



# Annual Report

2006-2007

SQUARE PHARMACEUTICALS LTD.



# SQUARE Pharma gets approval to export to UK

## - A new milestone set in Bangladesh Pharmaceutical Industry

**Safeguarding public health**

Certificate No: UK GMP 29843 (imp GMP 29942009403-0301)

**MHRA**

**Medicines and Healthcare products Regulatory Agency**

**CERTIFICATE OF GMP COMPLIANCE OF A MANUFACTURER**

**Part 1**

Issued following an inspection in accordance with Art. 11(6) of Directive 2001/83/EC

The competent authority of the United Kingdom certifies the following:

The manufacturer: **SQUARE PHARMACEUTICALS LTD**  
Site address: **DHAKA UNIT  
KALIAKOR  
GAZIPUR  
1710  
BANGLADESH**

Has been inspected in connection with marketing authorisation(s) being manufactured outside of the European Economic Area in accordance with Art. 11(4) of Directive 2001/83/EC

From the knowledge gained during inspection of the manufacturer, the latest of which was conducted on 15/02/2007, it is considered that it complies with the Good Manufacturing Practice requirements referred to in the principles and guidelines of Good Manufacturing Practice laid down in Directive 2002/95/EC Directive.

This certificate reflects the status of the manufacturing site at the time of the inspection noted above and should not be relied upon to reflect the compliance status if more than three years have elapsed since the date of that inspection, after which time the issuing authority should be consulted.

The authenticity of this certificate may be verified with the issuing authority.

Medicines and Healthcare products Regulatory Agency  
Maison Farmah, 1 Pond Street, London, EC4A 3DF  
T: 200 100 2000 F: 200 728 2283 www.mhra.gov.uk

An executive agency of the Department of Health

Square Pharmaceuticals Ltd., the market-leader of Bangladesh Pharmaceuticals Industry since 1985, is proud to announce its certification by the United Kingdom Medicine Registration Authority (UK MHRA). SQUARE Pharma is the First Bangladeshi Company to obtain this certificate and this has set a New Milestone in the Pharmaceutical Industry of the country.

With this approval, SQUARE Pharma has become the First Bangladeshi Company to start exporting its Finished Pharmaceutical Products to the United Kingdom, having a total Pharma market size of about 30 Billion US Dollar.

It is worthy to mention that UK MHRA Approval is one of the toughest registration processes in the world to register pharmaceutical products for marketing and distribution in the UK. It takes a lot of rigorous processes to comply with the registration requirements for getting the approval from the UK MHRA (United Kingdom Medicines & Healthcare Regulatory Agency), starting from Raw Material Sourcing to all production processes, quality control processes and quality assurance processes, finally leading to the total quality-checks of the finished products.

This approval process also involves thorough inspection and auditing of the designing of the manufacturing plant, selection of the machinery and equipments. HVAC (Heating, Ventilation and Air-conditioning) system and Purified Water System of the plant to ensure the entire Manufacturing Plant is strictly maintaining the World-class Pharmaceutical Manufacturing Environment as per the MHRA GMP requirements.

SQUARE Pharma is proud to inform that it took about 2 years for the pharma-leader of Bangladesh to get prepared for the registration of its products with UK MHRA and on successful completion of the Inspection by the UK MHRA Regulatory Auditors in February 2007, of SQUARE's manufacturing, quality control & quality assurance processes and all machineries & equipments, the UK Regulatory Authority has approved SQUARE PHARMA to start marketing and distribution of its world-class finished pharmaceutical products to the United Kingdom.

This approval will help SQUARE Pharma to enter into the pharmaceutical markets in other European countries, in Australia, in South Africa and in the GCC countries in near future.

This feat of SQUARE Pharma has again proved its commitment to the total quality-compliance and has shown it to the whole world that Bangladesh can also produce world-class pharmaceutical products for serving the people of developed countries like the UK.



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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, 2007**

Dear Sir(s)

We are pleased to enclose a copy of the Annual Report together with the Audited Accounts including Balance Sheet as at March 31, 2007 and Income Statement for the year ended March 31, 2007 along with notes thereon for your record/necessary measures.

Yours sincerely

Khandaker Habibuzzaman  
Company Secretary

Dated: 21st August, 2007



## **SQUARE PHARMACEUTICALS LTD.**

### **NOTICE TO THE SHAREHOLDERS**

Notice is hereby given that the 41st ANNUAL GENERAL MEETING of the shareholders of Square Pharmaceuticals Ltd. will be held on **Wednesday the 12th September, 2007 at 11:00 a.m.** at **Bangladesh-China Friendship Conference Centre**, Agargaon, Sher-E-Bangla Nagar, Dhaka to transact the following business:

#### **Ordinary Business**

- Agenda -1: To receive, consider and adopt the Accounts for the year ended March 31, 2007 together with the Report of the Directors and the Auditors thereon.
- Agenda -2: To declare dividend for the year ended March 31, 2007.
- 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.

#### **Special Business**

- Agenda -5: To pass special resolution for increasing the Authorised Capital of the Company from Tk. 100 crore (Taka One hundred crore) to Tk. 500 crore (Taka Five hundred crore) and to amend the Clause-V and Articles-4, 81, 93 and 99 of the Memorandum and Articles of Association of the Company respectively.

By order of the Board

Khandaker Habibuzzaman  
Company Secretary

Dated: 21st August, 2007

Notes:

- (i) Details of Special Business contained in the Page No. 31 of the Annual Report
- (ii) 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.
- (iii) Admittance to the meeting venue will be on production of the attendance slip sent with the Annual Report.



## Vision

*We view business as a means to the material and social wellbeing 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 reelection. 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 delligence 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 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 disableds 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 difficiencies. 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, 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  
Mr. M. Moniruzzaman Khan, 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  
Citibank NA  
Standard Chartered Bank  
Eastern Bank Ltd.  
Commercial Bank of Ceylon Ltd.  
Mercantile Bank Ltd.  
Bank Alfalah Ltd.

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 rates which protects the interest of the investors.

### **(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 for which the Regulatory Authority has allowed their continuation as Auditors.



## 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 to-day naturally believe in dividend payouts to-day with less regard for the consequence to-morrow and those living tomorrow would prefer dividend payouts tomorrow without regard for the sacrifices we make to-day to allow their greater consumption tomorrow.

Based on the above concept, the Company is committed to sow 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 31-03-2007 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 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 (DSE) and Chittagong Stock Exchange (CSE). These memberships have provided scope to the Company for improvement of 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, adaptation 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





*SQUARE PHARMACEUTICALS LTD.*  
**MANAGEMENT APPARATUS**



**BOARD OF DIRECTORS**

Mr. Samson H. Chowdhury	Chairman
Mr. Tapan Chowdhury	Managing Director
Dr. Kazi Harunar Rashid	Director
Mr. Samuel S. Chowdhury	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



## SENIOR CORPORATE OFFICIALS

Mr. Md. Kabir Reza, FCMA  
Mr. Khandaker Habibuzzaman, ACS  
Mr. Md. Majibur Rahman Bhuiyan

Chief Financial Officer  
Company Secretary  
Head of Internal Audit

## COMPANY SECRETARY

Mr. Khandaker Habibuzzaman, ACS

## AUDITORS

M/s. Chowdhury Bhattacharjee & Co.  
Chartered Accountants  
47/1, Indira Road  
Dhaka-1215, Bangladesh

## LEGAL ADVISORS

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

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

Mr. M. Moniruzzaman Khan, Bar-at-Law  
City Heart  
67, Naya Paltan, V.I.P Road, Dhaka

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

## BANKERS

Janata Bank  
1, Dilkusha C.A, Dhaka

Citibank N.A  
122-124, Motijheel C.A. Dhaka

Standard Chartered Bank  
2, Dilkusha C.A, Dhaka

Commercial Bank of Ceylon Ltd.  
47, Motijheel 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



## INSURERS

Pioneer Insurance Co. Ltd.  
10, Dilkusha C.A, Dhaka

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

## LISTING

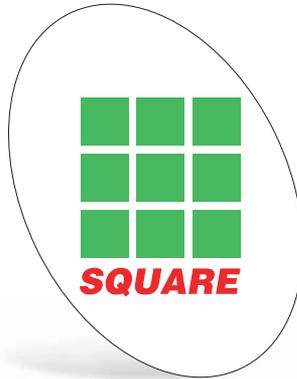
Dhaka Stock Exchange Ltd.  
Chittagong Stock Exchange Ltd.

## REGISTERED OFFICE

"Square Centre"  
48, Mohakhali C.A  
Dhaka-1212, Bangladesh  
Phone: 8833047-56, 8859007 (10 Lines)  
[www.squarepharma.com.bd](http://www.squarepharma.com.bd)

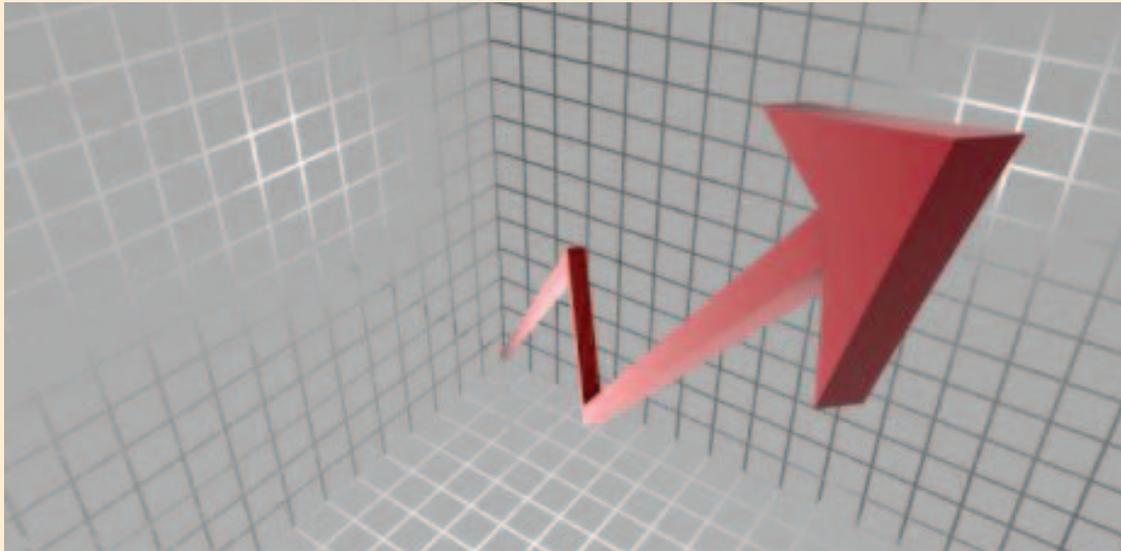
## FACTORIES

- Square Road, Salgaria, Pabna, Bangladesh
- 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 and Pesticide Products
  
- Authorized Capital : Tk. 1,000 million
- Paid-up Capital : Tk. 596.16 million
- Number of Employees : 3,001
- Subsidiary Company : Square Spinnings Ltd.  
Square Cephalosporins Ltd.
  
- Associate Company : Square Textiles Ltd.  
Squar Knit Fabrics Ltd.  
Square Fashions Ltd.  
Square Hospitals Ltd.



## CORPORATE OPERATIONAL RESULTS :

(Figure in thousand)

	2006-07	2005-06	2004-05	2003-04	2002-03
Turnover (Gross)	8,711,035	7,085,553	6,199,135	5,482,088	4,729,743
Value Added Tax	1,210,223	995,648	867,088	760,536	663,892
Turnover (Net)	7,500,811	6,089,905	5,332,047	4,721,552	4,065,851
Gross Profit	3,232,364	2,564,503	2,172,593	1,906,592	1,466,282
Net Profit before Tax	1,722,906	1,533,043	1,513,019	1,151,636	929,604
Net Profit after Tax	1,303,243	1,165,865	1,255,848	970,044	764,885
Shareholders' Equity	7,333,258	6,402,015	5,568,790	4,590,142	3,851,098
Total Assets	10,486,940	9,298,987	7,907,933	6,021,497	5,164,320
Total Bank Borrowings	2,536,524	2,334,925	1,902,331	988,611	1,070,163
Total Current Assets	3,682,511	4,031,685	3,242,502	2,016,056	1,441,552
Total Current Liabilities	2,555,566	2,260,755	1,949,949	1,250,676	1,247,967
Current Ratio	1.44	1.78	1.66	1.61	1.16
No. of Share Outstanding	5,961,600	4,968,000	4,320,000	3,600,000	3,000,000
Dividend per Share (Cash)	50	75	77	70	70
Dividend per Share (Stock)	50%	20%	15%	20%	20%
Shareholders' Equity per Share	1,230	1,074	934	770	646
Earning per Share (SPL)	218.61	195.56	210.66	162.72	128.30
Earning per Share (Consolidated)	244.60	227.21	219.96	169.05	124.10
Quoted Price per Share - DSE	2,447	2,276	3,768	2,272	1,178
Quoted Price per Share - CSE	2,462	2,289	3,766	2,316	1,180
Price Earning Ratio-DSE (Time)	11.19	11.64	17.89	13.96	9.18
Number of Shareholders	13,009	13,206	10,486	9,270	9,295
Human Resources:					
Executives	1,242	1,143	949	895	846
Staff	913	796	740	686	618
Workers	846	764	705	661	656





# welcome MESSAGE FROM THE CHAIRMAN

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

It is a great pleasure to welcome you to the 41st Annual General Meeting on behalf of the Members of Board of Directors whose Report together with Annual Accounts & Auditors Report thereon for the year ended 31 March, 2007 is being laid before you for your valued consideration.

You will delightedly observe that the Company has continued to hold the top position amongst its peers. This has been possible, despite adverse socio-economic-politico and law & order situation, due to dedication and support of the officers, staff and workers against lot of odds and hazards. Our commitment for good governance and socially responsible character have had a positive impact on our performance.

In terms of our vision, we continue our focus on strategic investment in life sciences and bio-engineering products. We ensure that our perception to the structural changes in the pharmaceuticals and chemical industry as an opportunity we can seize to expand our operations, at home and abroad. We expect our Government would extend necessary policy and material support to enhance our profitability and help become one of the global enterprises.

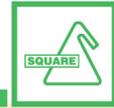
Operations of our subsidiaries/investment projects is expected to help generate additional profit for the shareholders in the near future.

Our emphasis on green and sustainable chemicals continue unerringly for positive results on environment. Our commitment to CSR has had effects in all the management echelons and any violation is taken to task. We view it as our pertinent responsibility for Good Corporate Governance practices.

We all have seen unusual terror and war situation all over the world which adversely affect our business. We however, look forward to brighter days ahead as the socio-politico signs show the twilight in the horizon.



Samson H. Chowdhury  
Chairman

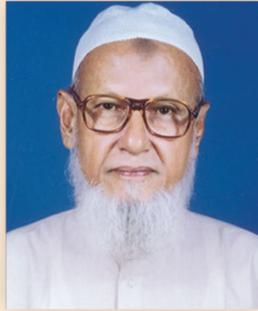


**Mr. Samson H. Chowdhury**  
Chairman

## Board of Directors



**Mr. Tapan Chowdhury**  
Managing Director



**Dr. Kazi Harunar Rashid**  
Director



**Mr. Samuel S. Chowdhury**  
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 2006-2007

**REFERRAL :**

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 - I (International Accounting Standards-I) 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 to the Shareholders for the year ended 31 March 2007 in the following paragraphs:

**1. ECONOMIC & ENVIRONMENTAL SITUATION :**

Most of the year had seen socio-politico turbulence despite which growth in industrial production, exports and remittance from NRBs helped maintain GDP growth rate above earlier performances, though marginally at lower rate of 6.5% than that of 6.7% in the previous year. The period has however experienced continuous rise in prices of essential items, especially fresh food items seriously affecting life and health of the common people. This had obviously negative impact on disposable income of general masses whose expenditures on healthcare would decline as a resultant impact.

**2. PHARMACEUTICAL SECTOR :**

The pharmaceuticals sector attained a growth of 4.08% during the year 2006 as against 17.50% 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
2002	10.18%	11.70%
2003	5.90%	15.91%
2004	8.60%	13.08%
2005	17.50%	14.30%
2006	4.08%	23.17%

The above statistics show that the Company achieved a higher growth rate than that of previous year.



### 3. 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 (net of sales/transfer) in this regard during the year as detailed below:

(a) Land	25,643,076
(b) Building	176,142,998
(c) Plant & Machinery	300,902,035
(d) Laboratory Equipments	32,229,083
(e) Other Equipment/Assets	77,139,144
Total Tk.	<u>612,056,336</u>

The overall combined output (Tablets and Capsules) of Pabna and Dhaka plants increased during the year over the previous year as follows:

(Quantity in thousand)

Sl. No.	Particulars/ Product	Unit	Capacity	Actual Output		Capacity Utilisation	
				2006-07	2005-06	2006-07	2005-06
1	Tablets	Pcs	2,176,256	2,460,024	2,204,659	113%	101%
2	Capsules	Pcs	307,320	491,713	449,267	160%	146%

#### (2) CHEMICAL PLANT:

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

Years	No. of Products	Production (M. Tons)	Own Use (M. Tons)	Sales (M. Tons)	Own Use (%)	Turnover (Million Taka)
2002-03	9	219	89.34	129.66	40.79%	291.67
2003-04	9	242	129.71	112.29	53.59%	321.73
2004-05	9	257	117.71	139.29	45.80%	263.64
2005-06	9	244	121.19	122.81	49.67%	245.96
2006-07	9	318	160.25	157.75	50.39%	270.88

**(3) PRODUCT DEVELOPMENT:**

The following table shows the position of existing, discarded and new products introduced during the year 2006-2007:

Sl. No.	Products Categories	Position as on 31-03-06	Added during the year	Discarded	Total Net 31-03-07
1	Tablets	186	32	-	218
2	Capsules	52	4	-	56
3	Liquids	42	14	-	56
4	Injectables	38	4	-	42
5	E N T Preparations & Others	39	6	-	45
6	Ophthal Preparations & Others	8	2	-	10
7	Dry Syrup	16	3	-	19
8	Suppository	5	-	-	5
9	Inhaler	8	2	-	10
10	Basic Chemicals	9	-	-	9
11	Tablet, Powder, Liquid, Injectable -AgroVet	26	-	-	26
12	Aerosol	1	-	-	1
	Total	430	67	-	497

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

For the treatment of  
Attention Deficit / Hyperactivity Disorder (AD/HD)

**SQUARE** offers

**Suev<sup>®</sup>**  
Atcmozetine 10 mg Capsule

**US FDA approved**  
The only non-stimulant medication for ADHD

Improves

- Attention
- School performance

**1<sup>st</sup> Time in Bangladesh**

For detail: Consult your doctor:

**Attentive Children Developed Nation™**



#### (4) OUTPUT/CAPACITY UTILISATION :

The overall capacity utilisation of the plant operation continued to improve during the year as shown hereunder:

Sl. No.	Product Categories	Units	Production in thousand		% Increase/ (Decrease)	Capacity Utilization	
			2006-07	2005-06		2006-07	2005-06
1	Tablets	Pcs	2,460,024	2,204,659	11.58	113%	101%
2	Capsules	Pcs	491,713	449,267	9.45	160%	146%
3	Liquids	Bottles	36,135	31,241	15.67	59%	51%
4	Injectables (Vials & Ampoules)	Pcs	30,631	26,111	17.31	68%	58%
5	ENT Preparations & Others	Phials	13,435	11,828	13.59	90%	79%
6	Ophthal Preparations & Others	Phials	1,866	1,559	19.69	93%	78%
7	Dry Syrup	Bottles	5,157	3,888	32.64	86%	65%
8	Suppository	Pcs	7,767	4,439	74.97	78%	44%
9	Inhalers	Can	881	676	30.33	44%	34%
10	Basic Chemicals	Kg	318	244	30.33	94%	72%
11	Tablet -AgroVet	Pcs	2,501	5,055	(50.52)	21%	42%
12	Powder- AgroVet	Gm	25,493	16,542	54.11	93%	125%
13	Injection-AgroVet	Pcs	511	300	70.33	11%	7%
14	Liquids -AgroVet	Bottles	107	69	55.07	10%	6%
15	Aerosol	Pcs	246	160	53.75	17%	11%

Production during 2006-07 increased in almost all major product lines as the new plant at Kaliakoir became more operative.

#### (5) QUALITY CONTROL :

The Company places total emphasis on maintaining and improving of quality of its products as 'life-science' biology following GMP standards of WHO by following strictly laid down criteria at every levels of production and handling. The Company also follows-up withdrawals from market of all expiry dated products through close inspection and surveillance. The quality control facilities include a high quality standard Laboratory Building, Computerized Equipments and Tools and a team of highly qualified/trained research personnel who are bent upon on unstinted attainment as ethical and moral objective. We are proud of them.



**(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 (2006-2007) the company invested an amount of Tk. 32,229,083 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. 192.95 million as against Tk. 114.77 million in previous year, a 68.1% increase. The exports are expected to rise in the coming years. Present export market covers Myanmar, Nepal, Kosovo, Kenya, Libya, Mauritius, Malawi, Papua New Guinea, Sierra Leone, Somalia, Sri Lanka, Vietnam, Yemen, Ukraine, Uzbekistan, Ghana, Iraq, Benin, Bhutan, Botswana, Cambodia, Comoros Island, Tajikistan, Mozambique, Gambia, Niger, Rwanda, Afghanistan, Tanzania and Macau countries. As the Company has secured licence under UK MHRA, it is expected that the export potential will increase substantially in the near future.

