

Third Quarter
Financial Statement 2017-2018
(Unaudited)



SQUARE PHARMACEUTICALS LTD.
(Consolidated and Separate)

SQUARE PHARMACEUTICALS LTD.

AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited) As at 31 March 2018

Particulars	31-03-2018 Taka	30-06-2017 Taka
ASSETS:		
Non-Current Assets:	32,119,823,973	29,355,222,227
Property, Plant and Equipment-Carrying Value	20,261,597,218	19,323,568,164
Investment - Long Term (at Cost)	843,306,787	588,808,565
Investment - Associates Undertaking	8,114,949,187	7,504,636,420
Investment in Marketable Securities (Fair Value)	2,888,686,817	1,938,209,078
Pre-operating Expenses	11,283,964	-
Current Assets:	27,622,646,011	23,175,830,022
Inventories	4,566,029,848	3,730,808,243
Trade Debtors	1,714,236,036	2,204,014,900
Advances, Deposits and Prepayments	1,686,440,162	1,450,936,735
Short Term Loan	3,731,313,539	21,386,290
Cash and Cash Equivalents	15,924,626,426	15,768,683,854
TOTAL ASSETS	59,742,469,984	52,531,052,249
SHAREHOLDERS' EQUITY AND LIABILITIES:		
Shareholders' Equity:	55,118,888,884	49,027,700,210
Share Capital	7,373,910,900	6,859,452,000
Share Premium	2,035,465,000	2,035,465,000
General Reserve	105,878,200	105,878,200
Tax Exemption Reserve	1,647,013,320	852,508,043
Gain on Marketable Securities (Unrealized)	248,347,108	596,561,713
Retained Earnings	43,708,274,356	38,577,835,254
Non Controlling Interest	22,605,457	12,674,141
Non-Current Liabilities:	1,179,843,162	1,129,233,846
Deffered Tax Liability	1,179,843,162	1,129,233,846
Current Liabilities:	3,421,132,481	2,361,444,052
Trade Creditors	746,137,984	843,937,277
Liabilities for Expenses	60,377,966	27,576,542
Liabilities for Other Finance	2,614,616,531	1,489,930,233
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	59,742,469,984	52,531,052,249
Net Assets Value per Share (NAV)	74.75	66.49
Number of Shares used to compute NAV	737,391,090	737,391,090

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Kabir Reza
Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE PHARMACEUTICALS LTD.

ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited) For the 3rd Quarter Ended 31 March 2018

Particulars	Nine Months Results		Third Quarter Results	
	Jul'2017-Mar'2018 Taka	Jul'2016-Mar'2017 Taka	Jan'2018-Mar'2018 Taka	Jan'2017-Mar'2017 Taka
GROSS TURNOVER	34,247,876,391	30,892,955,689	11,386,481,321	10,991,874,386
Less: Value Added Tax	4,675,332,513	4,250,818,005	1,534,575,325	1,482,382,234
NET TURNOVER	29,572,543,878	26,642,137,684	9,851,905,996	9,509,492,152
Cost of Goods Sold	(14,637,949,898)	(13,070,938,710)	(4,990,537,200)	(4,796,882,682)
GROSS PROFIT	14,934,593,980	13,571,198,974	4,861,368,796	4,712,609,470
OPERATING EXPENSES:	(5,114,579,538)	(4,382,662,731)	(1,531,671,187)	(1,266,716,900)
Selling & Distribution Expenses	(4,362,937,541)	(3,727,413,795)	(1,312,803,739)	(1,079,791,179)
Administrative Expenses	(751,561,293)	(655,100,348)	(218,864,909)	(186,925,721)
Finance Cost	(80,704)	(148,588)	(2,539)	-
PROFIT FROM OPERATIONS	9,820,014,442	9,188,536,243	3,329,697,609	3,445,892,570
Other Income	1,382,694,820	739,049,890	442,208,025	300,827,836
PROFIT BEFORE WPPF	11,202,709,262	9,927,586,133	3,771,905,634	3,746,720,406
Allocation for WPPF	(538,757,521)	(481,717,932)	(179,614,553)	(178,415,257)
PROFIT BEFORE TAX	10,663,951,741	9,445,868,201	3,592,291,081	3,568,305,149
Income Tax Expenses-Current	(2,484,711,089)	(2,151,130,604)	(830,741,122)	(796,811,541)
Income Tax Expenses-Deferred	(50,609,316)	(42,159,714)	(28,305,136)	(18,142,054)
PROFIT AFTER TAX	8,128,631,336	7,252,577,883	2,733,244,823	2,753,351,554
Profit/(Loss) from Associate Undertakings	721,511,459	564,572,125	245,274,541	180,465,411
PROFIT AFTER TAX	8,850,142,795	7,817,150,008	2,978,519,364	2,933,816,965
Other Comprehensive Income:				
Gain/(Loss) on Marketable Securities (Unrealized)	(348,214,605)	431,584,609	(442,802,490)	159,891,966
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	8,501,928,190	8,248,734,617	2,535,716,874	3,093,708,931
Profit Attributable to:				
Owners of the Company	8,840,211,479	7,810,817,726	2,975,818,803	2,931,549,437
Non Controlling Interest	9,931,316	6,332,282	2,700,561	2,267,528
	8,850,142,795	7,817,150,008	2,978,519,364	2,933,816,965
Total Comprehensive Income Attributable to:				
Owners of the Company	8,492,115,459	8,242,291,307	2,533,332,534	3,091,372,786
Non Controlling Interest	9,812,731	6,443,310	2,384,340	2,336,145
	8,501,928,190	8,248,734,617	2,535,716,874	3,093,708,931
Earnings Per Share (EPS)	11.99	10.59	4.04	3.98
Number of Shares used to compute EPS	737,391,090	737,391,090	737,391,090	737,391,090

