

SQUARE PHARMACEUTICALS LTD.

AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited) As At 30 September 2016

	30-09-2016 Taka	30-06-2016 Taka
ASSETS:		
Non-Current Assets:	28,139,886,833	27,240,402,799
Property, Plant and Equipment-Carrying Value	18,988,580,585	18,848,282,139
Investment - Long Term (at Cost)	539,775,701	555,873,893
Investment - Associates Undertaking	6,968,835,540	6,764,511,325
Investment in Marketable Securities (Fair Value)	1,642,695,007	1,071,735,442
Current Assets:	19,360,155,138	17,063,366,651
Inventories	3,511,414,400	3,694,711,088
Trade Debtors	1,065,422,690	1,335,829,914
Advances, Deposits and Prepayments	1,120,550,370	1,131,340,560
Short Term Loan	2,209,187,840	2,378,929,958
Cash and Cash Equivalents	11,453,579,838	8,522,555,131
TOTAL ASSETS	47,500,041,971	44,303,769,450
SHAREHOLDERS' EQUITY AND LIABILITIES:		
Shareholders' Equity:	43,134,132,534	40,557,494,698
Share Capital	6,235,865,460	6,235,865,460
Share Premium	2,035,465,000	2,035,465,000
General Reserve	105,878,200	105,878,200
Tax Exemption Reserve	455,088,814	301,826,665
Gain on Marketable Securities (Unrealized)	419,275,805	266,786,579
Retained Earnings	33,882,559,255	31,611,672,794
Non Controlling Interest	1,743,302	593,836
Non-Current Liabilities:	1,091,577,511	1,054,498,262
Deferred Tax Liability	1,091,577,511	1,054,498,262
Current Liabilities:	3,272,588,624	2,691,182,654
Short Term Loan	-	2,693,932
Trade Creditors	1,004,621,329	693,982,698
Liabilities for Expenses	84,420,243	42,871,218
Liabilities for Other Finance	2,183,547,052	1,951,634,806
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	47,500,041,971	44,303,769,450
Net Assets Value per Share (NAV)	69.17	65.04
Number of Shares used to compute NAV	623,586,546	623,586,546

Sd/-
Samuel S. Chowdhury
Chairman

Sd/-
Mrs. Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Kabir Reza
Chief Financial Officer

Sd/-
Khandaker Habiburzaman
Company Secretary

SQUARE PHARMACEUTICALS LTD.

AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)

For the 1st Quarter Ended 30 September 2016

	July-September 2016 Taka	July-September 2015 Taka
GROSS TURNOVER	9,817,752,905	9,365,355,120
Less: Value Added Tax	1,384,938,519	1,306,701,368
NET TURNOVER	8,432,814,386	8,058,653,752
Cost of Goods Sold	(4,266,821,614)	(4,109,747,731)
GROSS PROFIT	4,165,992,772	3,948,906,021
OPERATING EXPENSES:	(1,358,867,048)	(1,439,686,285)
Selling & Distribution Expenses	(1,159,755,179)	(1,225,095,550)
Administrative Expenses	(199,105,725)	(209,629,303)
Finance Cost	(6,144)	(4,961,432)
PROFIT FROM OPERATIONS	2,807,125,724	2,509,219,736
Other Income	216,796,700	115,080,940
PROFIT BEFORE WPPF	3,023,922,424	2,624,300,676
Allocation for WPPF	(143,996,306)	(124,091,843)
PROFIT BEFORE TAX	2,879,926,118	2,500,208,833
Income Tax Expenses-Current	(621,873,008)	(628,835,851)
Income Tax Expenses-Deferred	(37,079,249)	(29,372,243)
PROFIT AFTER TAX	2,220,973,861	1,842,000,739
Profit/(Loss) from Associates Undertaking	204,324,215	141,363,146
PROFIT FOR THE PERIOD	2,425,298,076	1,983,363,885
Other Comprehensive Income:		
Gain/(Loss) on Marketable Securities (Unrealized)	152,489,226	47,816,747
Total Comprehensive Income for the Period	2,577,787,302	2,031,180,632
Profit Attributable to:		
Owners of the Company	2,424,148,610	1,983,307,709
Non Controlling Interest	1,149,466	56,176
	2,425,298,076	1,983,363,885
Total Comprehensive Income Attributable to:		
Owners of the Company	2,576,637,836	2,031,124,456
Non Controlling Interest	1,149,466	56,176
	2,577,787,302	2,031,180,632
Earnings Per Share (EPS)	3.89	3.18
Number of Shares used to compute EPS	623,586,546	623,586,546

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Chief Financial Officer

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Khandaker Habibuzzaman
Company Secretary

SQUARE PHARMACEUTICALS LTD.

AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)
For the 1st Quarter Ended 30 September 2016

	Share Capital	Share Premium	General Reserve	Tax Exemption Reserve	Gain on Marketable Securities (Unrealized)	Retained Earnings	Non Controlling Interest	Total
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
At 30 June 2016	6,235,865,460	2,035,465,000	105,878,200	301,826,665	266,786,579	31,611,672,794	593,836	40,558,088,534
Transfer to Tax Exemption Reserve	-	-	-	153,262,149	-	(153,262,149)	-	-
Total Comprehensive Income (Jul'16-Sep'16)	-	-	-	-	152,489,226	2,424,148,610	1,149,466	2,577,787,302
At 30 September 2016	6,235,865,460	2,035,465,000	105,878,200	455,088,814	419,275,805	33,882,559,255	1,743,302	43,135,875,836
At 30 September 2015	6,235,865,460	2,035,465,000	105,878,200	-	317,772,840	24,587,458,230	(1,746,222)	33,280,693,508

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Managing Director

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Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE PHARMACEUTICALS LTD.

AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS For the 1st Quarter Ended 30 September 2016

	2016 (Jul'2016-Sep'2016) Taka	2015 (Jul'2015-Sep'2015) Taka
Cash Flows From Operating Activities:		
RECEIPTS:		
Collection from Sales	10,110,055,898	9,182,770,268
Others	82,821,337	28,767,181
	10,192,877,235	9,211,537,449
PAYMENTS:		
Purchase of Raw and Packing Materials	2,445,823,203	2,660,531,489
Manufacturing and Operating Expenses	2,251,864,554	2,355,935,934
Value Added Tax	1,384,938,519	1,202,295,141
Bank Interest	6,144	4,961,432
Income Tax	551,898,452	448,308,197
Workers Profit Participation Fund	22,184,171	25,075,210
	6,656,715,043	6,697,107,403
Net cash provided by operating activities	3,536,162,192	2,514,430,046
Cash Flows From Investing Activities:		
Purchase of Fixed Assets	(611,992,855)	(636,340,738)
Investment in Lanka Bangla Finance Ltd.	-	17,875,482
Investment in IDLC Finance Ltd.	16,098,192	-
Investment in Marketable Securities	(418,470,337)	10,719,334
Loan to Sister Concerns	167,048,186	262,962,156
Gain on Sale of Marketable Securities	1,711,399	4,360,154
Interest Received	223,789,795	75,111,101
Dividend Received	16,678,135	7,747,910
Net cash used in investing activities	(605,137,485)	(257,564,601)
Cash Flows From Financing Activities:		
Long Term Loan Repaid	-	(309,809,998)
Net cash used in financing activities	-	(309,809,998)
Increase in Cash and Cash Equivalents	2,931,024,707	1,947,055,447
Cash and Cash Equivalents at the Opening	8,522,555,131	4,523,522,906
Cash and Cash Equivalents at the Closing	11,453,579,838	6,470,578,353
Net Operating Cash Flow per Share (NOCF)	5.67	4.03
Number of Shares used to compute NOCF	623,586,546	623,586,546

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Chairman

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Vice Chairman

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Tapan Chowdhury
Managing Director

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Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE PHARMACEUTICALS LTD.

1ST QUARTER FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION (Unaudited)

As At 30 September 2016

	30-09-2016 Taka	30-06-2016 Taka
ASSETS:		
Non-Current Assets:	22,664,689,660	22,121,390,658
Property, Plant and Equipment-Carrying Value	16,340,797,158	16,269,701,528
Investment - Long Term (at Cost)	4,763,855,495	4,779,953,688
Investment in Marketable Securities (Fair Value)	1,560,037,007	1,071,735,442
Current Assets:	18,997,052,332	17,053,294,946
Inventories	2,936,233,002	2,947,663,942
Trade Debtors	1,061,646,474	1,329,754,444
Advances, Deposits and Prepayments	1,068,782,913	1,050,060,488
Short Term Loan	2,546,257,451	3,280,174,547
Cash and Cash Equivalents	11,384,132,492	8,445,641,525
TOTAL ASSETS	41,661,741,992	39,174,685,604
SHAREHOLDERS' EQUITY AND LIABILITIES:		
Shareholders' Equity:	37,584,703,163	35,597,063,091
Share Capital	6,235,865,460	6,235,865,460
Share Premium	2,035,465,000	2,035,465,000
General Reserve	105,878,200	105,878,200
Gain on Marketable Securities (Unrealized)	416,608,162	266,786,579
Retained Earnings	28,790,886,341	26,953,067,852
Non-Current Liabilities:	1,029,806,127	995,800,939
Deferred Tax Liability	1,029,806,127	995,800,939
Current Liabilities:	3,047,232,702	2,581,821,574
Short Term Loan	-	2,693,932
Trade Creditors	925,702,855	648,412,068
Liabilities for Expenses	84,328,564	42,789,106
Liabilities for Other Finance	2,037,201,283	1,887,926,468
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	41,661,741,992	39,174,685,604
Net Assets Value Per Share (NAV)	60.27	57.08
Number of Shares used to compute NAV	623,586,546	623,586,546