**(8) SUBSIDIARY OPERATION:**

**(a) Square Spinings Ltd. (SSL):**

The Company (SPL) holds 98% equity (out of Tk. 100 million) in Square Spinings Ltd. which has a production capacity of 10,650,000 kg. per annum (based on NE 20s) and commenced commercial production on 10 January 2001. The Company's operation results with comparative position of performance over the years (2003-2006) is given below:

	2003	2004	2005	2006
Production (Kg)	8,728,975	7,985,642	9,493,386	9,403,898
Sales Revenue (Tk.)	883,390,854	994,196,910	1,135,288,724	1,254,047,877
Gross Profit (Tk.)	191,108,372	177,902,019	181,375,253	203,054,427
Net Profit (BT)	91,306,429	109,264,500	110,168,590	119,227,412
Net Profit (AT)	91,306,429	109,264,500	69,110,790	101,343,300
Gross Margin	21.63%	17.90%	15.98%	16.19%
Net Margin	10.34%	11.00%	9.70%	8.08%
EPS (Tk.)	91.31	109.26	69.11	101.34
NAV (Tk.)	336.34	445.60	514.71	616.05

**Capacity Utilisation (SSL) :**

The capacity utilisation and operating profitability (BT) show improvement resulting in increase in Net Asset Value to shareholders. The Sales, Gross Profit and Net Profit before taxes increased by 10.46%, 11.95% and 8.22% respectively over previous year. The Net Profit (AT) increased by 46.64% over 2005. The Net Asset Value (NAV) per share increased by 19.69% over 2005. The company did not declare any dividend. There is no Long Term Loan. This has made the investments free of any encumbrances except for current liabilities which is covered by current assets with a positive current ratio of 1:1.17.



The following changes took place in the position as on 31-12-2006 and 31-03-2007 being the dates of closure of accounting year for Square Spinnings Ltd. and the Company (SPL) respectively:

(Taka)

Sl. No.	Particulars	Position as on 31-12-2006	Position as on 31-03-2007
(1)	Fixed Asset Cost of Square Spinnings Ltd.	811,758,741	811,758,741
(2)	Investment by Square Pharmaceuticals Ltd.		
	- Share Capital	98,000,000	98,000,000
	- Short Term Loan	108,342,601	201,049,295

Report of the Directors of the Company together with Audited Accounts containing Balance Sheet, Income Statement, Statement of Changes in Equity and Cash Flow Statement and Auditors Report thereon are included herein. In order to achieve economy in operations and efficiency in management of SSL has merged with Square Textiles Ltd. (STXL). By this merged the Shareholders of SSL shall receive 11.5 Shares of Tk. 10 each of STXL for 1(one) Share of Tk. 100 each of SSL. The compensation plan was based on the EPS of both STXL and SSL for 2006 which stood at Tk.10.17 and Tk. 10.13 for STXL and SSL respectively (For SSL Share converted at Tk. 10 each for comparison) and Bonus Shares issued by STXL to its Shareholders after 31 December, 2006 at the ratio of 15:100. The proposal was approved by Shareholders of STXL on 7th June 2007 at its AGM. SPL shall receive 11,270,000 shares of Tk. 10 each against of 980,000 shares of Tk. 100 each. The effective date of amalgamation of SSL with STxL shall be April 01, 2007 subject to approval by the Court;

#### **(b) Square Cephalosporins Ltd. (SCL):**

SCL has fully implemented the pharmaceuticals project for production of Drugs & Medicines at Kaliakoir, Gazipur at a cost of Tk. 954,520,884. For this purpose SPL has leased out a building covering 60,955 Sq. ft. on a piece of land measuring 215 decimals at an annual lease rent of Tk. 9,600,000. The project cost is as follows:

1) Plant & Machinery	341,279,537
2) Laboratory Equipment	96,816,034
3) Electro Mechanical Equipment	510,935,147
4) Other Assets	5,490,166
Total Tk.	<u>954,520,884</u>

The SCL commenced production from November, 2006. The operating results of SCL for the period ended 31 March 2007 are given below:

Gross Turnover	Tk.	72,355,039
Net Turnover	Tk.	60,848,505
Gross Profit/(Loss)	Tk.	(96,331,009)
Net Profit/(Loss)	Tk.	(120,466,871)

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

**(9) LONG TERM INVESTMENT (OTHER THAN SUBSIDIARY):**

The investment portfolio of long term investment and marketable securities has been detailed in Notes (4 & 8) 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. 2,792,186,364**

The above investments include minority investments in ordinary shares/advance as Share Money Deposit in 10 (ten) different companies as follows:

**(a) Square Textiles Ltd. (STXL):**

As on 31-03-07 investment in this company a PLC stands at Tk. 88,636,364 (at cost) for 12,065,625 ordinary shares of Tk. 10 each including 3,565,625 Bonus Shares and 1,809,844 Bonus Shares is entitled for the year 2006. The market value as on 31st March, 2007 stood at Tk. 1,146,234,375 (at Tk. 95 per share) showing 1,193% appreciation. The company is in full operation and declared cash dividend @ 30% and stock dividend @ 15% for the year 2006. SPL hold 35.19% shares of the Company.

**(b) United Hospital Ltd. (UHL):**

The Company (SPL) holds 120,000 shares of Tk. 100 each amounting to Tk. 12,000,000. Since the Company is not a listed one, it does not have any ready market value.

**(c) National Housing Finance and Investment Ltd. (NHFIL):**

The Company (SPL) holds 200,000 ordinary shares of Tk. 100 each for Tk. 20,000,000 out of total Tk. 400,000,000 (5%). NHFIL is in operation since 1999 and has declared stock dividends @ 17.50% during the year 2006 as against 20% cash dividend during the previous year. The Company has not yet gone public and hence the market value of shares can not be assessed.

**(d) Central Depository Bangladesh Ltd. (CDBL):**

SPL has paid for 10 (ten) shares of Tk. 1,000,000.00 each in the Capital of CDBL which has been formed under the Central Depository Act 1999 for fungible and dematerialised share holding/trading which will do away with the physical possession of scrips and primarily prevent fraudulent/fake share trading as a result of which corporate expenditure on share office will substantially be saved. The shares are not listed and therefore the market value can not be assessed.

**(e) Square Hospitals Ltd. (SHL):**

SPL holds 198,250 Ordinary Shares of Tk. 1,000/- each including 2,000 Shares with premium of Tk. 5,500/- each. The project has now been put to operation as a modern hospital with 300 beds and diversified medical services with special emphasis on cardio-vascular remedies. SPL hold 49.56% of SHL. SPL has also advanced a share money of Tk. 1.00 billion for 1,000,000 shares of Tk. 1,000 each. As the company is not listed, the market value cannot be easily ascertained.



**(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 and now accumulated loss stands at Tk. 137,525,778. The Company did not declare any dividend. SPL has advanced Tk. 392,000,000 as share money deposit for 3,920,000 shares of Tk. 100 each. The Company is not a public/listed one and hence, the market value can not be readily assessed .

**(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 and now accumulated loss stands at Tk. 1,126,554. The Company did not declare any dividend. It may be mentioned that Tk. 198 million has been advanced by SPL as share money deposit for 1,980,000 shares of Tk. 100 each. Since the Company is not a public/listed one, the market value can not be assessed readily.

**(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. The investment has been made for Public Switched Telephone Network (PSTN) project. Present paid-up capital of the company is Tk. 2,500,000. Market value can not be determined as it is not listed.

**(i) Beg Rubber Industries Ltd. (BRIL):**

SPL held 2,596 ordinary shares of Tk. 100 each out of total 3,000 shares which was purchased at a cost of Tk. 150,000,000. The company has since been merged with SPL as per special resolution passed in the last AGM.

**(j) Square Biotechs Ltd (SBL):**

SPL has invested Tk. 100,000 for 1,000 shares of Tk. 100 each in the Capital of SBL and has also advanced Tk. 18,000,000 for 180,000 shares of Tk. 100 each as Share Money Deposit. The Company (SBL) is under implementation is expected to commence operation by the 2<sup>nd</sup> quarter of the next year.

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

**Pioneer Insurance Company Ltd. (PICL):**

SPL acquired 150,000 Ordinary Shares of Tk. 100 each at Tk. 135 each including premium of Tk. 35 each by way of Pre-IPO placement. This constitutes 10% of the issued capital of PICL. The company (PICL) has declared dividends at the rate of 20% for the year 2006 as against 15% for the year 2005. The shares are listed and currently quoting at about Tk. 226 per share indicating about 67% capital gains.

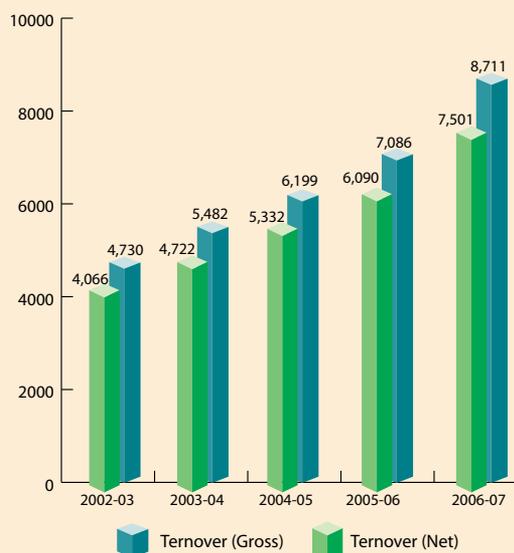


**(11) FINANCIAL RESULTS:**

The operating financial results of the Company for the year 2006-2007 as compared to previous year are summarised hereunder:

Particular	2006-2007 (Taka)	2005-2006 (Taka)	% Increase
◆ Gross Turnover	8,711,034,758	7,085,553,149	22.94%
◆ Net Turnover	7,500,811,349	6,089,905,396	23.17%
◆ Gross Profit	3,232,363,687	2,564,502,727	26.04%
◆ Net Profit (BT)	1,722,906,212	1,533,042,614	12.38%
◆ Provision for Taxation	419,663,372	367,177,998	14.29%
◆ Net Profit (AT)	1,303,242,840	1,165,864,616	11.78%
◆ Gross Margin (Net Turnover)	43.09%	42.11%	
◆ Net Margin (BT)	22.97%	25.17%	
◆ Net Margin (AT)	17.37%	19.14%	
◆ Earning Per Share (EPS) (Tk.)	218.61	195.56	
◆ EPS on IPO Paidup Capital	651.60	582.93	
◆ Consolidated Earning Per Share (EPS) (Tk.)	244.60	227.21	

It may be observed that the Gross Turnover increased by 22.94% during the year under review over the previous year of 14.30% and the Gross Profit increased by 26.04% primarily due to decrease in cost of goods sold from 57.89% in the previous year to 56.91% of Net Turnover during the current year. The incidences of packing materials & factory overhead also increased with negative impact on gross profit which increased by 26.04%, operating & financial expenses increased. Net profit margin declined due to increase in interest and administrative expenses, and provision for corporate taxes and deferred taxes.



The Earning per Share of Tk. 218.61 is based on increased outstanding 5,961,600 shares of Tk. 100 each. However, if the original issued capital for cash at the time of IPO is considered, the EPS would stand at Tk. 651.60 in 2006-2007 as against Tk. 582.93 in 2005-2006.



## (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 (2006-2007)		1,303,242,840
(b) Appropriation proposed:		
(i) Tax Holiday Reserve	154,256,547	
(ii) Cash Dividend @ Tk. 50 per Share	298,080,000	
(iii) Issuance of 2,980,800 Bonus Shares (Stock Dividend) @ 50% : Face Value of Bonus Share		
	<u>298,080,000</u>	<u>750,416,547</u>
(c) Net unappropriated Profit		Tk. <u>552,826,293</u>

## (13) DECLARATION OF DIVIDEND:

In the line of proposed appropriation of profit, the Board of Directors proposes and recommends for declaration of Cash Dividend at the rate of Tk. 50 per share for the year 2006-2007. This will involve an amount of Tk. 298.08 million. The Board also recommended for declaration of Bonus Shares (Stock Dividend) @ 50%. This will need issuance of 2,980,800 ordinary shares of Tk. 100 each with appropriation of Tk. 298,080,000 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 (IAS-27) 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 2,144 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 NATIONANAL EXCHEQUER:

The company contributed an amount of Tk. 1,857,318,336 (including Tk. 70,346,207 as contribution as duty/taxes towards machinery & spare parts imports) to National Exchequer as against Tk. 1,573,075,509 in the previous year indicating an increase of 18.07%. The contribution constitutes 24.76% of the sales revenue (net) in 2006-2007 as against 25.83% in the previous year (2005-2006).



### 7. APPOINTMENT OF DIRECTORS:

The Board of Director, in its meeting held on 16th July, 2007 as empowered by the Articles of Association (Article-83) of the Company appointed Mrs. Ratna Patra and Mr. K M Saiful Islam as Director of the Company.

The Board has also rearranged the nomination of Executive Directors (Director holds office of profit). From now on Mr. Samson H Chowdhury, Dr. Kazi Harunar Rashid, Mr. Samuel S Chowdhury, Mrs. Ratna Patra and Mr. K M Saiful Islam will act as Executive Director of the Company. This is for kind consent of the shareholders according to the Clause-104 of the Companies Act 1994.

### 8. ELECTION OF DIRECTORS:

Dr. Kazi Harunar Rashid, Mr. Samuel S Chowdhury retires as per Article- 99 and Mrs. Ratna Patra and Mr. K M Saiful Islam retires as per Article-83 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.

### 9. APPOINTMENT OF AUDITORS:

M/s. Chowdhury Bhattacharjee & Co., Chartered Accountants, Auditors of the Company, retire at this Annual General Meeting and being eligible offer themselves for appointment as Auditors for the year 2007-2008 and re-fixation of their remuneration.

### 10. SPECIAL RESOLUTION:

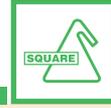
**To pass special resolution in order to increase the Authorised Capital of the Company from Tk. 100 crore (Taka One hundred crore) to Tk. 500 crore (Taka Five hundred crore) and to amend the Clause-V and Article-4, 81, 93 and 99 of the Memorandum and Articles of Association of the Company respectively**

The Board of Director of the Company in its meeting held on 25th July, 2007 has decided in principle to increase the Authorised Capital of the Company from Tk. 100 crore (Taka one hundred crore) to Tk. 500 crore (Taka five hundred crore) in view of BMRE, expansion of business and for other purpose in future and to amend the Clause-V and Article-4, 81, 93 and 99 of the Memorandum and Articles of Association of the Company respectively.

Therefore, if think fit, the shareholders are requested to pass the following resolution as special resolution:

#### **"Resolved**

- a. that the Authorised Capital of the Company be increased from Tk. 100,00,00,000/- ( Taka one hundred crore) divided into 1,00,00,000 (one crore) shares of Tk. 100/- each to Tk. 500,00,00,000/- (Taka five hundred crore) divided into 5,00,00,000 (five crore) shares of Tk. 100/- each
- b. that the figures and words "Tk. 100,00,00,000/- (Taka one hundred crore)" and "1,00,00,000 (one crore)" appearing in the first and second line of Clause-V and Article-4 of the Memorandum and Articles of Association of the Company be substituted by the figures and words "Tk. 500,00,00,000/- (Taka five hundred crore)" and "5,00,00,000 (five crore)" respectively.



c. that the existing Article-81 of the Articles of Association of the Company be substituted as follows :

81. The following are the present directors of the Company :

1. Mr. Samson H Chowdhury
2. Dr. Kazi Harunar Rashid
3. Mr. M. Sekander Ali (Non shareholding Independent Director)
4. Mr. Samuel S Chowdhury
5. Mr. Tapan Chowdhury
6. Mrs. Ratna Patra
7. Mr. Anjan Chowdhury
8. Mr. Kazi Iqbal Harun
9. Mr. K. M. Saiful Islam

d. that the words "Mr. Samson Hossain Chowdhury" appearing in the third line of Article-93 of the Articles of Association of the Company be substituted by the words "Mr. Tapan Chowdhury".

e. that the words and "Independent Director" shall be inserted after the words "A Managing Director" appearing in the ninth line of the Articles of Association of the Company.

f. that a new printed copy of the Memorandum and Articles of Association of the Company incorporating the amendments made upto this date in substitution of the existing Memorandum and Articles of Association of the Company be and hereby adopted as Memorandum and Articles of Association of the Company and the same be filed with the Registrar of Joint Stock Companies and Firms, Dhaka, Bangladesh."

#### **11. 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.

#### **12. 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, CDBL and the Government in particular and look forward to the global role of the Company.

Samson H. Chowdhury  
Chairman

\* In the event of conflict between English text and Bangla text of this report, English text shall prevail.



## ANNEXURE-I

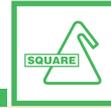
The Directors also report that:

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 2006-2007 were as follows:

Name of Directors	Position	Meeting Held	Attended
Mr. Samson H. Chowdhury	Chairman	8	8
Mr. Tapan Chowdhury	Managing Director	8	6
Dr. Kazi Harunar Rashid	Director	8	7
Mr. Samuel S. Chowdhury	Director	8	8
Mr. M Sekander Ali	Independent Director	8	8
Mr. Anjan Chowdhury	Director	8	7
Mr. Kazi Iqbal Harun	Director	8	8

- 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<sup>st</sup> March,2007 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 three years have been presented in summarized form in the Corporate Result at Page No. 17.



## ANNEXURE-II

Pattern of Shareholding as on March 31, 2007

Particulars	Nos. Share holding	Percentage	Remark
Parent Company	-	-	The Company is not subsidiary of any company
<b>Associated Companies:</b>			
Square Textiles Limited	12,065,625	35.19%	
United Hospitals Limited	120,000	1.00%	
National Housing Finance and Investment Ltd.	200,000	5.00%	
Central Deository Bangladesh Ltd.	10	2.89%	
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	1,000	16.67%	
<b>Other Related Parties</b>			
<b>Directors:</b>			
Mr. Samson H. Chowdhury	884,452	14.84%	
Mr. Tapan Chowdhury	281,449	4.72%	
Dr. Kazi Harunar Rashid	183,058	3.07%	
Mr. M Sekendar Ali	Non Shareholding Independent Director		
Mr. Samuel S. Chowdhury	272,022	4.56%	
Mr. Anjan Chowdhury	272,018	4.56%	
Mr. Kazi Iqbal Harun	180,241	3.02%	
Mrs. Ratna Patra	269,646	4.52%	
Mr. K M Saiful Islam	658	0.011%	
<b>Chief Executive Officer (CEO) and his Spouse and Minor Children:</b>	281,449	4.72%	
<b>Chief Financial Officer (CFO) and his Spouse and Minor Children:</b>	55	-	
<b>Company Secretary (CS) and his spouse and minor children:</b>	-	-	
<b>Head of Internal Audit (HIA) and his Spouse and Minor Children:</b>	-	-	
<b>Executives (Top five Salaried person other than CEO,CFO,CS,HIA):</b>			
1. Mr. Parvez Hashim	650	0.011%	
2. Mr. Muhammadul Haque	276	0.005%	
3. Mr. Golam Rabbani	236	0.004%	
4. Mr. M Ashiqul Hoque Chawdhury	764	0.013%	
5. Mr. Anjan Kumar Paul	1002	0.017%	
<b>Shareholders Holding 10% or more voting right:</b>			
Mr. Samson H Chowdhury	884,452	14.84%	



## 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	



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 2006-2007

The Audit Committee consists of the following members:

Mr. M Sekander Ali, Independent Director	- Chairman
Mr. Samuel S. Chowdhury, Director	- 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 internal audit reports, financial statements and the external audit report. The Committee didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.