Sd/-
Samuel S Chowdhury
Chairman

Sd/-
Ratna Patra
Vice Chairman

Sd/-
Tapan Chowdhury
Managing Director

Sd/-
Md. Kabir Reza
Chief Financial Officer

Sd/-
Khandaker Habibuzzaman
Company Secretary

SQUARE PHARMACEUTICALS LTD.
AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)
For the 3rd Quarter Ended 31 March 2018

Particulars	Share Capital Taka	Share Premium Taka	General Reserve Taka	Tax Exemption Reserve Taka	Gain on Marketable Securities (Unrealized) Taka	Retained Earnings Taka	Non Controlling Interest Taka	Total Taka
At 30 June 2017	6,859,452,000	2,035,465,000	105,878,200	852,508,043	596,561,713	38,577,835,254	12,674,141	49,040,374,351
Total Comprehensive Income (Jul'2017-Mar'2018)	-	-	-	-	(348,214,605)	8,840,211,479	9,931,316	8,501,928,190
Transfer to Tax Exemption Reserve	-	-	-	794,505,277	-	(794,505,277)	-	-
Cash Dividend (2016-2017)	-	-	-	-	-	(2,400,808,200)	-	(2,400,808,200)
Stock Dividend (2016-2017)	514,458,900	-	-	-	-	(514,458,900)	-	-
At 31 March 2018	7,373,910,900	2,035,465,000	105,878,200	1,647,013,320	248,347,108	43,708,274,356	22,605,457	55,141,494,341
At 31 March 2017	6,859,452,000	2,035,465,000	105,878,200	808,409,222	698,371,188	35,797,975,239	6,926,118	46,312,476,967

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SQUARE PHARMACEUTICALS LTD.

AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited) For the 3rd Quarter Ended 31 March 2018

