	26,527,897
<b>Profit From Operations</b>		<b>65,068,464</b>
<b>Net Profit Before WPPF and WWF</b>		<b>65,068,464</b>
Less: Allocation for WPPF and WWF:		3,098,499
Workers' Profit Participation Fund		2,478,799
Workers' Welfare Fund		619,700
<b>Profit for the Year</b>		<b>61,969,965</b>
Other Comprehensive Income		-
<b>Total Comprehensive Income for the Year</b>		<b>61,969,965</b>

Attached notes form an integral part of this Financial Statement.

Signed as per our annexed report of even date.

  
Samuel S. Chowdhury  
Managing Director

  
Tapan Chowdhury  
Director

  
Khandaker Habibuzzaman  
Company Secretary

  
B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
Chartered Accountants

Dated, Dhaka: 20 July, 2011

**SQUARE MULTI FABRICS LTD.****STATEMENT OF CHANGES IN EQUITY**

For the Year Ended 31 March 2011

	Share Capital Taka	Tax Holiday Reserve Taka	Retained Earnings Taka	Total Taka
<b>At 31 March 2010</b>	<b>100,000,000</b>	-	-	<b>100,000,000</b>
Comprehensive Income for the Year	-	-	61,969,965	61,969,965
Transfer to Tax Holiday Reserve	-	24,787,986	(24,787,986)	-
<b>At 31 March 2011</b>	<b>100,000,000</b>	<b>24,787,986</b>	<b>37,181,979</b>	<b>161,969,965</b>

**SQUARE MULTI FABRICS LTD.****STATEMENT OF CHANGES IN EQUITY**

For the Year Ended 31 March 2010

	Share Capital Taka	Tax Holiday Reserve Taka	Retained Earnings Taka	Total Taka
<b>At 31 March 2009</b>	<b>100,000,000</b>	-	-	<b>100,000,000</b>
Comprehensive Income for the Year	-	-	-	-
Transfer to Tax Holiday Reserve	-	-	-	-
<b>At 31 March 2010</b>	<b>100,000,000</b>	-	-	<b>100,000,000</b>

Signed as per our annexed report of even date.

  
 Samuel S. Chowdhury  
 Managing Director

  
 Tapan Chowdhury  
 Director

  
 Khandaker Habibuzzaman  
 Company Secretary

  
 B.K. Bhattacharjee, FCA  
 Partner  
 Chowdhury Bhattacharjee & Co.  
 Chartered Accountants

Dated, Dhaka: 20 July, 2011

## SUBSIDIARY PROFILE

### SQUARE MULTI FABRICS LTD.

#### STATEMENT OF CASH FLOWS

for the year ended 31 March, 2011

#### Cash Flow from Operating Activities:

##### Cash Receipts:

Against Sales

##### Cash Payments:

For Raw Materials

For Other Direct and Indirect Expenses

Interest Expenses

Income Tax

#### Net Cash used in Operating Activities

#### Cash Flow from Investing Activities:

Acquisition of Property, Plant and Equipment

#### Net Cash Used in Investing Activities

#### Cash Flow from Financing Activities:

Long Term Bank Loan Received/(Paid)

Short Term Bank Loan Received/(Paid)

Loan from SPL Received/ (Paid)

#### Net Cash Provided by Financing Activities

Cash and Cash Equivalents Increase/(Decrease)

Cash and Cash Equivalents at beginning of the Year

Cash and Cash Equivalents at end of the Year

	2010-2011 Taka	2009-2010 Taka
<b>1,115,028,023</b>	-	
1,115,028,023	-	
<b>1,134,516,329</b>	<b>24,626,942</b>	
1,043,039,789	20,854,837	
63,718,378	3,772,105	
26,527,897	-	
1,230,265	-	
<b>(19,488,306)</b>	<b>(24,626,942)</b>	
	(61,228,212)	(168,030,306)
<b>(61,228,212)</b>	<b>(168,030,306)</b>	
(40,000,000)	59,000,000	
22,654,692	1,183,882	
144,726,138	130,952,784	
<b>127,380,830</b>	<b>191,136,666</b>	
46,664,312	(1,520,582)	
5,816,054	7,336,636	
<b>52,480,366</b>	<b>5,816,054</b>	

Signed as per our annexed report of even date.

  
Samuel S. Chowdhury  
Managing Director

  
Tapan Chowdhury  
Director

  
Khandaker Habibuzzaman  
Company Secretary

  
B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
Chartered Accountants

Dated, Dhaka: 20 July, 2011



# 44<sup>th</sup> Annual General Meeting

21<sup>st</sup> September 2010

Factory Premises, Board Ghar Bazar, Kaliakoir, Gazipur



**SQUARE**  
PHARMACEUTICALS LTD.



**SQUARE PHARMACEUTICALS LTD.**

Registered Office: "Square Centre" 48, Mohakhali Commercial Area, Dhaka-1212

**PROXY FORM**

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member of Square Pharmaceuticals Ltd. do hereby appoint

Mr/Mrs/Miss \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to attend and vote for me/us on my/our behalf at the 45th Annual General Meeting of the Company to be held on Wednesday the 21st September 2011 at 11:00 a.m. at Factory Premises, Board Ghar Bazar, Kaliakoir, Gazipur and at any adjournment thereof.

As witness my hand this day of \_\_\_\_\_ September 2011.

Affix  
Revenue  
Stamp

\_\_\_\_\_  
(Signature of the Proxy)

\_\_\_\_\_  
(Signature of the Shareholder)

Register Folio/BOID No. \_\_\_\_\_

Dated \_\_\_\_\_

Dated \_\_\_\_\_

Signature Verified

Authorized Signatory  
Square Pharmaceuticals Ltd.

Note: The proxy form should reach the Registered Office of the company not less than 48 hours before the time fixed for the meeting.



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## Avg/Argiv \_\_\_\_\_

WKVbv \_\_\_\_\_

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Rbre/teMg \_\_\_\_\_

WKvbv \_\_\_\_\_

Avgi/Avgt` i cZvwa wntmte AvMvgx epevi 21tk tmtP=† 2011 mKvj 11:00 Uvq d'vix c0/y, teW©  
Ni evRvi, Kwj q%Ki, MvRxcj-G AbjoZe` tKv=cbvxi 45Zg ewlR mvaviY mfvq Ges Gi gj Zex  
†Nwll Z mfvq Avgi/Avgt` i c†¶ Dcw`Z \_vKvi Ges tfvU c0vb Kivi Rb` wby³ Kij vg|

“ ” intmte A` ———— tmtpx† 2011 Zwi tL Avg/Avg iv GB `wj t j mÁt b “ ”i Kij vg |

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*Dedicated to Advanced Technology*



**SQUARE**  
PHARMACEUTICALS LTD.  
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