M Sekander Ali  
Chairman  
Audit Committee

# স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ পরিচালনা পর্ষদের প্রতিবেদন



## ২০০৬-২০০৭ বছরের জন্য শেয়ারহোল্ডারবৃন্দের প্রতি পরিচালনা পর্ষদের প্রতিবেদন

পরিচালনা পর্ষদ আনন্দের সাথে কোম্পানী আইন ১৯৯৪ এর ১৮৪ নং পরিচ্ছেদ, সিকিউরিটিজ এন্ড এক্সচেঞ্জ রুলস্ ১৯৮৭ এর ১২নং বিধির (এবং তফসিল অনুযায়ী) শর্তানুসারে এবং দি ইনস্টিটিউট অব চার্টার্ড একাউন্ট্যান্টস্ অব বাংলাদেশ কর্তৃক গৃহীত আইএএস-১ (আন্তর্জাতিক হিসাব মানদণ্ড-১) অনুসারে ৩১শে মার্চ ২০০৭ তারিখে সমাপ্ত আর্থিক বছরের প্রতিবেদন সম্মানিত শেয়ারহোল্ডারবৃন্দের কাছে নিম্নোক্ত পরিচ্ছদগুলোতে পেশ করছেন :

### ১. অর্থনৈতিক ও বাণিজ্যিক পরিস্থিতি :

আলোচ্য বছরের মোটামুটি পুরো সময়টা ছিল সামাজিক/রাজনৈতিক অস্থিরতা, এতদসত্ত্বেও এ বছর জিডিপি লক্ষ্যমাত্রা ৬.৫ শতাংশ অর্জিত হয়েছে, যা গত বছর ছিল ৬.৭ শতাংশ এবং এটা অর্জনে সহায়ক হিসাবে শিল্প কারখানায় উৎপাদন, রপ্তানী এবং বিদেশে অবস্থিত বাংলাদেশী কর্তৃক বৈদেশিক অর্থ প্রেরণ বৃদ্ধি উল্লেখযোগ্য ভূমিকা পালন করেছে। তবে আলোচ্য বছরে নিত্য প্রয়োজনীয় সামগ্রীর অবিশ্রাম মূল্য বৃদ্ধির ফলে সাধারণ জনগণের জীবনযাত্রা এবং চিকিৎসা ব্যয় বহন কষ্টসাধ্য হয়ে পড়েছে এবং নিঃসন্দেহে এটা সাধারণ মানুষের আওতাধীন আয়-এর উপর বিরূপ প্রতিক্রিয়া সৃষ্টি হওয়ায় চিকিৎসা খাতে ব্যয়ও হ্রাস পেয়েছে।

### ২. ফার্মাসিউটিক্যাল সেক্টর :

ফার্মাসিউটিক্যাল সেক্টর অত্র ২০০৬ সালে শতকরা ৪.০৮ ভাগ প্রবৃদ্ধি অর্জন করেছে যা বিগত ২০০৫ সালে ছিল ১৭.৫০ ভাগ।

বিগত কয়েক বছরের ঔষধ খাত ও কোম্পানীর প্রবৃদ্ধির তুলনামূলক চিত্র নিম্নে প্রদত্ত হলোঃ

বছর	জাতীয় প্রবৃদ্ধির হার	কোম্পানীর প্রবৃদ্ধির হার
২০০২	১০.১৮%	১১.৭০%
২০০৩	৫.৯০%	১৫.৯১%
২০০৪	৮.৬০%	১৩.০৮%
২০০৫	১৭.৫০%	১৪.৩০%
২০০৬	৪.০৮%	২৩.১৭%

উপরোক্ত পরিসংখ্যান হতে প্রতীয়মান হয় যে, কোম্পানীর প্রবৃদ্ধির হার গত বছরের তুলনায় বৃদ্ধি পেয়েছে।



### ৩. কার্যক্রম পর্যালোচনা :

#### (১) ফার্মা পাল্ট :

পাবনা এবং কালিয়াকৈর-এ অবস্থিত কারখানার উৎপাদন ক্ষমতা, দক্ষতা, পরিমাণগত এবং গুণগত মান বৃদ্ধির লক্ষ্যে উন্নত প্রযুক্তি, গবেষণা এবং প্রশিক্ষণ কার্যক্রম অব্যাহত আছে।

এই বিষয়ে আলোচ্য বছরে কোম্পানীর প্রকৃত বিনিয়োগের বিবরণ নিম্নে প্রদত্ত হলো :

(ক) জমি	২৫,৬৪৩,০৭৬
(খ) ভবন	১৭৬,১৪২,৯৯৮
(গ) যন্ত্রপাতি	৩০০,৯০২,০৩৫
(ঘ) গবেষণার যন্ত্রপাতি	৩২,২২৯,০৮৩
(ঙ) অন্যান্য যন্ত্রপাতি/সম্পদ	৭৭,১৩৯,১৪৪
মোট টাকা	<u>৬১২,০৫৬,৩৩৬</u>

পাবনা এবং ঢাকা পাল্টের মিলিত উৎপাদিত পণ্যের পরিমাণ (ট্যাবলেট ও ক্যাপসুল) গত বছরের তুলনায় বৃদ্ধি পেয়েছে যা নিম্নে প্রদত্ত হলো :

ক্রমিক সংখ্যা	পণ্যের বিবরণ	ইউনিট প্রতিটি	উৎপাদন ক্ষমতা	প্রকৃত উৎপাদন		উৎপাদন ক্ষমতার ব্যবহার	
				২০০৬-০৭	২০০৫-০৬	২০০৬-০৭	২০০৫-০৬
০১	ট্যাবলেট	প্রতিটি	২,১৭৬,২৫৬	২,৪৬০,০২৪	২,২০৪,৬৫৯	১১৩%	১০১%
০২	ক্যাপসুল	প্রতিটি	৩০৭,৩২০	৪৯১,৭১৩	৪৪৯,২৬৭	১৬০%	১৪৬%

#### (২) কেমিক্যাল পাল্ট :

পাবনাস্থ কেমিক্যাল পাল্ট এর বিগত পাঁচ (৫) বছরের কার্যক্রম নীচে উপস্থাপন করা হলো :

বছর	পণ্যের সংখ্যা	উৎপাদনের পরিমাণ (মেঃ টন)	নিজস্ব ব্যবহার (মেঃ টন)	বিক্রয় (মেঃ টন)	নিজস্ব ব্যবহার (%)	বিক্রয় (মিলিয়ন টাকায়)
২০০২-০৩	৯	২১৯	৮৯.৩৪	১২৯.৬৬	৪০.৭৯%	২৯১.৬৭
২০০৩-০৪	৯	২৪২	১২৯.৭১	১১২.২৯	৫৩.৫৯%	৩২১.৭৩
২০০৪-০৫	৯	২৫৭	১১৭.৭১	১৩৯.২৯	৪৫.৮০%	২৬৩.৬৪
২০০৫-০৬	৯	২৪৪	১২১.১৯	১২২.৮১	৪৯.৬৭%	২৪৫.৯৬
২০০৬-০৭	৯	৩১৮	১৬০.২৫	১৫৭.৭৫	৫০.৩৯%	২৭০.৮৮



### (৩) নতুন ঔষধ সম্প্রসারণ :

আলোচ্য ২০০৬-০৭ সালে বিদ্যমান, নতুন সংযোজিত এবং বাতিলকৃত ঔষধের বিবরণ নিম্নের সারণীতে উপস্থাপন করা হলো :

ক্রমিক নং	পণ্যের শ্রেণীবিন্যাস	পণ্যের সংখ্যা ৩১-০৩-২০০৬	নতুন সংযোজন	বাতিল করা হয়েছে	মোট পণ্য ৩১-০৩-২০০৭
১	ট্যাবলেট	১৮৬	৩২	-	২১৮
২	ক্যাপসুল	৫২	৪	-	৫৬
৩	লিকুইড	৪২	১৪	-	৫৬
৪	ইনজেক্টেবলস্	৩৮	৪	-	৪২
৫	ইএনটি প্রিপারেশন ও অন্যান্য	৩৯	৬	-	৪৫
৬	অপথাল প্রিপারেশন ও অন্যান্য	৮	২	-	১০
৭	ড্রাই সিরাপ	১৬	৩	-	১৯
৮	সাপোজিটরী	৫	-	-	৫
৯	ইনহেলার	৮	২	-	১০
১০	বেসিক কেমিক্যালস্	৯	-	-	৯
১১	ট্যাবলেট, পাউডার, লিকুইড এন্ড ইনজেক্টেবলস্-এগ্রোভেট	২৬	-	-	২৬
১২	এ্যারোসল্	১	-	-	১
	মোট	৪৩০	৬৭	-	৪৯৭

নতুন সংযোজিত পণ্যগুলো চিকিৎসক কর্তৃক ভালোভাবেই গৃহীত হয়েছে।

When the need is to treat diarrhoea effectively

**Zox**<sup>®</sup> Tablet & Suspension  
Nitazoxanide



- Safe and well-tolerated for children and adults
- No alteration of taste (alteration of taste is found with Metronidazole)
- Twice daily, only for 3 days

For detail : Consult your doctor



**(৪) উৎপাদন/উৎপাদন ক্ষমতার ব্যবহার :**

সার্বিকভাবে পান্টের উৎপাদন ক্ষমতার উন্নয়ন এ বছরও ধারাবাহিক ভাবে অব্যাহত আছে যা নিম্নে প্রদত্ত হলো :

ক্রমিক নং	পণ্যের শ্রেণীবিন্যাস	একক	উৎপাদন (হাজার)		শতকরা বৃদ্ধি/হ্রাস	উৎপাদন ক্ষমতার ব্যবহার	
			২০০৬-০৭	২০০৫-০৬		২০০৬-০৭	২০০৫-০৬
১	ট্যাবলেট	প্রতিটি	২,৪৬০,০২৪	২,২০৪,৬৫৯	১১.৫৮	১১৩%	১০১%
২	ক্যাপসুল	প্রতিটি	৪৯১,৭১৩	৪৪৯,২৬৭	৯.৪৫	১৬০%	১৪৬%
৩	লিকুইড	বোতল	৩৬,১৩৫	৩১,২৪১	১৫.৬৭	৫৯%	৫১%
৪	ইনজেকটেবলস	প্রতিটি	৩০,৬৩১	২৬,১১১	১৭.৩১	৬৮%	৫৮%
৫	ইএনটি প্রিপারেশন ও অন্যান্য	ফাইল	১৩,৪৩৫	১১,৮২৮	১৩.৫৯	৯০%	৭৯%
৬	অপথাল প্রিপারেশন ও অন্যান্য	ফাইল	১,৮৬৬	১,৫৫৯	১৯.৬৯	৯৩%	৭৮%
৭	ড্রাই সিরাপ	বোতল	৫,১৫৭	৩,৮৮৮	৩২.৬৪	৮৬%	৬৫%
৮	সাপোজিটরী	প্রতিটি	৭,৭৬৭	৪,৪৩৯	৭৪.৯৭	৭৮%	৪৪%
৯	ইনহেলার	ক্যান	৮৮১	৬৭৬	৩০.৩৩	৪৪%	৩৪%
১০	বেসিক কেমিক্যালস	কেজি	৩১৮	২৪৪	৩০.৩৩	৯৪%	৭২%
১১	ট্যাবলেট-এগ্রোভেট	প্রতিটি	২,৫০১	৫,০৫৫	(৫০.৫২)	২১%	৪২%
১২	পাউডার-এগ্রোভেট	গ্রাম	২৫,৪৯৩	১৬,৫৪২	৫৪.১১	৯৩%	১২৫%
১৩	ইনজেকটেবলস-এগ্রোভেট	প্রতিটি	৫১১	৩০০	৭০.৩৩	১১%	৭%
১৪	লিকুইড-এগ্রোভেট	বোতল	১০৭	৬৯	৫৫.০৭	১০%	৬%
১৫	এ্যারোসল	প্রতিটি	২৪৬	১৬০	৫৩.৭৫	১৭%	১১%

কালিয়াকৈর এর নতুন পান্ট আরও সক্রিয় হওয়ার ফলে ২০০৬-২০০৭ সালে এর প্রায় সকল গুরুত্বপূর্ণ প্রোডাক্ট লাইন এর উৎপাদন বৃদ্ধি পেয়েছে।

**(৫) মান নিয়ন্ত্রণ :**

ফার্মাসিউটিক্যালস পণ্যের অপর নাম জীবন রক্ষাকারী পণ্য। তাই এই পণ্যের সর্বোচ্চ মান নিশ্চিত করতে এবং উন্নয়ন সাধনে পণ্যের উৎপাদন সহ সকল স্তরে বিশ্ব স্বাস্থ্য সংস্থা প্রদত্ত গুড ম্যানুফ্যাকচারিং প্রাকটিস এর নীতিমালা কঠোরভাবে অনুসরণে কোম্পানী সম্পূর্ণ গুরুত্ব আরোপ করেছে। পুংখানুপুংখরূপে অনুসন্ধান এর মাধ্যমে মেয়াদোত্তীর্ণ ঔষধ মার্কেট হতে ফেরত নেয়ার ক্ষেত্রে কোম্পানী প্রতিনিয়ত যত্নশীল। কোম্পানীর মান নিয়ন্ত্রণ সুবিধাদীর মধ্যে রয়েছে অত্যাধুনিক মান সম্পন্ন ল্যাবরেটরী বিল্ডিং, কম্পিউটারাইজড যন্ত্রপাতি এবং সর্বোব্যাপী উচ্চশিক্ষিত এবং আধুনিক প্রশিক্ষণপ্রাপ্ত কর্মচারী ও কর্মকর্তা যারা পণ্যের সর্বোচ্চ মান নিয়ন্ত্রণকে তাদের নৈতিক উদ্দেশ্য হিসাবে গ্রহন করে গবেষণা কার্যক্রমে ব্রতী হয়েছেন। আমরা তাঁদের জন্য গর্বিত।



### (৬) প্রযুক্তি :

পণ্য উৎপাদন, মান নিয়ন্ত্রণ, বিতরণ এবং সর্বোপরি রোগীর কাছে এই পণ্য পৌঁছানো পর্যন্ত সকল স্তরে আধুনিক প্রযুক্তি প্রয়োগে কোম্পানী অগ্রণী ভূমিকা পালন করেছে। এই লক্ষ্যে ২০০৬-২০০৭ বছরে কোম্পানী ল্যাবরেটরী আধুনিকায়নে বিনিয়োগ করেছে ৩২,২২৯,০৮৩ টাকা।

### (৭) রপ্তানি :

কোম্পানী প্রতিনিয়তই রপ্তানি বাজার সম্প্রসারণে সর্বাত্মক প্রচেষ্টা চালাচ্ছে। পর্যালোচিত বছরে কোম্পানীর মোট রপ্তানির পরিমাণ ১৯২.৯৫ মিলিয়ন টাকা যেখানে গত বছর ছিল ১১৪.৭৭ মিলিয়ন টাকা যা বিগত বছরের তুলনায় ৬৮.১০ শতাংশ বৃদ্ধি পেয়েছে। আমরা আশা করছি আগামী বছরগুলোতে রপ্তানির পরিমাণ উত্তরোত্তর বৃদ্ধি পাবে। বর্তমানে যে সব দেশসমূহে পণ্য রপ্তানি করা হচ্ছে তা হলোঃ মায়ানমার, নেপাল, কম্বোডিয়া, কেনিয়া, লিবিয়া, মরিসাস, মালয়ে, পাপুয়া নিউ গিনি, সিয়েরা লিওন, সোমালিয়া, শ্রীলংকা, ভিয়েতনাম, ইয়েমেন, ইউক্রেন, উজবেকিস্তান, ঘানা, ইরাক, বেনিন, ভুটান, বসনিয়া, কম্বোডিয়া, কমোরস আইল্যান্ড, তাজাকিস্তান, মোজাম্বিক, জাম্বিয়া, নাইজার, রুয়ান্ডা, আফগানিস্তান, তানজানিয়া এবং ম্যাকাও। কোম্পানী ইউ কে, এম এইচ আর এ এর স্বনামধন্য সনদ অর্জন করেছে যার পরিপ্রেক্ষিতে ভবিষ্যতে রপ্তানীর পরিমাণ উল্লেখযোগ্য হারে বৃদ্ধি পাবে।

### (৮) সাবসিডিয়ারি প্রতিষ্ঠানগুলোর কার্যক্রম :

#### (ক) স্কয়ার স্পিনিংস্ লিঃ (এসএসএল) :

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ, স্কয়ার স্পিনিংস্ লিঃ (এসএসএল) এর ইকুইটির ৯৮ শতাংশ স্বত্বাধিকারী (১০০ মিলিয়ন টাকার মধ্যে) এবং কোম্পানীটি ২০০১ এর ১০ই জানুয়ারী হতে বাণিজ্যিক ভাবে সুতা উৎপাদন শুরু করে এবং এর বাৎসরিক উৎপাদন ক্ষমতা ১০,৬৫০,০০০ কেজি। কোম্পানীটির তুলনামূলক কার্যক্রম (২০০৩-২০০৬) নিম্নে উপস্থাপন করা হলো :

বিবরণ	২০০৩	২০০৪	২০০৫	২০০৬
(ক) মুক্তা উৎপাদন (কেজি)	৮,৭২৮,৯৭৫	৭,৯৮৫,৬৪২	৯,৪৯৩,৩৮৬	৯,৪০৩,৮৯৮
(খ) বিক্রয় (টাকা)	৮৮৩,৩৯০,৮৫৪	৯৯৪,১৯৬,৯১০	১,১৩৫,২৮৮,৭২৪	১,২৫৪,০৪৭,৮৭৭
(গ) মোট মুনাফা (টাকা)	১৯১,১০৮,৩৭২	১৭৭,৯০২,০১৯	১৮১,৩৭৫,২৫৩	২০৩,০৫৪,৪২৭
(ঘ) নীট মুনাফা-কর পূর্ববর্তী (টাকা)	৯১,৩০৬,৪২৯	১০৯,২৬৪,৫০০	১১০,১৬৮,৫৯০	১১৯,২২৭,৪১২
(ঙ) নীট মুনাফা-কর পরবর্তী (টাকা)	৯১,৩০৬,৪২৯	১০৯,২৬৪,৫০০	৬৯,১১০,৭৯০	১০১,৩৪৩,৩০০
(চ) মোট আয়ের হার	২১.৬৩%	১৭.৯০%	১৫.৯৮%	১৬.১৯%
(ছ) নীট আয়ের হার	১০.৩৪%	১১.০০%	৯.৭০%	৮.০৮%
(জ) শেয়ার প্রতি আয় (টাকা)	৯১.৩১	১০৯.২৬	৬৯.১১	১০১.৩৪
(ঝ) নীট সম্পদের মূল্য (টাকা)	৩৩৬.৩৪	৪৪৫.৬০	৫১৪.৭১	৬১৬.০৫

### উৎপাদন ক্ষমতার প্রয়োগ :

শেয়ারহোল্ডারদের নীট সম্পদের মূল্য বৃদ্ধি পেয়েছে, উৎপাদন ক্ষমতার প্রয়োগ এবং পরিচালন মুনাফা বৃদ্ধির ফলে গত বছরের তুলনায় এ বছরে বিক্রয়, মোট মুনাফা এবং কর পূর্ব নীট মুনাফা বৃদ্ধি পেয়েছে যথাক্রমে ১০.৪৬%, ১১.৯৫% এবং ৮.২২%। নীট মুনাফা বিগত বছরের তুলনায় ৪৬.৬৪% বৃদ্ধি পেয়েছে। তবে নীট সম্পদের মূল্য গত বছরের তুলনায় ১৯.৬৯% বৃদ্ধি পেয়েছে। কোম্পানীটির দীর্ঘ মেয়াদী কোন দেনা নেই এবং আলোচ্য বছরে কোন লভ্যাংশ ঘোষণা করে নাই। এ ব্যবস্থা গ্রহণের ফলে কোম্পানীর বিনিয়োগ সমূহ সকল প্রকার দায় থেকে মুক্ত হয়েছে। শুধু মাত্র চলতি দায় বর্তমান যা চলতি সম্পদ দ্বারা সুরক্ষিত যার অনুপাত হলো ১:১.১৭।



অর্থবছর সমাপ্তির দিনে যথাক্রমে ৩১-১২-২০০৬ এবং ৩১-০৩-২০০৭ তারিখে স্কার স্পিনিংস লিঃ এবং স্কার ফার্মাসিউটিক্যালস লিঃ এর পরিবর্তিত অবস্থা নিম্নে উপস্থাপন করা হলো :

ক্রমিক নং	বিবরণ	৩১-১২-২০০৬	৩১-০৩-২০০৭
১	স্কার স্পিনিংস লিঃ এর স্থায়ী পরিসম্পদ	৮১১,৭৫৮,৭৪১	৮১১,৭৫৮,৭৪১
২	স্কার ফার্মাসিউটিক্যালস লিঃ কর্তৃক বিনিয়োগ :		
	- শেয়ার মূলধন	৯৮,০০০,০০০	৯৮,০০০,০০০
	- স্বল্প মেয়াদী ঋণ	১০৮,৩৪২,৬০১	২০১,০৪৯,২৯৫

ব্যালেন্স শীট, আয়-ব্যয়ের হিসাব, মূলধনী পরিবর্তনের বিবরণী, নগদ তহবিল প্রবাহ এবং নিরীক্ষকের রিপোর্ট সহ পরিচালনা পর্ষদের প্রতিবেদন এর সাথে সন্নিবেশিত হলো।

কোম্পানী ব্যবস্থাপনা, পরিচালনায় দক্ষতা বৃদ্ধি এবং ব্যয় সংকোচন এর লক্ষে স্কার স্পিনিংস লিঃ, স্কার টেক্সটাইলস লিঃ এর সাথে একীভূত হয়েছে। এর ফলে স্কার স্পিনিংস এর শেয়ার হোল্ডারগণ তার ১০০/- টাকা মূল্য মানের ১টি শেয়ারের বিপরীতে ১০ টাকা মূল্যমানের ১১.৫টি স্কার টেক্সটাইলস লিঃ এর শেয়ার ক্ষতিপূরণ হিসেবে পাবে। কোম্পানী সমূহের ২০০৬ সালের শেয়ার প্রতি আয় যথাক্রমে ১০.১৩ টাকা এবং ১০.১৭ টাকা (স্কার স্পিনিংস এর শেয়ার ১০০ টাকা থেকে ১০ টাকায় পরিবর্তন পূর্বক) এবং ২০০৬ অর্থ বছরের স্কার টেক্সটাইলস কর্তৃক ঘোষিত বোনাস (১০০:১৫) কে গণ্য করে ক্ষতিপূরণ পরিকল্পনা গ্রহণ করা হয়েছে। এই প্রস্তাব স্কার টেক্সটাইলস এর বিগত ৭ জুন, ২০০৭ তারিখে অনুষ্ঠিত সাধারণ সভার শেয়ারহোল্ডার কর্তৃক অনুমোদিত হয়েছে। এর প্রেক্ষিতে স্কার ফার্মা, স্কার স্পিনিংস-এর ১০০ টাকা মূল্যমানের ৯৮০,০০০ টি শেয়ারের বিপরীতে ১০ টাকা মূল্য মানের ১১,২৭০,০০০ টি শেয়ার গ্রহণ করবে যা মহামান্য আদালত কর্তৃক অনুমোদন সাপেক্ষে ১ এপ্রিল, ২০০৭ইং তারিখ হতে কার্যকর হবে।

**(খ) স্কার সেফালস্পারিনস লিঃ (এসসিএল) :**

স্কার সেফালস্পারিনস লিমিটেড ৯৫৪,৫২০,৮৮৪ টাকা ব্যয়ে ঔষধ ও ঔষধ সামগ্রী প্রস্তুতের জন্য কালিয়াকৈর গাজীপুর এ একটি অত্যাধুনিক ফার্মাসিউটিক্যালস ফর্মুলেশন প্রকল্প স্থাপন করেছে। স্কার ফার্মাসিউটিক্যালস লিঃ তার ২১৫ শতাংশ একটি জমির উপর ৬০,৯৫৫ বর্গফুট আকৃতির দালান বার্ষিক ৯,৬০০,০০ টাকায় স্কার সেফালস্পারিনস লিঃ এর নিকট ইজারা প্রদান করেছে। প্রকল্পটির ব্যয় নিম্নে উপস্থাপন করা হলো :