Particulars	3rd Quarter Ended 31 March 2018 Taka	3rd Quarter Ended 31 March 2017 Taka
Cash Flows From Operating Activities:		
RECEIPTS:		
Collections from Sales	34,581,209,640	30,862,392,337
Exchange Fluctuation Gain	75,725,804	8,364,106
Others	133,551,671	190,294,258
	34,790,487,115	31,061,050,701
PAYMENTS:		
Purchase of Raw and Packing Materials	10,741,519,513	7,989,656,722
Manufacturing and Operating Expenses	8,394,259,088	7,272,329,538
Value Added Tax	4,675,332,513	4,250,818,005
Finance Cost	80,704	148,588
Income Tax	2,352,545,874	2,649,415,157
Workers Profit Participation Fund	316,647,149	424,804,297
Others	8,137,080	-
	26,488,521,921	22,587,172,307
Net cash provided by operating activities	8,301,965,194	8,473,878,394
Cash Flows From Investing Activities:		
Purchase of Fixed Assets	(2,385,582,678)	(1,368,587,178)
Pre-operating Expenses	(11,283,964)	-
Disposal of Fixed Assets	3,868,042	794,060
Investment	(1,553,190,566)	(341,374,277)
Short Term Loan	(3,709,927,249)	2,198,579,611
Gain on Sale of Marketable Securities	272,557,900	44,660,528
Interest Received	648,789,911	441,629,655
Dividend Received	198,193,722	244,043,522
Net cash used in investing activities	(6,536,574,882)	1,219,745,921
Cash Flows From Financing Activities:		
Dividend Paid	(1,609,447,740)	(1,365,409,960)
Net cash provided by financing activities	(1,609,447,740)	(1,365,409,960)
Increase in Cash and Cash Equivalents	155,942,572	8,328,214,355
Cash and Cash Equivalents at the Opening	15,768,683,854	8,522,555,131
Cash and Cash Equivalents at the Closing	15,924,626,426	16,850,769,486
Net Operating Cash Flow per Share (NOCF)	11.26	11.49
Number of Shares used to compute NOCF	737,391,090	737,391,090

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Chief Financial Officer

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Company Secretary

SQUARE PHARMACEUTICALS LTD.

STATEMENT OF FINANCIAL POSITION (Unaudited) As at 31 March 2018

Particulars	31-03-2018 Taka	30-06-2017 Taka
ASSETS:		
Non-Current Assets:	25,738,780,792	23,494,648,133
Property, Plant and Equipment-Carrying Value	17,947,720,507	16,846,568,295
Investment - Long Term (at Cost)	5,283,650,468	4,812,888,360
Investment in Marketable Securities (Fair Value)	2,507,409,817	1,835,191,478
Current Assets:	26,330,738,109	22,268,597,918
Inventories	3,741,029,679	2,988,121,604
Trade Debtors	1,679,498,634	2,188,447,720
Advances, Deposits and Prepayments	1,565,048,431	1,381,066,856
Short Term Loan	3,731,313,539	21,386,290
Cash and Cash Equivalents	15,613,847,826	15,689,575,448
TOTAL ASSETS	52,069,518,901	45,763,246,051
SHAREHOLDERS' EQUITY AND LIABILITIES:		
Shareholders' Equity:	44,730,223,436	41,201,962,311
Share Capital	7,373,910,900	6,859,452,000
Share Premium	2,035,465,000	2,035,465,000
General Reserve	105,878,200	105,878,200
Gain on Marketable Securities (Unrealized)	249,036,957	573,534,470
Retained Earnings	34,965,932,379	31,627,632,641
Non-Current Liabilities:	1,084,649,012	1,055,679,469
Deffered Tax Liability	1,084,649,012	1,055,679,469
Current Liabilities:	6,254,646,453	3,505,604,271
Short Term Loan	3,516,339,451	1,700,295,979
Trade Creditors	658,391,599	720,284,653
Liabilities for Expenses	57,834,379	21,937,186
Liabilities for Other Finance	2,022,081,024	1,063,086,453
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	52,069,518,901	45,763,246,051
Net Assets Value per Share (NAV)	60.66	55.88
Number of Shares used to compute NAV	737,391,090	737,391,090

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SQUARE PHARMACEUTICALS LTD.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited) For the 3rd Quarter Ended 31 March 2018