Sd/-
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Chairman

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Mrs. Ratna Patra
Vice Chairman

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Tapan Chowdhury
Managing Director

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Chief Financial Officer

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Khandaker Habibuzzaman
Company Secretary

SQUARE PHARMACEUTICALS LTD.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)

For the 1st Quarter Ended 30 September 2016

	July-September 2016 Taka	July-September 2015 Taka
GROSS TURNOVER	7,781,435,073	8,660,931,184
Less: Value Added Tax	1,083,683,758	1,202,295,141
NET TURNOVER	6,697,751,315	7,458,636,043
Cost of Goods Sold	(3,366,042,568)	(3,726,675,672)
GROSS PROFIT	3,331,708,747	3,731,960,371
OPERATING EXPENSES:	(1,340,009,101)	(1,431,260,475)
Selling & Distribution Expenses	(1,141,239,917)	(1,217,871,807)
Administrative Expenses	(198,767,733)	(208,830,969)
Finance Cost	(1,451)	(4,557,699)
PROFIT FROM OPERATIONS	1,991,699,646	2,300,699,896
Other Income	560,663,586	305,228,824
PROFIT BEFORE WPPF & WF	2,552,363,232	2,605,928,720
Allocation for WPPF & WF	(121,541,106)	(124,091,843)
PROFIT BEFORE TAX	2,430,822,126	2,481,836,877
Income Tax Expenses-Current	(558,998,449)	(628,835,851)
Income Tax Expenses-Deferred	(34,005,188)	(18,375,203)
PROFIT AFTER TAX FOR THE PERIOD	1,837,818,489	1,834,625,823
Other Comprehensive Income : Gain/(Loss) on Marketable Securities (Unrealized)	149,821,583	47,816,747
Total Comprehensive Income for the Period	1,987,640,072	1,882,442,570
Earnings Per Share (EPS)	2.95	2.94
Number of Shares used to compute EPS	623,586,546	623,586,546

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SQUARE PHARMACEUTICALS LTD.

STATEMENT OF CHANGES IN EQUITY (Unaudited)
For the 1st Quarter Ended 30 September 2016

	Share Capital	Share Premium	General Reserve	Gain on Marketable Securities (Unrealized)	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
At 30 June 2016	6,235,865,460	2,035,465,000	105,878,200	266,786,579	26,953,067,852	35,597,063,091
Total Comprehensive Income (Jul'2016-Sep'2016)	-	-	-	149,821,583	1,837,818,489	1,987,640,072
At 30 September 2016	6,235,865,460	2,035,465,000	105,878,200	416,608,162	28,790,886,341	37,584,703,163
At 30 September 2015	6,235,865,460	2,035,465,000	105,878,200	317,772,840	21,277,428,342	29,972,409,842

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Chairman

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Chief Financial Officer

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Company Secretary

SQUARE PHARMACEUTICALS LTD.

STATEMENT OF CASH FLOWS For the 1st Quarter Ended 30 September 2016

	2016 (Jul'2016-Sep'2016) Taka	2015 (Jul'2015-Sep'2015) Taka
Cash Flows From Operating Activities:		
RECEIPTS:		
Collection from Sales	8,040,114,019	8,478,346,332
Others	405,401,154	144,229,983
	8,445,515,173	8,622,576,315
PAYMENTS:		
Purchase of Raw and Packing Materials	1,953,838,457	2,606,863,705
Manufacturing and Operating Expenses	2,119,732,539	2,019,545,035
Value Added Tax	1,083,683,758	1,202,295,141
Bank Interest	1,451	4,557,699
Income Tax	544,508,067	448,308,197
Workers Profit Participation Fund	22,184,169	25,075,210
	5,723,948,441	6,306,644,987
Net cash provided by operating activities	2,721,566,732	2,315,931,328
Cash Flows From Investing Activities:		
Purchase of Fixed Assets	(455,383,538)	(263,199,775)
Investment in Lanka Bangla Finance Ltd.	-	17,875,482
Investment in IDLC Finance Ltd.	16,098,192	-
Investment in Marketable Securities	(338,479,981)	10,719,334
Loan to Sister Concerns	731,223,164	(201,803,830)
Gain on Sale of Marketable Securities	1,711,399	4,360,154
Interest Received	245,076,864	149,796,183
Dividend Received	16,678,135	7,747,910
Net cash used in investing activities	216,924,235	(274,504,542)
Cash Flows From Financing Activities:		
Long Term Loan Repaid	-	(95,946,106)
Net cash used in financing activities	-	(95,946,106)
Increase in Cash and Cash Equivalents	2,938,490,967	1,945,480,680
Cash and Cash Equivalents at the Opening	8,445,641,525	4,443,806,872
Cash and Cash Equivalents at the Closing	11,384,132,492	6,389,287,552
Net Operating Cash Flow per Share (NOCF)	4.36	3.71
Number of Shares used to compute NOCF	623,586,546	623,586,546