(ক) যন্ত্রপাতি	৩৪১,২৭৯,৫৩৭
(খ) গবেষণার যন্ত্রপাতি	৯৬,৮১৬,০৩৪
(গ) ইলেক্ট্রো মেকানিক্যাল যন্ত্রপাতি	৫১০,৯৩৫,১৪৭
(ঘ) অন্যান্য সম্পদ	৫,৪৯০,১৬৬
	মোট টাকা
	<u>৯৫৪,৫২০,৮৮৪</u>

প্রকল্পটি ২০০৬ সালের নভেম্বর মাস হতে উৎপাদন শুরু করেছে। ৩১ মার্চ ২০০৭ তারিখে প্রকল্পের কার্যকরী ফলাফল নিম্নে প্রদত্ত হলো :

মোট বিক্রয়	৭২,৩৫৫,০৩৯ টাকা
নীট বিক্রয়	৬০,৮৪৮,৫০৫ "
মোট মূনাফা/(ক্ষতি)	(৯৬,৩৩১,০০৯) "
নীট মূনাফা/(ক্ষতি)	(১২০,৪৬৬,৮৪১) "

ব্যালেন্স শীট, আয় ব্যয়ের হিসাব, মূলধনী পরিবর্তনের বিবরণী, নগদ তহবিল প্রবাহ এবং নিরীক্ষকের প্রতিবেদন সহ পরিচালনা পর্ষদের প্রতিবেদন এর সাথে সন্নিবেশিত হলো।



### (৯) দীর্ঘমেয়াদী বিনিয়োগ (সহযোগী প্রতিষ্ঠান ব্যতীত) :

নিরীক্ষকের রিপোর্টের (৪ ও ৮) অংশে দীর্ঘমেয়াদী বিনিয়োগ পোর্টফোলিও এবং বিক্রয়যোগ্য শেয়ার সম্পর্কে বিস্তারিতভাবে উপস্থাপন করা হয়েছে। সম্মানিত শেয়ারহোল্ডারদের অবগতির জন্য নিম্নে এই পোর্টফোলিও সম্পর্কে সংক্ষেপে আলোকপাত করা হলো :

#### দীর্ঘমেয়াদী বিনিয়োগ : ২,৭৯২,১৮৬,৩৬৪ টাকা

উল্লিখিত বিনিয়োগ ১০টি বিভিন্ন কোম্পানীর সাধারণ শেয়ার/শেয়ার মানি ডিপোজিট হিসাবে বিনিয়োগ করা হয়েছে যার বিবরণ নিম্নে প্রদত্ত হলো :

#### (ক) স্কার টেক্সটাইলস্ লিঃ (এসটিএক্সএল) :

৩১-০৩-২০০৭ তারিখ পর্যন্ত এই কোম্পানীতে বিনিয়োগের পরিমাণ দাড়ায় প্রতিটি ১০ টাকা শেয়ার হিসাবে ১২,০৬৫,৬২৫টি সাধারণ শেয়ার যার মধ্যে ৩,৫৬৫,৬২৫টি বোনাস শেয়ার এবং ২০০৬ সালের জন্য ১,৮০৯,৮৪৪টি বোনাস শেয়ার এর প্রাপ্তি লাভ করেছে। তা ছাড়া ৩১ মার্চ ২০০৬ তারিখে উক্ত শেয়ারের বাজার দর ছিল ১,১৪৬,২৩৪,৩৭৫ টাকা (প্রতিটি শেয়ার ৯৫ টাকা হিসেবে) এবং মূল্য বৃদ্ধির হার ছিল ১,১৯৩%।

#### (খ) ইউনাইটেড হসপিটাল লিঃ (ইউএইচএল) :

স্কার ফার্মাসিউটিক্যালস্ লিঃ প্রতিটি ১০০ টাকা মূল্যমানের ১২০,০০০টি শেয়ারের মালিক যার মূল্য ১২,০০০,০০০ টাকা। যেহেতু এই কোম্পানী ষ্টক এক্সচেঞ্জ এর অন্তর্ভুক্ত নয় সেহেতু এর কোন বাজার দর নেই।

#### (গ) ন্যাশনাল হাউজিং ফাইন্যান্স এন্ড ইনভেস্টমেন্ট লিঃ (এনএইচএফ এণ্ড আইএল) :

স্কার ফার্মাসিউটিক্যালস্ লিঃ উক্ত কোম্পানীর ২০০,০০০টি ১০০ টাকা মূল্যমানের সাধারণ শেয়ারের মালিক যার মূল্য ২০,০০০,০০০ টাকা এবং এই টাকা মোট মূলধনের শতকরা ৫ ভাগ (৪০০,০০০,০০০ টাকার মধ্যে)। ন্যাশনাল হাউজিং ফাইন্যান্স এন্ড ইনভেস্টমেন্ট লিঃ কার্যক্রম শুরু করে ১৯৯৯ সাল থেকে এবং ২০০৬ সালে ১৭.৫০% হারে বোনাস শেয়ার ঘোষণা করেছে যা পূর্ববর্তী বছরে নগদ লভ্যাংশ ছিল ২০%। কোম্পানীটি এখনও তার শেয়ার বিক্রয়ের জন্য পাবলিক প্রস্তাবে যায়নি সেহেতু এর বাজার দর মূল্যায়ন করা যাচ্ছে না।

#### (ঘ) সেন্ট্রাল ডিপোজিটরী বাংলাদেশ লিঃ (সিডিবিএল) :

সেন্ট্রাল ডিপোজিটরী ১৯৯৯ সালের বিধি অনুযায়ী গঠিত সিডিবিএল এর প্রতিটি শেয়ার ১০ লক্ষ টাকা মূল্যমানের ১০টি শেয়ারের জন্য কোম্পানী ১ কোটি টাকা বিনিয়োগ করেছে। সিডিবিএল গঠন করা হয়েছে মূলতঃ জাল শেয়ারের ট্রেডিং বন্ধ, স্ক্রীপ ছাড়াই ট্রেডিং এবং মার্কেট লট এর সমস্যা সমাধানের জন্য। এর ফলে শেয়ার বিভাগের খরচ উলেখযোগ্য হারে হ্রাস পাবে। যেহেতু এর শেয়ার তালিকাভুক্ত হয়নি সেহেতু সিডিবিএল এর শেয়ার বাজার দরে মূল্যায়ন করা যাচ্ছে না।

#### (ঙ) স্কার হসপিটালস্ লিঃ (এসএইচএল) :

স্কার ফার্মাসিউটিক্যালস্ লিঃ প্রতিটি ১,০০০ টাকা মূল্যমানের ১৯৮,২৫০ শেয়ারের মালিক যার মধ্যে ২,০০০ শেয়ার হচ্ছে ৫,৫০০ টাকা প্রিমিয়াম সহ। প্রকল্পটি বর্তমানে ৩০০ শয্যাবিশিষ্ট আধুনিক হাসপাতাল হিসাবে চালু করা হয়েছে। মূলতঃ হার্টের রোগ নিরাময়ে গুরুত্ব দেয়া সহ এতে আরও থাকছে বহুমুখী চিকিৎসা সেবা। স্কার ফার্মাসিউটিক্যালস্ লিঃ এই প্রতিষ্ঠানের ৪৯.৫৬% শেয়ারের মালিক। এসপিএল ১,০০০ টাকা মূল্যমানের ১,০০০,০০০ শেয়ারের জন্য ১.০০ বিলিয়ন টাকা শেয়ার মানি ডিপোজিট হিসাবে প্রদান করেছে। যেহেতু কোম্পানীর শেয়ার তালিকা ভুক্ত নয় সেহেতু এর বাজার দর মূল্যায়ন করা যায়নি।



**(চ) স্কয়ার নীট ফেব্রিকস্ লিঃ (এসকেএফএল) :**

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ প্রতিটি ১০০ টাকা মূল্যমানের ১,২৬০,০০০ শেয়ারের মালিক যা মূলধনের শতকরা ৪৮.৮৪ ভাগ। কোম্পানীটি ২০০৫ অর্থবছর থেকে মূনাফা অর্জন শুরু করেছে। ২০০৬ আর্থিক বছর শেষে নীট মূনাফা অর্জিত হয়েছে ১১২,৩১০,০৫১ টাকা এবং এখন একত্রীভূত ক্ষতির পরিমাণ দাঁড়ায় ১৩৭,৫২৫,৭৭৮ টাকা। কোম্পানীটি কোন লভ্যাংশ ঘোষণা করে নাই। এসপিএল প্রতিটি ১০০ টাকা মূল্যমানের ৩,৯২০,০০০ শেয়ারের বিপরীতে ৩৯,২০০,০০০ টাকা শেয়ার মানি ডিপোজিট হিসেবে অগ্রিম প্রদান করেছে। যেহেতু কোম্পানীর শেয়ারগুলো তালিকাভুক্ত নয় সেহেতু শেয়ারগুলোর বাজার দর যাচাই করা সম্ভব নয়।

**(ছ) স্কয়ার ফ্যাশনস্ লিঃ (এসএফএল) :**

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ প্রতিটি ১০০ টাকা মূল্যমানের ২৫২,০০০ (৪৮.৪৬%) শেয়ারের মালিক। কোম্পানী মূনাফা অর্জন শুরু করেছে এবং ২০০৬ আর্থিক বছর শেষে নীট মূনাফা অর্জিত হয়েছে ১৩৬,২৯৩,৮০৪ টাকা এবং একত্রীভূত ক্ষতির পরিমাণ দাঁড়ায় ১,১২৬,৫৫৪ টাকা। কোম্পানীটি কোন লভ্যাংশ ঘোষণা করে নাই। উল্লেখ্য যে, স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ প্রতিটি ১০০ টাকা মূল্যমানের ১,৯৮০,০০০ শেয়ারের বিপরীতে ১৯৮ মিলিয়ন টাকা শেয়ার মানি ডিপোজিট হিসেবে অগ্রিম প্রদান করেছে। যেহেতু কোম্পানীর শেয়ারগুলো তালিকাভুক্ত নয় সেহেতু শেয়ারগুলোর বাজার দর যাচাই করা সম্ভব নয়।

**(জ) স্কয়ার ইনফরমেটিক্স লিঃ (এসআইএল) :**

প্রতিটি ১০০ টাকা মূল্যমানের ১,০০০,০০০ সাধারণ শেয়ারের বিপরীতে শেয়ার মানি ডিপোজিট হিসাবে ১০.০০ কোটি টাকা অগ্রিম প্রদান করা হয়েছে, যা পি.এস.টি.এন প্রকল্পে বিনিয়োগ করা হয়েছে। এই কোম্পানীর বর্তমান পরিশোধিত মূলধন হচ্ছে ২৫,০০,০০০ টাকা।

**(ঝ) বেগ রাবার ইন্ডাস্ট্রিজ লিঃ (বিআরআইএল) :**

এই কোম্পানীর মোট ৩,০০০টি শেয়ারের মধ্যে স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ ২,৫৯৬টি শেয়ারের মালিক ছিল। ৩,০০০টি শেয়ারের ক্রয় মূল্য ১৫০,০০০,০০০ টাকা। কোম্পানীটি বিগত সাধারণ সভায় অনুমোদন সাপেক্ষে স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ এর সহিত একত্রীভূত করা হয়েছে।

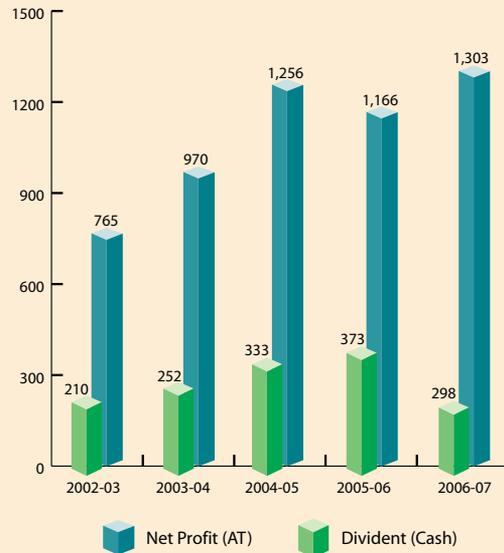
**(ঞ) স্কয়ার বায়োটেকস্ লিঃ (এসবিএল) :**

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ প্রতিটি ১০০ টাকা মূল্যমানের ১০০০ টি শেয়ারের বিপরীতে ১০০,০০০ টাকা বিনিয়োগ করেছে। তাছাড়া প্রতিটি ১০০ টাকা মূল্যমানের ১৮০,০০০ টি শেয়ারের জন্য ১৮,০০০,০০০ টাকা শেয়ার মানি ডিপোজিট হিসেবে অগ্রিম প্রদান করেছে। আশা করা যায় যে, আগামী বছরের মাঝামাঝি নাগাদ তার ব্যবসায়িক কার্যক্রম শুরু করতে পারবে।

**(১০) বিক্রয়যোগ্য শেয়ারে বিনিয়োগ :**

**পাইওনিয়ার ইনসিওরেন্স কোঃ লিঃ**

পাইওনিয়ার ইনসিওরেন্স কোঃ লিঃ এর প্রতিটি ১০০ টাকা মূল্যমানের শেয়ার ১৩৫ টাকা হিসেবে স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ ১৫০,০০০টি সাধারণ শেয়ারে (প্রিমিয়াম ৩৫ টাকা সহ) বিনিয়োগ করেছে, যা পাইওনিয়ার ইনসিওরেন্স কোঃ লিঃ এর মূলধনের ১০%। কোম্পানী ২০০৬ সালে ২০% লভ্যাংশ ঘোষণা করেছে যা বিগত ২০০৫ সালে ছিল ১৫%। শেয়ারগুলো তালিকাভুক্ত এবং প্রতিটি ১০০ টাকার শেয়ার ২২৬ টাকার উপরে কেনা বেচা হচ্ছে যা শতকরা ৬৭ ভাগ ক্যাপিটাল গেইন দেখা যাচ্ছে।





### (১১) আর্থিক ফলাফলঃ

পূর্ববর্তী বছরের সাথে তুলনা করে ২০০৬-২০০৭ সালের আর্থিক ফলাফল নিম্নে উপস্থাপন করা হলো :

বিবরণ	২০০৬-২০০৭	২০০৫-২০০৬	শতকরা + (-)
মোট বিক্রয়	৮,৭১১,০৩৪,৭৫৮	৭,০৮৫,৫৫৩,১৪৯	২২.৯৪%
নীট বিক্রয়	৭,৫০০,৮১১,৩৪৯	৬,০৮৯,৯০৫,৩৯৬	২৩.১৭%
মোট মুনাফা	৩,২৩২,৩৬৩,৬৮৭	২,৫৬৪,৫০২,৭২৭	২৬.০৪%
নীট মুনাফা (কর পূর্ব)	১,৭২২,৯০৬,২১২	১,৫৩৩,০৪২,৬১৪	১২.৩৮%
আয়কর সঞ্চিতি	৪১৯,৬৬৩,৩৭২	৩৬৭,১৭৭,৯৯৮	১৪.২৯%
নীট মুনাফা (করের পর)	১,৩০৩,২৪২,৮৪০	১,১৬৫,৮৬৪,৬১৬	১১.৭৮%
মোট আয়ের হার	৪৩.০৯%	৪২.১১%	-
নীট আয়ের হার (কর পূর্ব)	২২.৯৭%	২৫.১৭%	-
নীট আয়ের হার (করের পর)	১৭.৩৭%	১৯.১৪%	-
প্রতিটি শেয়ারের আয় (টাকা)	২১৮.৬১	১৯৫.৫৬	-
প্রতিটি শেয়ারের আয় (আইপিও পরিশোধিত মূলধন অনুসারে)	৬৫১.৬০	৫৮২.৯৩	-
একত্রিকৃত প্রতিটি শেয়ারের আয় (টাকা)	২৪৪.৬০	২২৭.২১	-

আলোচ্য বছরের লক্ষণীয় বিষয় হচ্ছে যে, মোট বিক্রয় বৃদ্ধি পেয়েছে ২২.৯৪ শতাংশ যা গত বছরের ছিল ১৪.৩০ শতাংশ এবং মোট মুনাফা ২৬.০৪ শতাংশ বৃদ্ধি পেয়েছে। মূলতঃ উৎপাদন ব্যয় গত বছরের ৫৭.৮৯ শতাংশ থেকে হ্রাস পেয়েছে ৫৬.৯১ শতাংশ। বিক্রিত পণ্যের ব্যয়, প্যাকেটজাতকরণ মালামালের এবং কারখানার খরচ তুলনামূলক বৃদ্ধি পাওয়া সত্ত্বেও মোট মুনাফা বৃদ্ধির হার দাঁড়ায় ২৬.০৪ শতাংশ। তাছাড়া পরিচালন এবং আর্থিক ব্যয়ও বৃদ্ধি পেয়েছে। কিন্তু সুদের পরিমাণ ও প্রশাসনিক ব্যয় বৃদ্ধি এবং বিলম্বিত কর সঞ্চিতি বৃদ্ধি পাওয়ায় নীট মুনাফার হার কমেছে।

প্রতিটি ১০০ টাকা মূল্যমানের ৫,৯৬১,৬০০টি শেয়ারের উপর ভিত্তি করে শেয়ার প্রতি আয় হয়েছে ২১৮.৬১ টাকা। তবে, আই.পি.ও সময়ে ইস্যুকৃত মূলধনের বিবেচনায় এই শেয়ার প্রতি আয় দাঁড়ায় ২০০৬-০৭ সালে ৬৫১.৬০ টাকা যা ২০০৫-০৬ সালে ছিল ৫৮২.৯৩ টাকা।

### (১২) মুনাফা বন্টনঃ

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

(ক) এ বছরের মুনাফা (২০০৬-২০০৭)		১,৩০৩,২৪২,৮৪০
(খ) প্রস্তাবিত বন্টনঃ		
কর অবকাশ সঞ্চিতি	১৫৪,২৫৬,৫৪৭	
নগদ লভ্যাংশঃ শেয়ার প্রতি ৫০ টাকা হারে	২৯৮,০৮০,০০০	
বোনাস শেয়ার (স্টক ডিভিডেন্ট)ঃ ৫০% হারে		
বোনাস শেয়ারের লিখিত মূল্য	২৯৮,০৮০,০০০	৭৫০,৪১৬,৫৪৭
(গ) নীট অবন্টনকৃত মুনাফা (টাকায়)		৫৫২,৮২৬,২৯৩

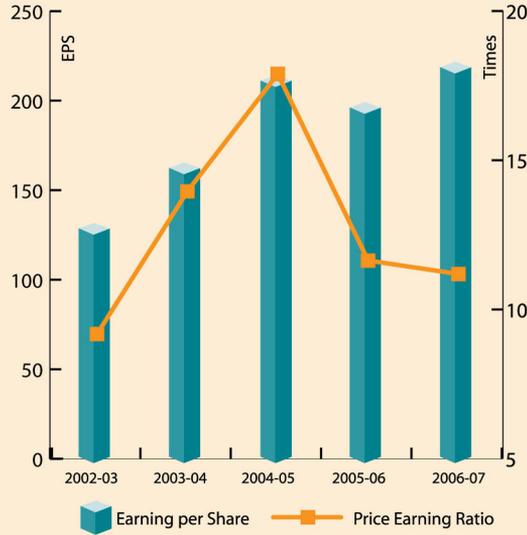


**(১৩) লভ্যাংশ ঘোষণা :**

মুনাফা বন্টনের প্রস্তাব অনুযায়ী কোম্পানীর পরিচালনা পর্ষদ ২০০৬-০৭ আর্থিক বছরে ১০০ টাকা মূল্যমানের প্রতিটি শেয়ারের বিপরীতে ৫০ টাকা হিসেবে নগদ লভ্যাংশ ঘোষণার সুপারিশ করছেন যার জন্য ২৯৮.০৮ মিলিয়ন টাকার প্রয়োজন হবে। এ ছাড়াও পরিচালনা পর্ষদ ৫০ শতাংশ হারে বোনাস শেয়ার ঘোষণার সুপারিশ করেছেন। এর জন্য ২,৯৮০,৮০০টি শেয়ার ইস্যু এবং ২৯৮,০৮০,০০০ টাকা শেয়ার মূলধনের সাথে সম্পৃক্ত করার প্রয়োজন হবে।

**(১৪) হিসাবের একত্রীকরণ :**

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





## Loratin<sup>®</sup> Plus

Loratadine 10 mg and Pseudoephedrine Sulfate 240 mg

**Bi-layer Tablet**

1
tablet once daily

A high-tech combination of Antihistamine & Decongestant

**24 hours relief from :**

- Nasal and Sinus Congestion due to Colds or Allergies
- Sneezing, Runny Nose, Itchy & Watery Eyes
- Itchy Throat or Nose due to Allergies



For detail : Consult your doctor



#### ৪. মানব সম্পদ উন্নয়ন :

মানব সম্পদ উন্নয়নের জন্য কোম্পানী প্রতিটি স্তরের নির্বাহী ও শ্রমিক কর্মচারীদের আনুষ্ঠানিক ও অনানুষ্ঠানিক প্রশিক্ষণ দিয়ে যাচ্ছে। এ বছর ২,১৪৪ 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/ডবিউএইচও স্ট্যাভার্ডস ও সরকারী নিয়মাবলী অনুযায়ী কোম্পানী সর্বোচ্চ দূষণমুক্ত পরিবেশ বজায় রেখেছে।

#### ৬. জাতীয় কোষাগারে অবদান :

জাতীয় কোষাগারে কোম্পানীর এ বছরের অবদান ১,৮৫৭,৩১৮,৩৩৬ টাকা (যন্ত্রপাতি ও খুচরা যন্ত্রাংশ আমদানী ৭০,৩৪৬,২০৭ টাকা সহ) যা গত বছর ছিল ১,৫৭৩,০৭৫,৫০৯ টাকা। এ টাকা গত বছরের তুলনায় ১৮.০৭% বেশী। এই অবদান ২০০৬-২০০৭ সালের বিক্রয়ের ২৪.৭৬% যা গত বছর ছিল ২৫.৮৩% (২০০৫-২০০৬)।