Particulars	Nine Months Results		Third Quarter Results	
	Jul'2017-Mar'2018 Taka	Jul'2016-Mar'2017 Taka	Jan'2018-Mar'2018 Taka	Jan'2017-Mar'2017 Taka
GROSS TURNOVER	25,801,841,891	24,375,520,612	8,671,285,050	8,692,674,311
Less: Value Added Tax	3,439,281,058	3,287,612,756	1,143,032,126	1,142,472,653
NET TURNOVER	22,362,560,833	21,087,907,856	7,528,252,924	7,550,201,658
COST OF GOODS SOLD	(11,432,614,991)	(10,194,078,903)	(4,161,416,937)	(3,531,082,011)
GROSS PROFIT	10,929,945,842	10,893,828,953	3,366,835,987	4,019,119,647
OPERATING EXPENSES:	(5,044,911,060)	(4,311,455,299)	(1,452,474,770)	(1,493,958,818)
Selling & Distribution Expenses	(4,295,075,383)	(3,657,694,735)	(1,238,955,992)	(1,257,690,987)
Administrative Expenses	(749,754,973)	(653,617,973)	(213,516,239)	(236,267,831)
Finance Cost	(80,704)	(142,591)	(2,539)	-
PROFIT FROM OPERATIONS	5,885,034,782	6,582,373,654	1,914,361,217	2,525,160,829
Other Income	2,766,702,390	1,975,498,949	850,644,407	663,759,143
PROFIT BEFORE WPPF	8,651,737,172	8,557,872,603	2,765,005,624	3,188,919,972
Allocation for WPPF	(411,987,484)	(407,517,743)	(131,666,934)	(151,853,332)
PROFIT BEFORE TAX	8,239,749,688	8,150,354,860	2,633,338,690	3,037,066,640
Income Tax Expenses-Current	(1,957,213,307)	(1,943,370,074)	(628,121,878)	(722,438,150)
Income Tax Expenses-Deferred	(28,969,543)	(32,372,850)	(21,124,639)	(14,782,463)
PROFIT AFTER TAX	6,253,566,838	6,174,611,936	1,984,092,173	2,299,846,027
Other Comprehensive Income:				
Gain/(Loss) on Marketable Securities (Unrealized)	(324,497,513)	409,378,966	(379,558,161)	146,168,366
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,929,069,325	6,583,990,902	1,604,534,012	2,446,014,393
Earnings Per Share (EPS)	8.48	8.37	2.69	3.12
Number of Shares used to compute EPS	737,391,090	737,391,090	737,391,090	737,391,090

Sd/-
Samuel S Chowdhury
Chairman

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Managing Director

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Chief Financial Officer

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Khandaker Habibuzzaman
Company Secretary

SQUARE PHARMACEUTICALS LTD.

STATEMENT OF CHANGES IN EQUITY (Unaudited) For the 3rd Quarter Ended 31 March 2018

Particulars	Share Capital Taka	Share Premium Taka	General Reserve Taka	Gain on Marketable Securities (Unrealized) Taka	Retained Earnings Taka	Total Taka
At 30 June 2017	6,859,452,000	2,035,465,000	105,878,200	573,534,470	31,627,632,641	41,201,962,311
Total Comprehensive Income (Jul'2017-Mar'2018)	-	-	-	(324,497,513)	6,253,566,838	5,929,069,325
Cash Dividend (2016-2017)	-	-	-	-	(2,400,808,200)	(2,400,808,200)
Stock Dividend (2016-2017)	514,458,900	-	-	-	(514,458,900)	-
At 31 March 2018	7,373,910,900	2,035,465,000	105,878,200	249,036,957	34,965,932,379	44,730,223,436
At 31 March 2017	6,859,452,000	2,035,465,000	105,878,200	676,165,545	30,009,747,064	39,686,707,809

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Managing Director

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Chief Financial Officer

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Khandaker Habibuzzaman
Company Secretary

SQUARE PHARMACEUTICALS LTD.