Sd/-
Samuel S. Chowdhury
Chairman

Sd/-
Mrs. Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

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Chief Financial Officer

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Khandaker Habibuzzaman
Company Secretary

SQUARE PHARMACEUTICALS LIMITED

Notes to the Interim Financial Statements
For the 1st Quarter Ended September 30, 2016

Basis of Preparation of the Interim Financial Statements:

These Financial Statements (They) are the unaudited interim financial statement (here after 'the Interim Financial Statements') of Square Pharmaceuticals Limited and Square Formulations Limited, Companies incorporated in Bangladesh under companies act, for the 1st Quarter Ended on September 30, 2016 (here after 'the interim period'). They are prepared in accordance with the Bangladesh Accounting Standard (BAS-34) 'Interim Financial Reporting'. These financial statements should read in conjunction with the Annual Financial Statements as of June 30, 2016, as they provide an update of previously reported information.

The accounting policies and presentation used are consistent with those used in the Annual Financials, except where noted below. Where necessary, the comparative figures have been reclassified or extended from the previously reported Interim Financial Statements to take into account any presentational changes made in the Annual Financial Statements or in these Interim Financial Statements.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the Interim Financial Statement. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

During the period, the company made investments in the form of fixed assets are as follows:

- Land	Tk. 70,385,636
- Building	Tk. 69,089,979
- Plant & Machinery	Tk. 211,526,044
- Laboratory Equipment	Tk. 4,355,200
- Furniture & Fixture	Tk. 12,710,013
- Others	Tk. 87,316,666

We understand that our business is growing every year that means our assets are performing according to intension of procurement and in sum up the discounted future cash flow from the operation of the assets would be positive if we dispose those assets at the date of financial reporting. But presently we have no intension to dispose these assets, so it is not required to record the impairment gain as provisions of BAS-36.

The company operates in industries where significant seasonal or cyclical variations in total sales are not experienced during the reporting period.

Income tax expense is recognized based upon the best estimate of the weighted average income tax are expected for the reporting period.

Deferred Income Tax Expense is raised for the group of Tk. 37,079,249 for the adjustable temporary difference upto September 30, 2016, out of which Tk. 34,005,188 for Square Pharmaceuticals Ltd. and Tk. 3,074,061 for Square Formulations Ltd.

The Board of Directors has recommended dividend for the year ended Jun 30, 2016 @ 40% cash of par value of share and 10% stock dividend (Bonus Shares) which will be approved by the shareholders in the AGM to be held on December 13, 2016.

The company has no reportable operating segments as per BFRS-8.

There is no significant event after the end of the interim period that has to be reflected in the financial statements for the interim period.

The company did not carry out any related party transaction other than Square Textiles Ltd., Square Fashions Ltd., Square Hospitals Ltd., Square InformatiX Ltd., Square Formulations Ltd., Square Denims Ltd., Square Apparels Ltd. Square Securities Management Ltd. and Aegis Services Limited during the period of reporting.

	<u>Receivable</u>
- Square Textiles Ltd.	38,992,282
- Square Fashions Ltd.	159,358,912
- Square Hospitals Ltd.	2,357,728
- Square InformatiX Ltd.	132,859,519
- Square Formulations Ltd.	337,069,611
- Square Denims Ltd.	1,630,273,547
- Square Apparels Ltd.	245,345,852
- Square Securities Management Ltd.	56,938,936
	<u>Payable</u>
- AEGIS Services Ltd.	Nil

Figures have been rounded off to the nearest Taka.

The contingent liabilities of the companies as of September 30, 2016 were as follows;

For Sight and deferred LC for the group Tk.133.65 crore only, out of which Tk.114.93 crore for Square Pharmaceuticals Ltd. and Tk. 18.72 for Square Formulations Ltd.