#### ৭. পরিচালক নিয়োগ :

কোম্পানীর সংঘবিধিতে প্রদত্ত ক্ষমতাবলে পরিচালক পর্ষদ তাঁদের ১৬ জুলাই, ২০০৭ তারিখের সভায় জনাবা রত্না পাত্র এবং জনাব কে. এম. সাইফুল ইসলাম কে কোম্পানীর পরিচালক হিসেবে নিয়োগ প্রদান করেছেন। উল্লিখিত সভায়, নির্বাহী পরিচালক (লাভজনক পদে অধিষ্ঠিত পরিচালক) মনোনয়ন পূর্ণবিন্যাস করা হয়। এখন থেকে জনাব স্যামসন এইচ চৌধুরী, ডাঃ কাজী হারুনার রশিদ, জনাব স্যামুয়েল এস চৌধুরী, জনাবা রত্না পাত্র এবং জনাব কে. এম সাইফুল ইসলাম নির্বাহী পরিচালক হিসেবে দায়িত্ব পালন করবেন। বিষয়টি কোম্পানী আইনের ১০৪ নং ধারা অনুসারে শেয়ারহোল্ডারগণের সদয় সম্মতির জন্য উপস্থাপন করা হলো।

#### ৮. পরিচালক নির্বাচন :

কোম্পানীর সংঘবিধির ৯৯ অনুচ্ছেদ অনুযায়ী জনাব ডাঃ কাজী হারুনার রশিদ, জনাব স্যামুয়েল এস চৌধুরী এবং অনুচ্ছেদ ৮৩ অনুসারে জনাবা রত্না পাত্র এবং জনাব কে. এম সাইফুল ইসলাম অবসর গ্রহণ করেছেন এবং অনুচ্ছেদ ১০০ অনুসারে তাঁরা পুনঃ নির্বাচিত হওয়ার যোগ্য বিধায় পুনঃ নির্বাচিত হওয়ার ইচ্ছা প্রকাশ করেছেন।

#### ৯. নিরীক্ষক নিয়োগ :

কোম্পানীর বর্তমান নিরীক্ষক মেসার্স চৌধুরী অট্টোচার্য এন্ড কোং, চার্টার্ড একাউন্ট্যান্টস্ অত্র সভায় অবসর গ্রহন করেছেন এবং যোগ্য বিধায় ২০০৭-২০০৮ সালের জন্য নিরীক্ষক হিসেবে তাদের পারিশ্রমিক পুনঃ নির্ধারণ করে নিয়োগের ইচ্ছা প্রকাশ করেছে।

#### ১০. বিশেষ সিদ্ধান্তঃ

কোম্পানীর অনুমোদিত মূলধন ১০০ কোটি টাকা হতে ৫০০ কোটি টাকায় বৃদ্ধি করণ এবং সংঘ স্মারক এর ধারা- V এবং সংঘবিধির ৪, ৮১, ৯৩ এবং ৯৯ অনুচ্ছেদের সংশোধন বিষয়ে বিশেষ সিদ্ধান্ত গ্রহণঃ

কোম্পানীর পরিচালক পর্ষদ তার ২৫ জুলাই, ২০০৭ তারিখে অনুষ্ঠিত সভায় কোম্পানীর ভবিষ্যৎ ব্যাবসায়িক প্রসারণ, বি. এম. আর. ই- এর উদ্দেশ্যে কোম্পানী অনুমোদিত মূলধন ১০০ কোটি টাকা থেকে ৫০০ কোটি টাকায় বৃদ্ধি করার এবং সংঘস্মারক এর ধারা- V এবং সংঘবিধির ৪, ৮১, ৯৩ এবং ৯৯ অনুচ্ছেদের সংশোধন বিষয়ে নীতিগত সিদ্ধান্ত গ্রহণ করেছেন। সুতরাং শেয়ারহোল্ডারগণ যদি এটাকে উপযুক্ত মনে করেন, তা হলে নিম্নলিখিত সিদ্ধান্তকে বিশেষ সিদ্ধান্ত হিসেবে অনুমোদন প্রদান করার জন্য অনুরোধ করা হলো।



“সিদ্ধান্ত গৃহীত হলো যে,

ক. অনুমোদিত মূলধন ১০০ (একশত) কোটি টাকা যা ১০০ টাকা মূল্যমানের ১ (এক) কোটি শেয়ারে বিভক্ত, থেকে ৫০০ (পাঁচ শত) কোটি টাকায় যা ১০০ টাকা মূল্যমানের ৫ (পাঁচ) কোটি শেয়ারে বিভক্ত, বৃদ্ধি করা হবে।

খ. সংস্কারক এর ধারা- V এবং সংঘবিধির ৪ নং অনুচ্ছেদে উল্লিখিত শব্দ Tk. 1,00,00,00,000/- (Taka One Hundred Crore) এবং 1,00,00,000 (One Crore) এর স্থলে Tk. 5,00,00,00,000/- (Taka Five Hundred Crore) এবং 5,00,00,000 (Five Crore) শব্দ সমূহ ব্যবহৃত হবে।

গ. সংঘবিধিতে বিদ্যমান ৮১ নং অনুচ্ছেদটি নিম্ন লিখিত অনুচ্ছেদ দ্বারা পরিবর্তিত করা হবে:

81. The following are the present directors of the Company :

1. Mr. Samson H Chowdhury
2. Dr. Kazi Harunar Rashid
3. Mr. M. Sekander Ali (Non Shareholding Independent Director)
4. Mr. Samuel S Chowdhury
5. Mr. Tapan Chowdhury
6. Mrs. Ratna Patra
7. Mr. Anjan Chowdhury
8. Mr. Kazi Iqbal Harun
9. Mr. K. M. Saiful Islam

ঘ. সংঘবিধির ৯৩ নং অনুচ্ছেদের তৃতীয় লাইনে উল্লিখিত শব্দ "Mr. Samson Hossain Chowdhury" এর স্থানে "Mr. Tapan Chowdhury" শব্দ ব্যবহৃত হবে।

ঙ. সংঘবিধির ৯৯ নং অনুচ্ছেদের নবম লাইনে উল্লিখিত "A Managing Director" শব্দের পর " and Independent Director" শব্দ সংযোজিত হবে।

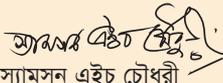
চ. সংস্কারক এবং সংঘবিধি এর অধ্যাবধি পর্যন্ত যাবতীয় সংশোধন এবং সংযোজন এই মর্মে অনুমোদিত হলো এবং সংশোধন এবং সংযোজন কৃত নতুন মূদ্রিত কপি রেজিস্ট্রারার অব জয়েন্ট স্টক কোম্পানীজ এর ফার্মস ঢাকা, বাংলাদেশ-এ জমা প্রদান করার বিষয় গৃহীত হলো”।

### ১১. কর্পোরেট গভর্নেন্স :

কর্পোরেট গভর্নেন্স হচ্ছে সুনামগরিকত্বের 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।

### ১২. ব্যবস্থাপনা কর্তৃপক্ষের স্বীকৃতি :

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।

  
স্যামসন এইচ চৌধুরী  
চেয়ারম্যান







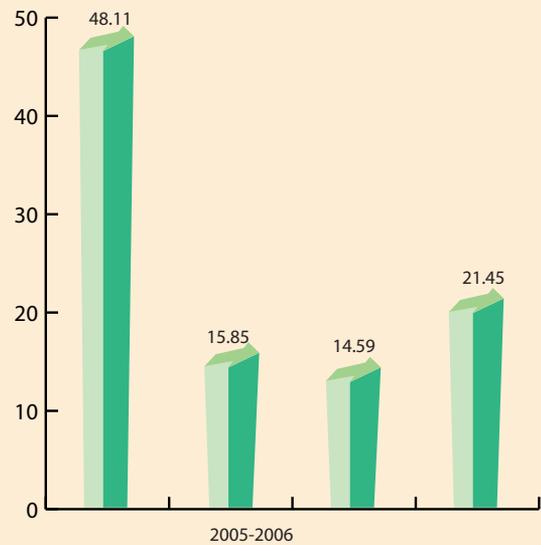
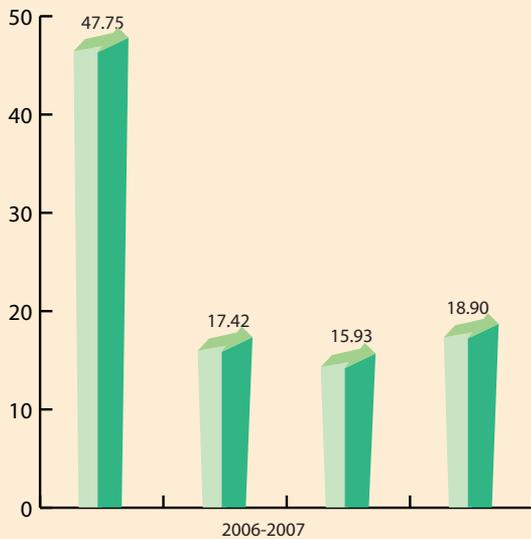
**SQUARE PHARMACEUTICALS LTD.**

**VALUE ADDED STATEMENT**

for the year ended 31 March 2007

(Figures in thousand Taka)

	2006-2007		2005-2006	
	Amount	%	Amount	%
Turnover (Gross)	8,711,035		7,085,553	
Less: Cost of Materials & Services	4,968,976		3,850,555	
Value Added	3,742,059	100.00	3,234,998	100.00
Applications:				
National Exchequer	1,786,972	47.75	1,556,320	48.11
Employees Salaries, Wages & Other Benefits	651,844	17.42	512,813	15.85
Shareholders Dividend	596,160	15.93	471,960	14.59
Retained Earnings	707,083	18.90	693,905	21.45
	3,742,059	100.00	3,234,998	100.00





## AUDITORS' REPORT

TO THE SHAREHOLDERS OF

**SQUARE PHARMACEUTICALS LTD.**

We have audited the accompanying Financial Statement of Square Pharmaceuticals Limited comprising Balance Sheet as at 31 March, 2007 and the related Income Statement, Statement of Changes in Equity, Cash Flow Statement together with related Notes and Schedules thereto for the year then ended. The preparation of these financial statements are the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates and judgments made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement, prepared in accordance with the International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BAS), give a true and fair view of the state of affairs of the company and its subsidiaries as at 31 March, 2007 and of the results of its operations and its cash flow for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) in our opinion, the company management has followed relevant provisions of laws and rules in managing the affairs of the company and proper books of accounts, records and other statutory books have been maintained so far as it appeared from our examination of those books;
- (c) the Company's Balance Sheet and Income Statement dealt with by the report are in agreement with the books of account;
- (d) the expenditure incurred was for the purpose of the company's business.

Dated, Dhaka  
25 July 2007

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



## SQUARE PHARMACEUTICALS LTD.

### BALANCE SHEET

as at 31 March 2007

		31-03-07	31-03-06
<b>ASSETS:</b>			
	Notes		
<b>Non-Current Assets:</b>			
Property, Plant and Equipment-Carrying Value	2	6,804,429,292	5,267,302,357
Capital Work-in-Progress	3	3,531,003,509	2,273,761,161
Investment - Long Term (at Cost)	4	481,239,419	1,077,707,832
		2,792,186,364	1,915,833,364
<b>Current Assets:</b>			
Inventories	5	3,682,510,712	4,031,684,955
Trade Debtors	6	1,544,191,798	1,342,364,478
Advances, Deposits and Prepayments	7	322,864,637	288,732,137
Investment in Marketable Securities (at Cost)	8	236,455,395	166,492,706
Short Term Loan	9	20,250,000	20,250,000
Cash and Cash Equivalents	10	1,418,893,703	1,897,124,652
		139,855,179	316,720,982
<b>TOTAL ASSETS</b>	Tk.	<b>10,486,940,004</b>	<b>9,298,987,312</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES:</b>			
<b>Shareholders' Equity:</b>			
Share Capital	11	7,333,257,612	6,402,014,772
Share Premium	12	596,160,000	496,800,000
General Reserve		2,035,465,000	2,035,465,000
Tax Holiday Reserve	13	105,878,200	105,878,200
Retained Earnings		1,101,935,237	947,678,690
		3,493,819,175	2,816,192,882
<b>Non-Current Liabilities:</b>			
Long Term Loans - Secured	14	598,116,106	636,217,059
Deferred Tax Liability	15	492,569,379	602,349,621
		105,546,727	33,867,438
<b>Current Liabilities:</b>			
Short Term Bank Loans	16	2,555,566,286	2,260,755,481
Long Term Loans - Current Portion	17	1,818,777,878	1,471,158,187
Trade Creditors	18	225,176,449	261,416,941
Liabilities for Expenses	19	60,601,743	79,390,166
Liabilities for Other Finance	20	24,565,248	49,771,374
		426,444,968	399,018,813
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	Tk.	<b>10,486,940,004</b>	<b>9,298,987,312</b>

Attached notes form part of these Financial Statements.

As per our annexed report of even date.

Samson H. Chowdhury  
Chairman

Samuel S. Chowdhury  
Director

Khandaker Habibuzzaman  
Company Secretary

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

Dated, Dhaka: 25 July 2007



## SQUARE PHARMACEUTICALS LTD.

### INCOME STATEMENT

for the year ended 31 March 2007

		2006-2007	2005-2006
	Notes		
GROSS TURNOVER	22	8,711,034,758	7,085,553,149
Less: Value Added Tax		1,210,223,409	995,647,753
<b>NET TURNOVER</b>		<b>7,500,811,349</b>	<b>6,089,905,396</b>
COST OF GOODS SOLD	23	(4,268,447,662)	(3,525,402,669)
<b>GROSS PROFIT</b>		<b>3,232,363,687</b>	<b>2,564,502,727</b>
<b>Operating Expenses:</b>		<b>(1,406,611,448)</b>	<b>(984,298,192)</b>
Selling and Distribution Expenses	27	(1,000,132,914)	(798,131,173)
Administrative Expenses	28	(406,478,534)	(186,167,019)
<b>PROFIT FROM OPERATIONS</b>		<b>1,825,752,239</b>	<b>1,580,204,535</b>
Other Income	29	220,144,368	169,353,845
Financial Expenses	30	(236,845,084)	(139,863,636)
NET PROFIT BEFORE WPPF		1,809,051,523	1,609,694,744
Allocation for WPPF	31	(86,145,311)	(76,652,130)
NET PROFIT BEFORE TAX		<b>1,722,906,212</b>	<b>1,533,042,614</b>
Provision for Income Tax	32	(347,984,083)	(333,310,560)
Provision for Deferred Income Tax	15	(71,679,289)	(33,867,438)
<b>NET PROFIT AFTER TAX</b>	Tk.	<b>1,303,242,840</b>	<b>1,165,864,616</b>
(Transferred to the Statement of Changes in Equity)			
<b>Earnings Per Share (EPS)</b>	33 Tk.	218.61	195.56

Attached notes form part of these Financial Statements.

As per our annexed report of even date.

Samson H. Chowdhury  
Chairman

Samuel S. Chowdhury  
Director

Khandaker Habibuzzaman  
Company Secretary

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

Dated, Dhaka: 25 July 2007



## SQUARE PHARMACEUTICALS LTD.

### STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2007

	Share Capital	Share Premium	General Reserve	Tax Holiday Reserve	Retained Earnings	Total
<b>At 31 March 2006</b>	<b>496,800,000</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>947,678,690</b>	<b>2,816,192,882</b>	<b>6,402,014,772</b>
Prior Year's Adjustment	-	-	-	-	600,000	600,000
Net Profit (2006-2007)	-	-	-	-	1,303,242,840	1,303,242,840
Transfer to Tax Holiday Reserve	-	-	-	154,256,547	(154,256,547)	-
Cash Dividend (2005-2006)	-	-	-	-	(372,600,000)	(372,600,000)
Stock Dividend (2005-2006)	99,360,000	-	-	-	(99,360,000)	-
<b>At 31 March 2007</b>	<b>Tk. 596,160,000</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>1,101,935,237</b>	<b>3,493,819,175</b>	<b>7,333,257,612</b>

### STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2006

	Share Capital	Share Premium	General Reserve	Tax Holiday Reserve	Retained Earnings	Total
<b>At 31 March 2005</b>	<b>432,000,000</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>919,636,288</b>	<b>2,075,810,668</b>	<b>5,568,790,156</b>
Net Profit (2005-2006)	-	-	-	-	1,165,864,616	1,165,864,616
Transfer to Tax Holiday Reserve	-	-	-	28,042,402	(28,042,402)	-
Cash Dividend (2004-2005)	-	-	-	-	(332,640,000)	(332,640,000)
Stock Dividend (2004-2005)	64,800,000	-	-	-	(64,800,000)	-
<b>At 31 March 2006</b>	<b>Tk. 496,800,000</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>947,678,690</b>	<b>2,816,192,882</b>	<b>6,402,014,772</b>

Attached notes form part of these Financial Statements.

As per our annexed report of even date.

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Chartered Accountants

Dated, Dhaka: 25 July 2007



## SQUARE PHARMACEUTICALS LTD.

### CASH FLOW STATEMENT

for the year ended 31 March 2007

	2006-2007	2005-2006
<b>Cash Flows From Operating Activities:</b>		
<b>RECEIPTS:</b>		
Collection from Sales	7,455,061,355	6,075,711,742
Others	95,827,359	10,517,860
	7,550,888,714	6,086,229,602
<b>PAYMENTS:</b>		
Purchase of Raw and Packing Materials	3,688,812,470	3,093,893,074
Manufacturing and Operating Expenses	1,777,607,737	1,333,348,859
Bank Interest	236,845,084	139,863,636
Income Tax	343,650,860	284,812,892
Workers Profit Participation Fund	52,779,178	43,530,024
Others	1,325,262	1,625,902
	6,101,020,591	4,897,074,387
Net cash provided by operating activities	1,449,868,123	1,189,155,215
<b>Cash Flows From Investing Activities:</b>		
Purchase of Fixed Assets	(782,151,851)	(253,126,399)
Disposal of Fixed Assets	3,972,492	5,362,331
Investment in Square Hospitals Ltd.	(500,000,000)	(280,000,000)
Investment in Square Informatix Ltd.	100,000,000	(100,000,000)
Investment in Square Knit Fabrics Ltd.	(392,000,000)	400,000,000
Investment in Square Fashions Ltd.	(198,000,000)	220,000,000
Investment in Square Biotechs Ltd.	(18,100,000)	-
Capital Work-in-Progress	(233,668,370)	(1,239,428,470)
Interest Received	88,000,686	123,100,425
Dividend Received	36,425,250	35,000,165
Net cash used in investing activities	(1,895,521,793)	(1,089,091,948)
<b>Cash Flows From Financing Activities:</b>		
Long Term Loan Received	150,000,000	787,604,783
Long Term Loan Repaid	(334,462,773)	(323,915,587)
Short Term Bank Loan Increase	347,619,691	100,895,979
Short Term Loan Decrease/(Increase)	478,230,949	(397,361,793)
Dividend Paid	(372,600,000)	(332,640,000)
Net cash provided/(used) by financing activities	268,787,867	(165,416,618)
Decrease in Cash and Cash Equivalents	(176,865,803)	(65,353,351)
Cash and Cash Equivalents at the Opening	316,720,982	382,074,333
Cash and Cash Equivalents at the Closing	Tk. 139,855,179	316,720,982

Attached notes form part of these Financial Statements.

As per our annexed report of even date.

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Chairman

Samuel S. Chowdhury  
Director

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Chowdhury Bhattacharjee & Co.  
Chartered Accountants

Dated, Dhaka: 25 July 2007



## **SQUARE PHARMACEUTICALS LTD.**

### **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2007

#### **1. SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION**

##### **1.1 Legal Form of the Company:**

Square Pharmaceuticals Ltd. was incorporated on 10 November 1964 under the Companies Act 1913 and it was converted into a Public Limited Company in 1991 and offered its share to the public with the approval of Securities and Exchange Commission in the month of December 1994. The shares of the company are listed in the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

##### **1.2 Registered Office and Factory:**

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

Square Pharmaceuticals Ltd. : (1) Square Road, Salgaria, Pabna, Bangladesh  
(2) Kaliakoir, Gazipur, Bangladesh

Square Sinnings Ltd. : Sardaganj, Kashimpur, Gazipur, Bangladesh

Square Cephalosporins Ltd. : Kaliakoir, Gazipur, Bangladesh

##### **1.3 Business Activities:**

The company owns and operates modern Pharmaceuticals Factories and produces and sells pharmaceuticals drugs and medicines. The company has a separate division to operate a modern Basic Chemical Factory and produces Basic Chemical Products. The company has also an AgroVet Division producing AgroVet products. The subsidiary companies are namely Square Spinnings Ltd. owns textiles spinning mills and produces yarns of various counts and Square Cephalosporins Ltd. owns modern pharmaceuticals Factory and produces and sells Pharmaceuticals drugs and medicines.

##### **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 (DSE) & Chittagong Stock Exchange (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 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 - 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 - 33	Earnings Per Share
BAS - 37	Provisions, Contingent Liabilities and Contingent Assets
BAS - 38	Intangible Assets
BFRS - 3	Business Combination

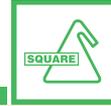
### 1.7 Property, Plant and Equipment:

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 or on capital work -in -progress. Depreciation is charged on all other fixed assets on a reducing balance method for Square Pharmaceuticals Ltd. (SPL) and Square Cephalosporins Ltd. (SCL) while Square Spinnings Ltd. (SSL) has 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	SSL	SCL
Factory Building and Other Construction	10%	5%	-
Plant & Machinery	15%	6.67%	15%
Laboratory & Office Equipment	10%	15%	10%
Furniture & Fixture	10%	15%	10%
Motor Vehicles	20%	20%	-
Electrical Installation	15%	15%	15%
Books & Periodicals	30%	-	-
Electro Mechanical Equipment	-	-	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. Stock of raw materials, packing materials and finished goods are valued at the lower of cost and estimated net realizable value. Work-in-process are valued at material cost while other stocks are valued at cost. The cost is determined on weighted average cost basis. Net realisable 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:

#### Tax Holiday Reserve

The holding company is enjoying tax holiday for five of it's Dhaka Unit with effect from April, 2002.