STATEMENT OF CASH FLOWS (Unaudited) For the 3rd Quarter Ended 31 March 2018

Particulars	3rd Quarter Ended 31 March 2018 Taka	3rd Quarter Ended 31 March 2017 Taka
Cash Flows From Operating Activities:		
RECEIPTS:		
Collections from Sales	26,194,616,608	24,319,399,043
Exchange Fluctuation Gain	75,488,676	8,364,106
Others	1,458,427,608	1,217,849,180
	27,728,532,892	25,545,612,329
PAYMENTS:		
Purchase of Raw and Packing Materials	8,158,188,127	5,996,362,896
Manufacturing and Operating Expenses	7,829,272,024	5,360,979,372
Value Added Tax	3,439,281,058	3,287,612,756
Finance Cost	80,704	142,591
Income Tax Expenses	1,865,763,372	2,632,969,998
Workers Profit Participation Fund	308,667,919	418,746,655
Others	7,095,882	-
	21,608,349,086	17,696,814,268
Net cash provided by operating activities	6,120,183,806	7,848,798,061
Cash Flows From Investing Activities:		
Purchase of Fixed Assets	(2,296,681,594)	(1,194,893,352)
Disposal of Fixed Assets	3,868,042	794,060
Investment	(1,467,477,961)	(261,383,920)
Short Term Loan	(1,893,883,777)	2,539,791,572
Gain on Sale of Marketable Securities	228,670,830	44,660,528
Interest Received	646,747,050	462,625,348
Dividend Received	192,293,722	243,451,522
Net cash used in investing activities	(4,586,463,688)	1,835,045,758
Cash Flows From Financing Activities:		
Dividend Paid	(1,609,447,740)	(1,365,409,960)
Net cash used by financing activities	(1,609,447,740)	(1,365,409,960)
Increase in Cash and Cash Equivalents	(75,727,622)	8,318,433,859
Cash and Cash Equivalents at the Opening	15,689,575,448	8,445,641,525
Cash and Cash Equivalents at the Closing	15,613,847,826	16,764,075,384
Net Operating Cash Flow per Share (NOCF)	8.30	10.64
Number of Shares used to compute NOCF	737,391,090	737,391,090

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Company Secretary

SQUARE PHARMACEUTICALS LIMITED

Notes to the Interim Financial Statements For the Third Quarter Ended March 31, 2018

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, Square Formulations Limited, Companies incorporated in Bangladesh under companies Act and Square Pharmaceuticals Kenya EPZ Limited incorporated under Companies Act 2015 of Kenya for the Third Quarter Ended on March 31, 2018 (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, 2017, 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 in total Tk. 2,107,129,428 as follows:

- Land	Tk. 419,971,870
- Building	Tk. 687,948,646
- Plant & Machinery	Tk. 348,241,717
- Laboratory Equipment	Tk. 193,942,879
- Furniture & Fixture	Tk. 53,846,718
- Others	Tk. 403,177,598

Square Pharmaceuticals Ltd. Bangladesh has invested USD 2.255 Million equivalent to BDT 206.42_Million in the share of Square Pharmaceuticals Kenya EPZ Limited, Nairobi, Kenya. The financials of Square Pharmaceuticals Kenya EPZ Limited is prepared in Kenyan Shilling as reporting currency in Kenya and for reporting here in are converted into BDT @ prevailing conversion rate as of March 31, 2018 (KHS=BDT). It is to be noted that Ground Breaking Ceremony of the Plant was held on 8th January, 2018 and an amount of Tk. BDT 11.28 million has been incurred as "Pre-operating Expenses" for the Kenya Project.

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. 50,609,316 for the adjustable temporary difference upto March 31, 2018, out of which Tk. 28,969,543 for Square Pharmaceuticals Ltd. and Tk. 21,639,773 for Square Formulations Ltd.

Cash Dividend for the period 2016-2017 (Jul'2016-Jun'2017) amounting to Tk. 1,609,447,740 have been paid/released to the Shareholders out of which Tk. 2,400,808,200 and also Bonus Shares have been accounted for which was approved by the shareholders in the AGM held on December 14, 2017.

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 Limited, Square Fashions Limited, Square InformatiX Limited, Square Denims Limited, Square Apparels Limited, Square Securities Management Limited, Square Formulations Limited and AEGIS Services Ltd. balance as of reporting date is given below:

	<u>Receivable</u>
- Square Textiles Ltd.	43,053,037
- Square Fashions Ltd.	563,651
- Square Denims Ltd.	2,757,912,580
- Square Apparels Ltd.	929,784,271
- Square Securities Management Ltd.	26,242,499
	<u>Payable</u>
- Square Formulations Ltd.	3,516,339,451
- Square InformatiX Ltd.	6,853,013
- AEGIS Services Ltd.	6,871,751

Figures have been rounded off to the nearest Taka.

The contingent liabilities of the companies as of March 31, 2018 were as follows;

For Sight and deferred LC for the group Tk. 177.10 Crore only. Out of which Tk. 1,503,062,899 for Square Pharmaceuticals Limited and Tk. 267,995,466 for Square Formulations Limited.