#### Current Tax

Provision for income tax has been made @ 30% on net profit of taxable unit for the year after adjustment of 10% rebate for declaration of Dividend above 20%.

#### Deferred Tax

A 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 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.

#### Employees Benefits:

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.



### 1.12 Turnover:

Turnover comprises the following:

Holding 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 both local sales and export.
- Sales of locally manufactured Pharmaceuticals drugs and medicines.

### 1.13 Revenue Recognition:

Local sales of both locally manufactured Pharmaceuticals Drugs and Medicines, locally purchased Cephalosporins Products, AgroVet Products and Pesticide Products are recognised at the time of delivery from depot. Exports of Pharmaceuticals Drugs and Medicines are recognised at the time of delivery from Factory Godown. Local sales of Basic Chemical Products are recognised at the time of delivery from Factory Godown. Dividend income has been accounted for on receipt basis.

### 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 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".

#### Basic Earnings per Share

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

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

The Bonus Shares issued during the year 2006-2007 were treated as if they had been in issue in previous years also. Hence, in computing the Basic EPS of 2006-2007, the total number of shares including the said bonus shares has been considered as the Weighted Average Number of Shares Outstanding during the year 2005-2006.

#### Diluted Earnings per Share

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

### 1.17 Subsidiary Companies:

(a) Profiles of the subsidiary companies namely Square Spinnings Ltd. (Holdings 98% shares) and Square Cephalosporins Ltd. (Holdings 99.48% shares) are annexed herewith in compliance with the requirement under Section 186 of the Companies Act, 1994.



#### (b) The subsidiary Company, Square Spinnings Ltd. (SSL):

Proposals have been passed by Square Pharmaceuticals Ltd. (SPL), the holding company and its subsidiary Square Spinnings Ltd. (SSL) to disinvest and merge with Square Textiles Ltd. (STXL), a public limited company through a scheme of amalgamation effective from the 01 April, 2007 subject to approval the competent court of jurisdiction. In exchange of present holding of 980,000 shares of Tk. 100 each of SSL, SPL will receive 11,270,000 shares of Tk. 10 each from STXL in the ratio of 1:11.5 with bonus share issued by the company STXL.

#### (c) The subsidiary Company Beg Rubber Industries Ltd. (BRIL):

In pursuance with the proposal in the Company's Directors Report for the ended 31.03.2006 and approved by the Shareholders in the AGM by adopting a special resolution the above subsidiary company viz BRIL has been amalgamated with Square Pharmaceuticals Ltd. with due approval from the court of jurisdiction with effect from 07.07.2005.

The entire shares of the subsidiary were purchased through a scheme of amalgamation as approved by the court at fair value of the assets at arms length transactions. The cost of the shares acquired and other related costs representing the fair value of the assets are shown as under:

3,000 shares @ Tk. 50,000 each	150,000,000
Other related cost	2,037,296
Total Cost Tk.	<u>152,037,296</u>

The above cost of equity acquired was attributed to land, the only assets of the acquired company (BRIL) and amalgamation on purchase method at fair value (BFRS-3).

#### 1.18 Related Party Transactions:

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

#### 1.19 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.

#### 1.20 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 Spinnings Ltd.	31, December 2006	Un-audited 01-01-2007 to 31-03-2007
Square Cephalosporins Ltd.	31, March 2007	Audited Balance Sheet

#### 1.21 Concentration of Counterparty Risk:

As of 31st March 2007, 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.



**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 on the Balance Sheet date.

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.

	31-03-07	31-03-06
<b>2. PROPERTY, PLANT AND EQUIPMENT: Tk. 3,531,003,509</b>		
Details of Property, Plant and Equipment and Depreciation as at 31 March 2007 are shown in the annexed schedule - 01. This is arrived at as follows:		
Opening Balance (Cost)	4,030,138,469	3,786,220,623
Add: Net Addition during the Year	1,773,361,722	243,917,846
Closing Balance (Cost)	5,803,500,191	4,030,138,469
Less: Accumulated Depreciation	2,272,496,682	1,756,377,308
Written Down Value	Tk. <b><u>3,531,003,509</u></b>	<b><u>2,273,761,161</u></b>

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

	2006-2007	2005-2006
Factory Overhead	291,523,966	252,299,081
Selling and Distribution Expenses	31,862,794	27,064,744
Administrative Expenses	198,367,146	16,632,948
	Tk. <b><u>521,753,906</u></b>	<b><u>295,996,773</u></b>



31-03-07

31-03-06

**3. CAPITAL WORK-IN-PROGRESS : Tk. 481,239,419**

This represents expenditure incurred for small volume parental ophthalmic project. The break-up of the above amount are given below:

Building/Civil Work	136,289,458	197,046,245
Plant & Machinery	334,449,353	50,524,804
Hospital Equipments	-	830,136,783
Interest during Construction Period	10,500,608	-
	<b>Tk. 481,239,419</b>	<b>1,077,707,832</b>

**4. INVESTMENT-Long Term (at Cost) : Tk. 2,792,186,364**

This consists of the following:

(a) 12,065,625 Ordinary Shares of Tk. 10/- each including Bonus Shares in Square Textiles Ltd.	88,636,364	88,636,364
(b) 980,000 Ordinary Shares of Tk. 100/- each in Square Spinnings Ltd.	98,000,000	98,000,000
(c) 120,000 Ordinary Shares of Tk.100/- each in United Hospital Ltd.	12,000,000	12,000,000
(d) 200,000 Ordinary Shares of Tk.100/- each in National Housing Finance and Investment Ltd.	20,000,000	20,000,000
(e) 10 Ordinary Shares of Tk.1,000,000/- each in Central Depository Bangladesh Ltd.	10,000,000	10,000,000
(f) Square Hospitals Ltd.:	209,250,000	209,250,000
• 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		
(g) Advance against Share Money with Square Hospitals Ltd. for 1,000,000 Shares of Tk.1,000/- each	1,000,000,000	500,000,000
(h) 1,260,000 Ordinary Shares of Tk. 100/- each in Square Knit Fabrics Ltd.	126,000,000	126,000,000
(i) Advance against Share Money with Square Knit Fabrics Ltd. for 3,920,000 Shares of Tk.100/- each	392,000,000	-
(j) 252,000 Ordinary Shares of Tk. 100/- each in Square Fashions Ltd.	25,200,000	25,200,000
(k) Advance against Share Money with Square Fashions Ltd. for 1,980,000 Shares of Tk.100/- each	198,000,000	-
(l) Advance against Share Money with Square Informatix Ltd. for 1,000,000 Shares of Tk.100/- each	100,000,000	200,000,000
(m) 2,596 Ordinary Shares of Tk. 100/- each in Beg Rubber Industries Ltd.	-	131,747,000
(n) 950,000 Ordinary Shares of Tk. 100/- each in Square Cephalosporins Ltd.	95,000,000	95,000,000
(o) Advance against Share Money with Square Cephalosporins Ltd. for 4,000,000 Shares of Tk. 100/- each	400,000,000	400,000,000
(p) 1,000 Ordinary Shares of Tk. 100/- each in Square Boitechs Ltd.	100,000	-
(q) Advance against Share Money with Square Biotechs Ltd. for 180,000 Shares of Tk. 100/- each	18,000,000	-
	<b>Tk. 2,792,186,364</b>	<b>1,915,833,364</b>



	31-03-07	31-03-06
<b>5. INVENTORIES : Tk. 1,544,191,798</b>		
The break-up is as under:		
Raw Materials	562,131,687	443,869,878
Packing Materials	166,890,495	123,824,124
Work-in-Process	119,969,662	108,390,739
Finished Goods	458,007,065	412,977,382
Spares & Accessories	90,596,538	48,712,229
Goods in Transit	146,596,351	204,590,126
Tk.	<b>1,544,191,798</b>	<b>1,342,364,478</b>

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

#### 6. TRADE DEBTORS : Tk. 322,864,637

(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	138,729,113	131,653,153
Within 31-60 days	30,428,440	63,588,500
Within 61-90 days	14,028,426	20,624,190
Above 90 days	139,678,658	72,866,294
Tk.	<b>322,864,637</b>	<b>288,732,137</b>

(ii) Debtors include Tk. 30,729,288 due from export sales of which Tk. 15,743,804 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.

#### 7. ADVANCES, DEPOSITS & PREPAYMENTS (Considered Good) : Tk. 236,455,395

This consists of as follows:

<b>Advances:</b>	<b>115,617,224</b>	<b>49,253,013</b>
Employees	7,685,920	7,074,183
Motor Cycle Loan - Employees	948,549	4,451,534
Suppliers	106,982,755	37,727,296
<b>Deposits:</b>	<b>115,976,620</b>	<b>113,201,330</b>
L.C Margin	23,232,215	34,510,890
Value Added Tax	74,862,056	63,244,562
Earnest Money & Security Deposit	10,334,845	9,797,963
Lease Deposit	914,540	126,160
Others	6,632,964	5,521,755
<b>Prepayments:</b>	<b>4,861,551</b>	<b>4,038,363</b>
Office Rent	2,462,108	2,344,124
Insurance Premium	2,399,443	1,694,239
Tk.	<b>236,455,395</b>	<b>166,492,706</b>

(a) Employees advances of Tk. 7,685,920 includes advance to officers Tk. 7,331,732.

(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.

(c) No amount was due by the associate undertakings.

**31-03-07****31-03-06****8. INVESTMENT IN MARKETABLE SECURITIES (at Cost) : Tk. 20,250,000**

150,000 Ordinary Shares of Tk. 100/- each with premium of Tk. 35/- in Pioneer Insurance Company Ltd.

**20,250,000****20,250,000****9. SHORT TERM LOAN (Unsecured) : Tk. 1,418,893,703**

This consists of the following:

(a) Square Spinnings Ltd.	201,049,295	99,185,023
(b) Square Knit Fabrics Ltd.	292,232,547	721,496,099
(c) Square Fashions Ltd.	307,341,938	375,282,626
(d) Square Hospitals Ltd.	469,009,510	446,517,554
(e) Beg Rubber Industries Ltd.	-	110,000
(f) Square InformatiX Ltd.	68,891,054	34,894,811
(g) Square Cephalosporins Ltd.	80,369,359	219,638,539
Tk.	<b>1,418,893,703</b>	<b>1,897,124,652</b>

Short term loan is receivable from the above subsidiaries/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. 139,855,179**

This is made-up as follows:

(a) Cash in Hand	806,967	776,146
(b) Cash at Bank :	139,048,212	315,944,836
• Current Account	57,157,919	45,731,545
• STD Account	4,866,767	2,280,730
• Fixed Deposit Account	77,023,526	267,932,561
Tk.	<b>139,855,179</b>	<b>316,720,982</b>

The fixed deposit amount of Tk. 77,023,526 had to keep as lien against letter of credits and sanction of overdraft facilities for the company.



	31-03-07	31-03-06
<b>11. SHARE CAPITAL : Tk. 596,160,000</b>		
This is made-up as follows:		
Authorised:		
10,000,000 Ordinary Shares of Tk.100/- each	1,000,000,000	1,000,000,000
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:		
4,948,368 Ordinary Shares of Tk.100/- each fully paid-up as Bonus Shares	494,836,800	395,476,800
Tk.	<b>596,160,000</b>	<b>496,800,000</b>

**Shareholding Position as on 31 March 2007 is as follows :**

	No. of Investors	Number of Shares	% of Share Holding 2006-07	% of Share Holding 2005-06
Sponsors	14	3,229,252	54.17%	54.17%
Foreign Investors	21	667,276	11.19%	8.88%
Others	12,974	2,065,072	34.64%	36.95%
	<b>13,009</b>	<b>5,961,600</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 BOID		Total Share Holdings	%
	No. of Holders	Holdings	No. of Holders	Holdings		
Less than 500 Shares	3,958	194,192	8,695	378,752	572,944	9.61%
501 to 5,000 Shares	89	119,639	210	233,688	353,327	5.93%
5,001 to 10,000 Shares	6	44,381	16	99,537	143,918	2.41%
10,001 to 20,000 Shares	5	65,680	6	80,183	145,863	2.45%
20,001 to 30,000 Shares	-	-	2	47,817	47,817	0.80%
30,001 to 40,000 Shares	1	34,442	-	-	34,442	0.58%
40,001 to 50,000 Shares	-	-	1	49,183	49,183	0.83%
50,001 to 100,000 Shares	-	-	1	68,120	68,120	1.14%
100,001 to 1,000,000 Shares	14	3,437,402	5	1,108,584	4,545,986	76.25%
Over 1,000,000 Shares	-	-	-	-	-	-
<b>Total</b>	<b>4,073</b>	<b>3,895,736</b>	<b>8,936</b>	<b>2,065,864</b>	<b>5,961,600</b>	<b>100.00%</b>



	31-03-07	31-03-06
<b>12. SHARE PREMIUM :</b>	<b>Tk. 2,035,465,000</b>	<b>2,035,465,000</b>

Out of the total premium Tk. 2,035,465,000, an amount of Tk. 800,000,000 was raised at the time of Initial Public Offering (IPO) which has been utilised for BMRE at Pabna and for a new Pharmaceuticals Project at Kaliakoir, Gazipur. The balance amount of Tk. 1,235,465,000 has been raised for issue of Bonus Shares in compliance with Circular No.SEC/CFD/2001/Admin/02-02 dated October 04, 2001 of Securities and Exchange Commission.

**13. TAX HOLIDAY RESERVE : Tk. 1,101,935,237**

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	947,678,690	919,636,288
Add: Provided during the Year	154,256,547	28,042,402
Closing Balance	<b>Tk. 1,101,935,237</b>	<b>947,678,690</b>

Tax holiday reserve provided during the year represents 40% of the net profit of Dhaka Unit which is to be invested within two years from the end of the exemption period in the same undertaking or in any new industrial undertaking or in stocks and shares of public limited companies or in government bonds or securities.

**14. LONG TERM LOANS (Secured ) : Tk. 492,569,379**

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

(a) Standard Chartered Bank, Dhaka	75,431,170	212,612,334
(B) Commercial Bank of Ceylon Ltd., Dhaka	-	22,378,336
(C) Minimum Lease Payments	417,138,209	367,358,951
	<b>Tk. 492,569,379</b>	<b>602,349,621</b>

**(a) Standard Chartered Bank:**

The loan is secured on specific charge over hospital equipments which will be used by Square Hospitals Ltd. on rental basis. The interest rate of loan will remain floating. Currently the rate applied to the loan is 12.75% per annum and the loan is repayable in 14 (fourteen) equal quarterly installment.

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

The loan is secured on fixed and floating assets of Square Cephalosporins Ltd. The interest rate of loan will remain floating. Currently the rate applied to the loan is 12% per annum and the loan is repayable in 12 (twelve) equal quarterly installment. The remaining balance is shown under Note-17.


**(c) Minimum Lease Payments - Tk. 417,138,209**
**31-03-07**
**31-03-06**
**(1) Industrial and Infrastructure Development Company Ltd.:**

An amount of Tk. 3,030,000 was recognized as Minimum Lease Payments under lease of Vehicle. The lease is repayable in 36 (thirty six) equal monthly installment of Tk. 99,650 starting from May'04 and the remaining balance is shown under Note-17.

**(2) Investment Corporation of Bangladesh (ICB):**

An amount of Tk. 500,000,000 was recognized as Minimum Lease Payments under lease for hospital equipments which will be used by Square Hospitals Ltd. on rental basis. The lease is repayable in 60 (sixty) equal monthly installment of Tk. 10,832,103 starting from August, 2005 and the remaining balance stands at Tk. 269,076,266 as on 31-03-2007.

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

An amount of Tk. 3,900,000 was recognized as Minimum Lease Payments under lease of Vehicle. The lease is repayable in 36 (thirty six) equal monthly installment of Tk. 131,500 starting from November, 2005 and the remaining balance stands at Tk. 683,768 as on 31-03-2007.

**(4) Shahjalal Islami Bank Ltd.:**

An amount of Tk. 150,000,000 was recognized as Minimum Lease Payments under lease of machineries for Small Volume Parental 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. 115,097,570 as on 31-03-2007.

**(5) Industrial Development Leasing Company of Bangladesh Ltd.:**

An amount of Tk. 38,442,000 is 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. 32,280,605 as on 31-03-2007.

**15. DEFERRED TAX LIABILITY : Tk. 105,546,727**

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	33,867,438	-
Add: Provision made	71,679,289	33,867,438
Closing Balance	<b>105,546,727</b>	<b>33,867,438</b>

**16. SHORT TERM BANK LOAN : Tk. 1,818,777,878**

This consists of as follows:

Cash Credit - Janata Bank, Pabna	179,078,394	175,129,539
Cash Credit - Janata Bank, Local Office, Dhaka	144,478,234	23,220,159
Short Term Loan - Citibank N.A, Dhaka	239,224,090	169,471,866
Trust Receipt - Citibank N.A, Dhaka	59,817,577	96,102,771
Short Term Loan - Commercial Bank of Ceylon Ltd., Dhaka	19,709,522	65,185,593
Trust Receipt -Commercial Bank of Ceylon Ltd., Dhaka	59,982,000	21,304,000
Short Term Loan - Standard Chartered Bank, Dhaka	310,903,638	322,374,389
Trust Receipt - Standard Chartered Bank, Dhaka	203,898,433	104,317,327
Short Term Loan - Bank Alfalah Ltd., Dhaka	60,000,000	100,000,000
Overdraft - Eastern Bank Ltd., Dhaka	30,459,814	5,038,701
Trust Receipt - Eastern Bank Ltd., Dhaka	31,075,774	15,809,033
Overdraft - Mercantile Bank Ltd., Dhaka	44,941,190	46,197,411
Trust Receipt - Mercantile Bank Ltd., Dhaka	222,108,988	214,842,947
Trust Receipt - Shahjalal Islami Bank Ltd., Dhaka	43,893,897	-
Overdraft - Sonali Bank, Dhaka-Secured by FDR	8,235,237	3,164,560
Overdraft - Janata Bank, Mohakhali Corporate Br., Dhaka-Secured by FDR	141,155,514	11,831,816
Overdraft - Janata Bank, Mimi Super Market Br, Chittagong-Secured by FDR	2,334,560	6,828,906
Overdraft - Prime Bank Ltd., Dhaka-Secured by FDR	-	58,869,613
Overdraft - Janata Bank, Foreign Exchange Corporate Br., Sylhet-Secured by FDR	1,383,196	1,303,239
Overdraft - Janata Bank, Maizdee Court Corporate Br., Noakhali-Secured by FDR	1,560,832	129,749
Others	14,536,988	30,036,568
Tk.	<b>1,818,777,878</b>	<b>1,471,158,187</b>

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



**31-03-07**                      **31-03-06**

**17. LONG TERM LOANS - Current Portion : Tk. 225,176,449**

This represents current portion of long term loans from financial institutions which are repayable within next 12 months from April, 2007 and consists of as follows:

(a) Standard Chartered Bank, Dhaka	75,431,164	102,875,608
(b) Dhaka Bank Ltd., Dhaka	-	32,075,470
(c) Commercial Bank of Ceylon Ltd., Dhaka	22,378,336	33,333,332
(d) Minimum Lease Payments	127,366,949	93,132,531
Tk.	<b>225,176,449</b>	<b>261,416,941</b>

**18. TRADE CREDITORS :**                      Tk. **60,601,743**                      **79,390,166**

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. 24,565,248**

This consists of as follows:

Accrued Expenses	16,125,377	43,485,449
Clearing & Forwarding	8,289,871	6,135,925
Audit Fees	150,000	150,000
Tk.	<b>24,565,248</b>	<b>49,771,374</b>

**20. LIABILITIES FOR OTHER FINANCE : Tk. 426,444,968**

This consists of as follows:

Sundry Creditors	113,916,271	124,797,208
Income Tax (Deduction at Source)	1,815,150	981,994
Retention Money	595,399	820,819
Workers' Profit Participation Fund	165,863,510	132,497,377
Income Tax Payable (Note-21)	144,254,638	139,921,415
Tk.	<b>426,444,968</b>	<b>399,018,813</b>

**21. INCOME TAX PAYABLE : Tk. 144,254,638**

This is arrived at as follows:

<b>Income Tax Payable:</b>	<b>487,905,498</b>	<b>424,734,307</b>
- Balance at 01-04-2006	139,921,415	91,423,747
- Provision made during the Year 2005-06 (Note-32)	-	333,310,560
- Provision made during the Year 2006-07 (Note-32)	347,984,083	-
<b>Less: Payment of Income Tax:</b>	<b>343,650,860</b>	<b>284,812,892</b>
- During the Year 2002-03	-	2,925,490
- During the Year 2003-04	-	5,608,797
- During the Year 2004-05	-	86,144,288
- During the Year 2005-06	139,921,415	190,134,317
- During the Year 2006-07	203,729,445	-
Balance at 31-03-2007	<b>144,254,638</b>	<b>139,921,415</b>



**22. GROSS TURNOVER : Tk. 8,711,034,758**

This is made-up as follows:

**Local:**

	2006-2007	2005-2006
Pharmaceuticals Products	8,026,479,203	6,593,837,629
Basic Chemicals	270,880,349	245,958,033
AgroVet Products	143,990,084	78,560,169
Pesticide Products	76,737,365	52,422,832
<b>Total Local Turnover</b>	<b>8,518,087,001</b>	<b>6,970,778,663</b>

**Export:**

Pharmaceuticals Products (US \$ 2,742,774)	188,642,934	114,774,486
AgroVet Products (US \$ 64,000)	4,304,823	-
<b>Total Export</b>	<b>192,947,757</b>	<b>114,774,486</b>
<b>Gross Turnover</b>	<b>8,711,034,758</b>	<b>7,085,553,149</b>

Tk.

- (i) Sales consists of 436 Pharmaceuticals Products, 9 Basic Chemicals Products, 26 AgroVet Products and 8 Pesticide Products .The summarised quantity are as under:

(Quantity in Thousand)

	<b>Unit</b>	<b>Opening</b>	<b>Production/Purchase</b>	<b>Sales</b>	<b>Closing</b>
Tablets	Pcs	147,123	2,460,024	2,456,721	150,426
Capsules	Pcs	28,157	491,713	497,746	22,124
Liquids	Bottles	2,108	36,135	35,738	2,505
Injectables (Vials & Ampoules)	Pcs	853	30,631	29,176	2,308
ENT Preparations & Others	Phials	791	13,435	13,093	1,133
Opthal Preparations & Others	Phials	134	1,866	1,833	167
Dry Syrups	Bottles	535	5,157	5,073	619
Suppository	Pcs	648	7,767	7,183	1,232
Inhalers	Cans	128	881	904	105
Basic Chemicals	Kg	10	318	304	24
Tablets - AgroVet	Pcs	216	2,501	2,456	261
Powder - AgroVet	Gm	3,952	25,493	25,453	3,992
Injectables - AgroVet	Pcs	60	511	522	49
Liquids - AgroVet	Bottles	12	107	106	13
Liquids - Insecticide	Litre	12	23	22	13
Powder - Fungicide	Kg	9	24	14	19
Granuler - Insecticide	Kg	23	18	21	20
Aerosol	Pcs	12	246	255	3

- (ii) 160.25 M.T of basic chemicals valued at Tk. 129,977,668 has been transferred from chemical plant to pharma formulation plant of the company which has not been included in the above turnover.
- (iii) The company has no Sales Agent on commission basis.



**2006 -2007**

**2005-2006**

**23. COST OF GOODS SOLD : Tk. 4,268,447,662**

This is arrived at as follows:

	Notes	2006 -2007	2005-2006
Raw Materials Consumed	24	2,401,727,164	2,219,641,169
Packing Materials Consumed	25	927,381,432	664,980,934
		3,329,108,596	2,884,622,103
Work-in-Process (Opening)		108,390,739	81,224,388
Work-in-Process (Closing)		(119,969,662)	(108,390,739)
<b>TOTAL CONSUMPTION</b>		<b>3,317,529,673</b>	<b>2,857,455,752</b>
Factory Overhead	26	748,199,160	645,114,645
<b>COST OF PRODUCTION</b>		<b>4,065,728,833</b>	<b>3,502,570,397</b>
Purchase of Finished Goods		247,748,512	38,912,956
Finished Goods (Opening)		412,977,382	396,896,698
Finished Goods (Closing)		(458,007,065)	(412,977,382)
		<b>Tk. 4,268,447,662</b>	<b>3,525,402,669</b>

**24. RAW MATERIALS CONSUMED : Tk. 2,401,727,164**

This is arrived at as follows:

Opening Stock	443,869,878	393,822,822
Purchase	2,519,988,973	2,269,688,225
Closing Stock	(562,131,687)	(443,869,878)
	<b>Tk. 2,401,727,164</b>	<b>2,219,641,169</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	31,686,103	384,905	654,462	69,320	6,839	1,115,526	443,869,878
Purchase	552,947,000	1,433,846	3,045,363	172,430	16,237	4,667,876	2,519,988,973
Available for use	584,633,103	1,818,751	3,699,825	241,750	23,076	5,783,402	2,963,858,851
Closing Balance (-)	81,945,579	365,431	656,907	68,962	4,854	1,096,154	562,131,687
Consumption	502,687,524	1,453,320	3,042,918	172,788	18,222	4,687,248	2,401,727,164

Raw materials consists of 662 items of which 85.97% (in value) are imported.

**25. PACKING MATERIALS CONSUMED : Tk. 927,381,432**

This is arrived at as follows:

Opening Stock	123,824,124	95,789,420
Purchase	970,447,803	693,015,638
Closing Stock	(166,890,495)	(123,824,124)
	<b>Tk. 927,381,432</b>	<b>664,980,934</b>



Summarised quantity of packing materials are stated as under:

Name of Item	Unit	Opening	Purchase	Consumption	Closing
Inner Carton	Pcs	18,576,986	114,290,122	118,478,755	14,388,353
Shipper's Carton	Pcs	262,028	1,981,844	2,062,745	181,127
Label	Pcs	12,550,027	75,617,216	70,618,133	17,549,110
Direction Slip	Pcs	15,159,009	85,488,317	88,215,833	12,431,493
Container	Pcs	1,390,550	12,985,375	13,112,628	1,263,297
Blister Foil	Kg	54,895	205,646	215,816	44,725
Strip Foil	Kg	51,163	327,194	305,055	73,302
PVC Film	Kg	123,265	324,232	336,211	111,286
Bottles	Pcs	2,213,101	48,229,372	49,148,427	1,294,046
Ampoules	Pcs	2,656,835	23,456,406	23,319,029	2,794,212
Vials	Pcs	1,655,000	6,374,176	6,974,990	1,054,186
P.P Caps	Pcs	2,012,700	36,573,258	35,101,031	3,484,927
Tubes	Pcs	1,557,855	7,562,848	7,208,426	1,912,277

Packing materials consists of 1,696 items of which 43.35% (in value) are imported.

	2006-2007	2005-2006
<b>26. FACTORY OVERHEAD : Tk. 748,199,160</b>		
This is made-up as follows:		
Salaries, Allowances and Wages	206,577,780	175,886,149
Factory Employees Free Lunch	14,701,639	11,519,326
Factory Staff Uniform	4,783,621	4,310,515
Travelling & Conveyance	3,447,640	2,784,660
Printing & Stationery	9,868,221	4,958,050
Postage, Telephone & Fax	2,391,725	1,945,391
Repairs & Maintenance	102,864,461	83,083,923
Laboratory Consumable Stores	19,322,913	13,562,391
Fuel, Petrol, Light Diesel etc.	15,054,421	14,181,870
Electricity, Gas & Water	53,390,771	58,895,609
Rental Expense	1,007,950	363,100
Municipal & Other Tax	1,195,718	941,873
Insurance Premium	8,277,143	7,690,000
Factory Sanitation Expenses	3,874,501	4,002,722
Depreciation	291,523,966	252,299,081
Security Services	7,578,266	6,402,416
Other Expenses	2,338,424	2,287,569
<b>Tk.</b>	<b>748,199,160</b>	<b>645,114,645</b>



## 27. SELLING & DISTRIBUTION EXPENSES : Tk. 1,000,132,914

This consists of as follows:

	2006-2007	2005-2006
Salaries and Allowances	124,136,871	90,822,132
Travelling and Conveyance	14,844,939	11,590,102
Training Expenses	3,206,589	821,564
Printing and Stationery	20,603,157	15,444,063
Postage, Telephone, Fax & Telex	7,340,397	5,691,930
Electricity, Gas and Water	3,711,325	4,074,046
Tiffin and Refreshment	3,450,957	2,746,045
Office and Godown Rent	4,700,573	4,761,254
Bank Charges	4,142,500	3,792,198
Repairs and Maintenance including car maintenance	60,162,235	56,997,459
Govt. Taxes and Licence Fees	5,640,926	4,944,027
Field Staff Salaries, Allowances, TA and DA	255,242,248	193,875,706
Marketing and Promotional Expenses	150,869,364	122,913,862
Advertisement	2,321,527	1,613,774
Delivery and Packing Expenses	25,366,033	21,775,965
Export Expenses	34,788,621	22,541,403
Special Discount	199,384,147	165,563,078
Sample Expenses	38,333,583	33,287,027
Security Services	7,787,821	7,241,704
Depreciation	31,862,794	27,064,744
Software & Hardware Support Services	1,426,000	135,000
Other Expenses	810,307	434,090
Tk.	<b>1,000,132,914</b>	<b>798,131,173</b>



	2006-2007	2005-2006
<b>28. ADMINISTRATIVE EXPENSES : Tk. 406,478,534</b>		
This consists of as follows:		
Salaries and Allowances	65,887,154	52,228,777
Directors Remuneration	9,619,920	10,162,004
Travelling and Conveyance	21,939,647	17,237,214
Training Expenses	410,093	120,875
Printing and Stationery	5,671,066	5,668,583
Postage, Telephone, Fax & Telex	5,365,437	4,952,949
Electricity, Gas & Water	4,203,375	5,563,051
Tiffin and Refreshment	10,038,811	7,543,218
Office Rent	1,524,000	1,824,000
Sanitation Expenses	968,769	1,074,724
Books and Periodicals	1,039,193	761,901
Subscription and Donation	2,293,437	2,474,044
Advertisement	1,691,195	3,065,565
Repairs and Maintenance	27,000,359	12,017,749
Bank Charges	10,829,668	8,483,146
Insurance	5,225,824	7,504,041
Govt. Taxes, Stamp Duty & Licence Fee	4,523,479	4,779,824
Lease Rent	3,001,051	3,698,561
Security Services	4,832,306	5,416,745
Management Consultant Fees	494,921	551,375
Legal Charges	877,365	317,747
Audit Fees	150,000	150,000
Depreciation	198,367,146	16,632,948
Annual General Meeting Expenses	4,515,610	3,410,541
Software & Hardware Support Services	13,168,603	9,946,806
Other Expenses	2,840,105	580,631
Tk.	<b>406,478,534</b>	<b>186,167,019</b>

Audit fees of Tk. 150,000 represents fees for auditing the accounts of the company for the year 2006-2007.





	2006-2007	2005-2006
<b>33. BASIC EARNINGS PER SHARE (EPS): Tk. 218.61</b>		
The computation is given below:		
Surplus for the year attributable to Shareholders (Net Profit after Tax)	1,303,242,840	1,165,864,616
Weighted average number of shares outstanding during the year	5,961,600	5,961,600
<b>Basic EPS</b>	<b>Tk. 218.61</b>	<b>195.56</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".

During the year under review, an amount of Tk. 154,256,547 has been transferred to Tax Holiday Reserve being 40% of Net Profit of Tax Holiday Unit as per section 46 A(3) of the Income Tax Ordinance, 1984. A part of the balance of Net Profit though carried forward in the Balance Sheet will be applied for payment of this year's cash dividend proposed by the Board of Directors @ Tk. 50 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 2006-2007 is calculated at Tk. 298,080,000.

The Board of Directors also proposed Bonus Shares (Stock Dividend) @ 50% per share and total amount of proposed Bonus Share (Stock Dividend) for the year is calculated at Tk. 298,080,000.

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

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

Directors' Remuneration	9,619,920
Managerial Remuneration	33,185,466
Managerial Benefits:	
Company's Contribution to Provident Fund	3,194,275
Bonus	8,209,244
House Rent	10,811,322
Conveyance	773,000

- (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 31-03-06	WDV as on 31-03-06	Sales Price	Profit/ (Loss)
Building	2,124,690	730,681	1,394,009	272,000	(1,122,009)
Motor Vehicle	2,355,000	1,527,628	827,372	1,082,350	254,978
Motor Cycle	5,236,262	3,376,224	1,860,038	2,618,142	758,104
Total	9,715,952	5,634,533	4,081,419	3,972,492	(108,927)

### 37. PRODUCTION CAPACITY AND UTILISATION

Category	Unit	Rated Capacity	(Quantity in thousand)	
			Actual Production	Capacity Utilisation
Tablets	Pcs	2,176,256	2,460,024	113%
Capsules	Pcs	307,320	491,713	160%
Liquids	Bottle	61,000	36,135	59%
Injectables (Vials & Ampouls)	Pcs	45,000	30,631	68%
ENT Preparations & Others	Phials	15,000	13,435	90%
Ophthal Preparations & Others	Phials	2,000	1,866	93%
Dry Syrups	Bottle	6,000	5,157	86%
Suppository	Pcs	10,000	7,767	78%
Inhalers	Pcs	2,000	881	44%
Basic Chemicals	Kg	340	318	94%
Tablets - AgroVet	Pcs	12,000	2,501	21%
Powder - AgroVet	Gm	13,200	25,493	193%
Injection - AgroVet	Pcs	4,480	511	11%
Liquids - AgroVet	Bottle	1,100	107	10%
Aerosol	Pcs	1,470	246	17%

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 2,399 for the whole year and 539 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 2007.

### 40. EXPATRIATE CONSULTANTS FEES:

During the year under review an amount of USD 7,051 equivalent to Tk. 494,921 has been paid to expatriate consultants as fees for their services rendered to the company.

### 41. DIVIDEND PAID TO THE SHAREHOLDERS:

During the year under review total dividend for 2005-2006 amounting to Tk. 372,600,000 has been paid to the Shareholders and also bonus shares for the year 2005-2006 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 31-03-2007.

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

There was no credit facility available to the company under any contract but not availed of as on 31-03-07 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. 492,201,709 as on 31-03-07 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 BALANCE SHEET DATE:**

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



**Property, Plant and Equipment - Tk. 3,531,003,509**

Schedule-01

PARTICULARS	COST			DEPRECIATION			Written Down Value as at 31 March 2007	Rate of Depn	
	At 31 March 2006	During the year		At 31 March 2006	During the year				At 31 March 2007
		Additions	Sales/Transfer		Charged	Adjustments/Transfer			
<b>FACTORIES:</b>									
Freehold Land	169,275,337	25,643,076	-	194,918,413	-	-	194,918,413	-	
Building	1,350,137,185	176,142,998	-	1,526,280,183	101,793,203	-	916,138,818	10%	
Building under Construction	8,655,259	40,795,435	-	49,450,694	-	-	49,450,694	-	
Plant & Machinery	1,582,227,005	300,902,035	-	1,883,129,040	156,076,736	-	884,434,835	15%	
Laboratory Equipment	121,179,925	32,229,083	-	153,409,008	11,015,513	-	99,139,606	10%	
Furniture & Fixture	90,470,485	14,648,622	-	105,119,107	7,609,249	-	68,483,241	10%	
Office Equipment	70,925,448	8,839,218	-	79,764,666	4,763,913	-	42,726,051	10%	
Motor Vehicle	74,971,219	12,160,000	570,000	86,561,219	8,007,824	383,222	32,031,294	20%	
Plant & Machinery in Transit	36,224,656	15,688,023	21,360,003	30,552,676	-	-	30,552,676	-	
Electrical Installation	15,419,410	3,507,000	-	18,926,410	1,108,460	-	6,281,271	15%	
Gas Line Installation	6,938,009	3,430,849	-	10,368,858	1,149,068	-	6,511,388	15%	
<b>TOTAL</b>	<b>3,526,423,938</b>	<b>633,986,339</b>	<b>21,930,003</b>	<b>4,138,480,274</b>	<b>291,523,966</b>	<b>383,222</b>	<b>1,807,811,987</b>	<b>2,330,668,287</b>	
<b>HEAD OFFICE &amp; OTHERS:</b>									
Land	47,716,247	158,651,421	-	206,367,668	-	-	206,367,668	-	
Building	72,919,357	-	2,124,690	70,794,667	2,007,046	730,681	18,063,409	10%	
Building under Construction	6,725,902	20,379,243	-	27,105,145	-	-	27,105,145	-	
Furniture & Fixture	20,984,257	20,362,275	-	41,346,532	1,418,565	-	28,605,314	10%	
Office Equipment	62,182,277	867,847,542	-	930,029,819	177,657,326	-	721,305,711	10%	
Motor Vehicle	186,730,313	33,326,150	1,785,000	218,271,463	92,416,034	1,144,406	101,599,869	20%	
Motor Vehicle-Lease	21,430,000	38,442,040	-	59,872,040	10,185,048	-	40,740,192	20%	
Motor Cycle	83,609,339	22,916,775	5,236,262	101,289,852	12,175,738	3,376,224	48,702,951	20%	
Books & Periodicals	528,794	-	-	528,794	3,137	-	7,319	30%	
Electrical Installation	888,045	8,525,892	-	9,413,937	1,383,114	-	7,837,644	15%	
<b>TOTAL</b>	<b>503,714,531</b>	<b>1,170,451,338</b>	<b>9,145,952</b>	<b>1,665,019,917</b>	<b>230,229,940</b>	<b>5,251,311</b>	<b>1,200,335,222</b>		
<b>GRAND TOTAL Tk.</b>	<b>4,030,138,469</b>	<b>1,804,437,677</b>	<b>31,075,955</b>	<b>5,803,500,191</b>	<b>521,753,906</b>	<b>5,634,533</b>	<b>2,272,496,682</b>	<b>3,531,003,509</b>	
<b>TOTAL - 2006 Tk.</b>	<b>3,786,220,623</b>	<b>272,154,686</b>	<b>28,236,840</b>	<b>4,030,138,469</b>	<b>295,996,773</b>	<b>8,481,617</b>	<b>1,756,377,308</b>	<b>2,273,761,161</b>	





## CONSOLIDATED AUDITORS' REPORTS

TO THE SHAREHOLDERS OF

**SQUARE PHARMACEUTICALS LTD.**

We have audited the accompanying Consolidated Financial Statements of Square Pharmaceuticals Limited and its subsidiaries comprising Consolidated Balance Sheet as at 31 March, 2007 and the related Income Statement, Statement of Changes in Equity, Cash Flow Statement together with related Notes and Schedules thereto for the year then ended. The preparation of these financial statements are the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates and judgments made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement, prepared in accordance with the International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BAS), give a true and fair view of the state of affairs of the company and its subsidiaries as at 31 March, 2007 and of the results of its operations and its cash flow for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) in our opinion, the company management has followed relevant provisions of laws and rules in managing the affairs of the company and proper books of accounts, records and other statutory books have been maintained so far as it appeared from our examination of those books;
- (c) the Company's Consolidated Balance Sheet and Income Statement dealt with by the report are in agreement with the books of account;
- (d) the expenditure incurred was for the purpose of the company's business.

Dated, Dhaka  
25 July 2007

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



**SQUARE PHARMACEUTICALS LTD.  
AND ITS SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET**

as at 31 March 2007

		<b>31-03-07</b>	<b>31-03-06</b>
<b>ASSETS:</b>	Notes		
<b>Non-Current Assets:</b>		<b>8,073,625,948</b>	<b>6,467,101,625</b>
Property, Plant and Equipment-Carrying Value	2.1	4,844,415,821	2,977,837,267
Capital Work-in-Progress	3.1	481,239,419	1,928,287,970
Investment - Long Term (at Cost)	4.1	160,100,000	242,000,000
Investment - Associate Undertakings	4.2	2,587,770,908	1,318,876,588
Pre-operating Cost		99,800	99,800
<b>Current Assets:</b>		<b>4,465,404,559</b>	<b>4,477,330,627</b>
Inventories	5.1	2,105,938,009	1,638,743,097
Trade Debtors	6.1	773,713,422	692,961,015
Advances, Deposits and Prepayments	7.1	258,376,455	180,602,402
Investment in Marketable Securities (at Cost)	8.1	32,578,000	32,578,000
Short Term Loan	9.1	1,137,475,049	1,578,191,090
Cash and Cash Equivalents	10.1	157,323,624	354,255,023
<b>TOTAL ASSETS</b>	Tk.	<b><u>12,539,030,507</u></b>	<b><u>10,944,432,252</u></b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES:</b>			
<b>Shareholders' Equity:</b>		<b>8,279,390,777</b>	<b>7,193,808,239</b>
Share Capital	11.1	596,160,000	496,800,000
Share Premium	12.1	2,035,465,000	2,035,465,000
General Reserve		105,878,200	105,878,200
Tax Holiday Reserve	13.1	1,425,702,780	1,271,446,233
Retained Earnings		4,116,184,797	3,284,218,806
Minority Interest	13.2	12,425,505	31,602,456
<b>Non-Current Liabilities:</b>		<b>780,493,357</b>	<b>794,538,287</b>
Long Term Loans - Secured	14.1	632,876,801	718,601,020
Deferred Tax Liability	15.1	147,616,556	75,937,267
<b>Current Liabilities:</b>		<b>3,466,720,868</b>	<b>2,924,483,270</b>
Short Term Bank Loans	16.1	2,289,877,403	1,631,550,590
Long Term Loans - Current Portion	17.1	309,564,730	281,056,941
Trade Creditors	18.1	331,768,843	488,886,128
Liabilities for Expenses	19.1	92,558,320	109,188,687
Liabilities for Other Finance	20.1	442,951,572	413,800,924
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES:</b>	Tk.	<b><u>12,539,030,507</u></b>	<b><u>10,944,432,252</u></b>

Attached notes form part of these Financial Statements.

As per our annexed report of even date.

Samson H. Chowdhury  
Chairman

Samuel S. Chowdhury  
Director

Khandaker Habibuzzaman  
Company Secretary

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

Dated, Dhaka: 25 July 2007



**SQUARE PHARMACEUTICALS LTD.  
AND ITS SUBSIDIARIES**

**CONSOLIDATED INCOME STATEMENT**

for the year ended 31 March 2007

		2006-2007	2005-2006
	Notes		
GROSS TURNOVER	22.1	9,957,951,035	8,251,692,437
Less: Value Added Tax		1,210,223,409	995,647,753
<b>NET TURNOVER</b>		<b>8,747,727,626</b>	<b>7,256,044,684</b>
COST OF GOODS SOLD	23.1	(5,400,210,316)	(4,509,513,272)
<b>GROSS PROFIT</b>		<b>3,347,517,310</b>	<b>2,746,531,412</b>
<b>Operating Expenses:</b>		<b>(1,431,025,492)</b>	<b>(997,503,407)</b>
Selling and Distribution Expenses	27.1	(1,009,721,692)	(800,790,468)
Administrative Expenses	28.1	(421,303,800)	(196,712,939)
<b>PROFIT FROM OPERATIONS</b>		<b>1,916,491,818</b>	<b>1,749,028,005</b>
Other Income	29.1	164,652,699	122,064,376
Financial Expenses	30.1	(303,876,041)	(171,017,382)
NET PROFIT BEFORE WPPF		1,777,268,476	1,700,074,999
Allocation for WPPF	31.1	(91,900,505)	(82,320,245)
NET PROFIT BEFORE TAX		1,685,367,971	1,617,754,754
Provision for Income Tax	32.1	(365,249,665)	(337,827,255)
Provision for Deferred Income Tax	15.1	(71,679,289)	(75,937,267)
<b>NET PROFIT AFTER TAX</b>		<b>1,248,439,017</b>	<b>1,203,990,232</b>
Profit from Associate Undertakings	32.2	211,069,570	151,874,373
Minority Interest		(1,326,049)	(1,335,516)
Balance transferred to the Statement of Changes in Equity	Tk.	<b>1,458,182,538</b>	<b>1,354,529,089</b>
<b>Earnings Per Share (EPS)</b>	33.1	<b>244.60</b>	<b>227.21</b>

Attached notes form part of these Financial Statements.

As per our annexed report of even date.

Samson H. Chowdhury  
Chairman

Samuel S. Chowdhury  
Director

Khandaker Habibuzzaman  
Company Secretary

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

Dated, Dhaka: 25 July 2007



**SQUARE PHARMACEUTICALS LTD.**  
**AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 March 2007

	Share Capital	Share Premium	General Reserve	Tax Holiday Reserve	Retained Earnings	Total
At 31 March 2006	496,800,000	2,035,465,000	105,878,200	1,271,446,233	3,284,218,806	7,193,808,239
Net Profit (2006-2007)	-	-	-	-	1,458,182,538	1,458,182,538
Transfer to Tax Holiday Reserve	-	-	-	154,256,547	(154,256,547)	-
Cash Dividend (2005-2006)	-	-	-	-	(372,600,000)	(372,600,000)
Stock Dividend (2005-2006)	99,360,000	-	-	-	(99,360,000)	-
<b>At 31 March 2006</b>	<b>Tk. 596,160,000</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>1,425,702,780</b>	<b>4,116,184,797</b>	<b>8,279,390,777</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 March 2006

	Share Capital	Share Premium	General Reserve	Tax Holiday Reserve	Retained Earnings	Total
At 31 March 2005	432,000,000	2,035,465,000	105,878,200	1,208,110,872	2,390,465,078	6,171,919,150
Net Profit (2005-2006)	-	-	-	-	1,354,529,089	1,354,529,089
Transfer to Tax Holiday Reserve	-	-	-	63,335,361	(63,335,361)	-
Cash Dividend (2004-2005)	-	-	-	-	(332,640,000)	(332,640,000)
Stock Dividend (2004-2005)	64,800,000	-	-	-	(64,800,000)	-
<b>At 31 March 2006</b>	<b>Tk. 496,800,000</b>	<b>2,035,465,000</b>	<b>105,878,200</b>	<b>1,271,446,233</b>	<b>3,284,218,806</b>	<b>7,193,808,239</b>

Attached notes form part of these Financial Statements.

As per our annexed report of even date.

Samson H. Chowdhury  
Chairman

Samuel S. Chowdhury  
Director

Khandaker Habibuzzaman  
Company Secretary

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

Dated, Dhaka: 25 July 2007



**SQUARE PHARMACEUTICALS LTD.  
AND ITS SUBSIDIARIES**

**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 31 March 2007

	2006-2007	2005-2006
<b>Cash Flows From Operating Activities:</b>		
<b>RECEIPTS:</b>		
Collection from Sales	8,641,592,989	7,213,502,094
Others	91,827,359	10,517,860
	8,733,420,348	7,224,019,954
<b>PAYMENTS:</b>		
Purchase of Raw and Packing Materials	4,889,834,937	3,803,129,401
Manufacturing and Operating Expenses	1,928,138,071	1,422,267,552
Bank Interest	303,876,041	171,017,382
Income Tax	361,758,705	285,151,076
Workers Profit Participation Fund	57,305,680	46,410,960
Others	1,335,190	1,625,902
	7,542,248,624	5,729,602,273
Net cash provided by operating activities	1,191,171,724	1,494,417,681
<b>Cash Flows From Investing Activities:</b>		
Purchase of Fixed Assets	(886,201,147)	(266,980,713)
Disposal of Fixed Assets	3,972,492	5,362,331
Pre-operating Cost	-	(99,800)
Investment in Square Textiles Ltd.	32,175,250	16,922,165
Investment in Square Hospitals Ltd.	(500,000,000)	(280,000,000)
Investment in Square Informatix Ltd.	100,000,000	(100,000,000)
Investment in Square Knit Fabrics Ltd.	(392,000,000)	400,000,000
Investment in Square Fashions Ltd.	(198,000,000)	220,000,000
Investment in Square Biotechs Ltd.	(18,100,000)	-
Capital Work-in-Progress	(233,668,370)	(1,241,049,455)
Interest Received	68,153,412	105,061,121
Dividend Received	4,780,855	5,750,000
Net cash used in investing activities	(2,018,887,508)	(1,135,034,351)
<b>Cash Flows From Financing Activities:</b>		
Issuance of Share Capital	-	500,000
Long Term Loan Received	202,582,250	787,604,782
Long Term Loan Repaid	(298,240,719)	(323,915,587)
Short Term Loan Decrease/(Increase)	440,716,041	(606,592,214)
Short Term Bank Loan Increase	658,326,813	66,703,053
Dividend Paid	(372,600,000)	(332,640,000)
Net cash provided/(used) by financing activities	630,784,385	(408,339,966)
Decrease in Cash and Cash Equivalents	(196,931,399)	(48,956,636)
Cash and Cash Equivalents at the Opening	354,255,023	403,211,659
Cash and Cash Equivalents at the Closing	Tk. 157,323,624	354,255,023

Attached notes form part of these Financial Statements.

As per our annexed report of even date.

Samson H. Chowdhury  
Chairman

Samuel S. Chowdhury  
Director

Khandaker Habibuzzaman  
Company Secretary

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

Dated, Dhaka: 25 July 2007



## SQUARE PHARMACEUTICALS LTD.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2007

31-03-07

31-03-06

#### 2.1 CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT : Tk. 4,844,415,821

Details of Property, Plant and Equipment and Depreciation as at 31 March 2007 are shown in the annexed schedule - 02. This is arrived at as follows:

Opening Balance (Cost)	4,994,128,955	4,736,356,795
Add: Net Addition during the Year	2,575,650,860	257,772,160
Closing Balance (Cost)	7,569,779,815	4,994,128,955
Less: Accumulated Depreciation	2,725,363,994	2,016,291,688
<b>Written Down Value</b>	<b>Tk. 4,844,415,821</b>	<b>2,977,837,267</b>

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

	2006-2007	2005-2006
Factory Overhead	484,030,048	307,339,311
Selling and Distribution Expenses	31,862,794	27,064,744
Administrative Expenses	198,813,996	16,632,948
<b>Tk.</b>	<b>714,706,838</b>	<b>351,037,003</b>
	31-03-07	31-03-06

#### 3.1 CONSOLIDATED CAPITAL WORK-IN-PROGRESS : Tk. 481,239,419

This represents expenditure incurred in respect of the following:

Building/Civil Work	136,289,458	197,046,245
Plant & Machinery	334,449,353	281,468,614
Other Assets	-	546,954,081
Hospital Equipments	-	830,136,783
Installation Cost	-	72,682,247
Interest during Construction Period	10,500,608	-
<b>Tk.</b>	<b>481,239,419</b>	<b>1,928,287,970</b>



	31-03-07	31-03-06
<b>4.1 CONSOLIDATED INVESTMENT-Long Term (at Cost) : Tk. 160,100,000</b>		
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) 200,000 Ordinary Shares of Tk.100/- each in National Housing Finance and Investment Ltd.	20,000,000	20,000,000
(c) 10 Ordinary Shares of Tk.1,000,000/- each in Central Depository Bangladesh Ltd.	10,000,000	10,000,000
(d) Advance against Share Money with Square Informatix Ltd. for 1,000,000 Shares of Tk.100/- each	100,000,000	200,000,000
(e) 1,000 Ordinary Shares of Tk. 100/- each in Square Biotech Ltd.	100,000	-
(f) Advance against Share Money with Square Biotech Ltd. for 180,000 Shares of Tk. 100/- each	18,000,000	-
Tk.	<b>160,100,000</b>	<b>242,000,000</b>

#### 4.2 INVESTMENT-Associate Undertakings : Tk.2,587,770,908

This is arrived at as follows:

Opening Balance	1,318,876,588	1,536,252,380
Add: Investment made/(disposed off) during the Year	1,090,000,000	(340,000,000)
Add: Profit/(Loss) during the Year (Note-32.2)	211,069,570	151,874,373
Less: Dividend during the Year	(32,175,250)	(29,250,165)
Closing Balance	Tk. <b>2,587,770,908</b>	<b>1,318,876,588</b>

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

Name of Company	Country of Incorporation	Proportion of Ownership Interest
Square Textiles Ltd.	Bangladesh	35.19%
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 CONSOLIDATED INVENTORIES : Tk. 2,105,938,009

The break-up is as under:

Raw Materials	904,300,138	596,673,798
Packing Materials	194,309,616	126,203,623
Work-in-Process	136,717,825	112,402,564
Finished Goods	516,302,220	414,080,998
Spares & Accessories	128,515,466	76,345,053
Goods in Transit	225,792,744	313,037,061
Tk.	<b>2,105,938,009</b>	<b>1,638,743,097</b>

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



	31-03-07	31-03-06
<b>6.1 CONSOLIDATED TRADE DEBTORS (Considered Good) :</b>	Tk. <b>773,713,422</b>	<b>692,961,015</b>

**7.1 CONSOLIDATED ADVANCES, DEPOSITS & PREPAYMENTS (Considered Good) : Tk. 258,376,455**

This consists of as follows:

<b>Advances:</b>	<b>117,437,771</b>	<b>50,906,316</b>
Employees	8,822,151	7,139,702
Motor Cycle Loan - Employees	948,549	4,451,534
Suppliers	107,667,071	39,315,080
<b>Deposits:</b>	<b>133,692,133</b>	<b>123,778,964</b>
L.C Margin	23,979,430	41,894,890
Value Added Tax	88,626,792	63,244,562
Earnest Money & Security Deposit	13,538,407	12,991,597
Lease Deposit	914,540	126,160
Others	6,632,964	5,521,755
<b>Prepayments:</b>	<b>7,246,551</b>	<b>5,917,122</b>
Office Rent	2,462,108	2,344,124
Insurance Premium	4,784,443	3,572,998
Tk.	<b>258,376,455</b>	<b>180,602,402</b>

**8.1 CONSOLIDATED INVESTMENT IN MARKETABLE SECURITIES (at Cost) : Tk. 32,578,000**

This consists of the following:

(a) 150,000 Ordinary Shares of Tk. 100/- each with premium of Tk. 35/- in Pioneer Insurance Company Ltd.	20,250,000	20,250,000
(b) 168,750 Ordinary Shares of Tk. 10/- each in Square Textiles Ltd.	12,328,000	12,328,000
Tk.	<b>32,578,000</b>	<b>32,578,000</b>

**9.1 CONSOLIDATED SHORT TERM LOAN (Unsecured) : Tk. 1,137,475,049**

This consists of the following:

(a) Square Knit Fabrics Ltd.	292,232,547	721,496,099
(b) Square Fashions Ltd.	307,341,938	375,282,626
(c) Square Hospitals Ltd.	469,009,510	446,517,554
(d) Square InformatiX Ltd.	68,891,054	34,894,811
Tk.	<b>1,137,475,049</b>	<b>1,578,191,090</b>

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



	31-03-07	31-03-06
<b>10.1 CONSOLIDATED CASH AND CASH EQUIVALENTS : Tk. 157,323,624</b>		
This is made-up as follows:		
(a) Cash in Hand	1,899,091	2,550,253
(b) Cash at Bank :	155,424,533	351,704,770
• Current Account	73,534,240	81,302,904
• STD Account	4,866,767	2,469,305
• Fixed Deposit Account	77,023,526	267,932,561
Tk.	<b>157,323,624</b>	<b>354,255,023</b>

The fixed deposit amount of Tk. 77,023,526 had to keep as lien against letter of credits and sanction of overdraft facilities for the company.

<b>11.1 SHARE CAPITAL :</b>	Tk. <b>596,160,000</b>	<b>496,800,000</b>
<b>12.1 SHARE PREMIUM :</b>	Tk. <b>2,035,465,000</b>	<b>2,035,465,000</b>

**13.1 CONSOLIDATED TAX HOLIDAY RESERVE : Tk. 1,425,702,780**

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	1,271,446,233	1,208,110,872
Add: Provided during the Year	154,256,547	63,335,361
Closing Balance	Tk. <b>1,425,702,780</b>	<b>1,271,446,233</b>

**13.2 MINORITY INTEREST : Tk. 12,425,505**

This represents minority interest of Square Spinings Ltd. and Square Cephalosporins Ltd. are as follows:

Paid-up Capital	2,500,000	2,540,400
Retained Earnings	5,861,226	5,346,123
Tax Holiday Reserve	4,064,279	3,281,573
Revaluation Surplus	-	20,434,360
Tk.	<b>12,425,505</b>	<b>31,602,456</b>

List of Subsidiary (As per BAS -27):

Name of Company	Country of Incorporation	Proportion of Ownership Interest
Square Spinings Ltd.	Bangladesh	98.00%
Square Cephalosporins Ltd.	Bangladesh	99.48%

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



31-03-07

31-03-06

**14.1 CONSOLIDATED LONG TERM LOANS (Secured) : Tk. 632,876,801**

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

(a) Standard Chartered Bank, Dhaka	109,736,726	212,612,334
(b) Eastern Bank Ltd., Dhaka	19,618,302	39,258,301
(c) Commercial Bank of Ceylon Ltd., Dhaka	-	22,378,336
(d) HSBC Ltd., Dhaka	86,383,564	76,993,098
(e) Minimum Lease Payments	417,138,209	367,358,951
Tk.	<b>632,876,801</b>	<b>718,601,020</b>

**15.1 DEFERRED TAX LIABILITY : TK. 147,616,556**

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	75,937,267	-
Add: Provision made	71,679,289	75,937,267
Closing balance	<b>147,616,556</b>	<b>75,937,267</b>

**16.1 CONSOLIDATED SHORT TERM BANK LOAN : Tk. 2,289,877,403**

This consists of as follows:

Cash Credit - Janata Bank, Pabna	179,078,394	175,129,539
Cash Credit - Janata Bank, Local Office, Dhaka	144,478,234	23,220,159
Short Term Loan - Citibank N.A, Dhaka	239,224,090	169,471,866
Trust Receipt - Citibank N.A, Dhaka	59,817,577	96,102,771
Short Term Loan - Commercial Bank of Ceylon Ltd., Dhaka	119,641,304	216,022,377
Trust Receipt - Commercial Bank of Ceylon Ltd., Dhaka	59,982,000	21,304,000
Short Term Loan - Standard Chartered Bank, Dhaka	310,903,638	322,374,389
Trust Receipt - Standard Chartered Bank, Dhaka	203,898,433	104,317,327
Short Term Loan- Bank Alfalah Ltd., Dhaka	60,000,000	100,000,000
Overdraft - Eastern Bank Ltd., Dhaka	30,459,814	5,038,701
Trust Receipt - Eastern Bank Ltd., Dhaka	31,075,774	15,809,033
Overdraft - Mercantile Bank Ltd., Dhaka	44,941,190	46,197,411
Trust Receipt - Mercantile Bank Ltd., Dhaka	222,108,988	214,842,947
Short Term Loan - HSBC Ltd., Dhaka	368,362,539	9,555,619
Trust Receipt - Shahjalal Islami Bank Ltd., Dhaka	43,893,897	-
Overdraft - Sonali Bank, Dhaka-Secured by FDR	8,235,237	3,164,560
Overdraft - Janata Bank, Mohakhali Corporate Br., Dhaka-Secured by FDR	141,155,514	11,831,816
Overdraft - Janata Bank, Mimi Super Market Br, Chittagong-Secured by FDR	2,334,560	6,828,906
Overdraft - Primre Bank Ltd., Dhaka-Secured by FDR	-	58,869,613
Overdraft - Janata Bank, Foreign Exchange Corporate Br., Sylhet-Secured by FDR	1,383,196	1,303,239
Overdraft - Janata Bank, Maizdee Court Corporate Br., Noakhali-Secured by FDR	1,560,832	129,749
Others	17,342,192	30,036,568
Tk.	<b>2,289,877,403</b>	<b>1,631,550,590</b>



31-03-07

31-03-06

**17.1 CONSOLIDATED LONG TERM LOANS - Current Portion : Tk. 309,564,730**

This represents current portion of long term loans from financial institutions which are repayable within next 12 months from April, 2007 and consists of as follows:

(a) Standard Chartered Bank, Dhaka	102,875,608	102,875,608
(b) Eastern Bank Ltd., Dhaka	24,550,000	19,640,000
(c) Dhaka Bank Ltd., Dhaka	-	32,075,470
(d) Commercial Bank of Ceylon Ltd., Dhaka	22,378,336	33,333,332
(e) HSBC Ltd., Dhaka	32,393,837	-
(f) Minimum Lease Payments	127,366,949	93,132,531
Tk.	<b>309,564,730</b>	<b>281,056,941</b>

**18.1 CONSOLIDATED TRADE CREDITORS :**

Tk. **331,768,843**

**488,886,128**

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. 92,558,320**

This consists of as follows:

Accrued Expenses	83,844,340	102,877,762
Clearing & Forwarding	8,518,980	6,135,925
Audit Fees	195,000	175,000
Tk.	<b>92,558,320</b>	<b>109,188,687</b>

**20.1 CONSOLIDATED LIABILITIES FOR OTHER FINANCE : Tk. 442,951,572**

This consists of as follows:

Sundry Creditors	114,922,734	124,940,789
Income Tax (Deduction at Source)	2,382,262	1,011,914
Retention Money	638,389	925,819
Workers' Profit Participation Fund	179,619,677	145,024,852
Income Tax Payable (Note- 21.1)	145,388,510	141,897,550
Tk.	<b>442,951,572</b>	<b>413,800,924</b>



**31-03-07**

**31-03-06**

**21.1 CONSOLIDATED INCOME TAX PAYABLE : Tk. 145,388,510**

This is arrived at as follows:

**Income Tax Payable:**

	507,147,215	427,048,626
Balance at 01-04-2006	141,897,550	89,221,371
- Provision made during the Year 2005-06 (Note-32.1)	-	337,827,255
- Provision made during the Year 2006-07 (Note-32.1)	365,249,665	-

**Less: Payment of Income Tax:**

	361,758,705	285,151,076
- During the Year 2002-03	-	2,925,490
- During the Year 2003-04	-	5,608,797
- During the Year 2004-05	-	86,144,288
- During the Year 2005-06	139,921,415	190,472,501
- During the Year 2006-07	221,837,290	-

Balance at 31-03-2007	Tk. <b>145,388,510</b>	<b>141,897,550</b>
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**2006-2007**

**2005-2006**

**22.1 CONSOLIDATED GROSS TURNOVER : Tk. 9,957,951,035**

Square Pharmaceuticals Ltd.	8,711,034,758	7,085,553,149
Square Spinnings Ltd.	1,246,916,277	1,166,139,288
Gross Turnover	Tk. <b>9,957,951,035</b>	<b>8,251,692,437</b>

**23.1 CONSOLIDATED COST OF GOODS SOLD : Tk. 5,400,210,316**

This is arrived at as follows:

	Notes		
Raw Materials Consumed	24.1	3,318,267,992	3,016,518,834
Packing Materials Consumed	25.1	955,865,888	680,169,603
		4,274,133,880	3,696,688,437
Work-in-Process (Opening)		112,402,564	85,294,715
Work-in-Process (Closing)		(136,717,825)	(112,402,564)
<b>TOTAL CONSUMPTION</b>		4,249,818,619	3,669,580,588
Factory Overhead	26.1	1,065,712,912	807,161,997
<b>COST OF PRODUCTION</b>		5,315,531,531	4,476,742,585
Purchase of Finished Goods		186,900,007	38,912,956
Finished Goods (Opening)		414,080,998	407,938,729
Finished Goods (Closing)		(516,302,220)	(414,080,998)
	Tk.	<b>5,400,210,316</b>	<b>4,509,513,272</b>



	2006-2007	2005-2006
<b>24.1 CONSOLIDATED RAW MATERIALS CONSUMED : Tk. 3,318,267,992</b>		
This is arrived at as follows:		
Opening Stock	596,673,798	548,163,061
Purchase	3,625,894,332	3,065,029,571
Closing Stock	(904,300,138)	(596,673,798)
Tk.	<b><u>3,318,267,992</u></b>	<b><u>3,016,518,834</u></b>

<b>25.1 CONSOLIDATED PACKING MATERIALS CONSUMED : Tk. 955,865,888</b>		
This is arrived at as follows:		
Opening Stock	126,203,623	96,938,782
Purchase	1,023,971,881	709,434,444
Closing Stock	(194,309,616)	(126,203,623)
Tk.	<b><u>955,865,888</u></b>	<b><u>680,169,603</u></b>

<b>26.1 CONSOLIDATED FACTORY OVERHEAD : Tk. 1,065,712,912</b>		
This is made-up as follows:		
Salaries, Allowances and Wages	224,901,073	189,263,702
Factory Employees Free Lunch	15,332,935	11,912,235
Factory Staff Uniform	4,854,459	4,333,630
Travelling & Conveyance	3,455,962	2,786,395
Printing & Stationery	10,442,793	5,160,578
Postage, Telephone & Fax	2,466,966	1,979,009
Repairs & Maintenance	163,581,880	135,872,896
Laboratory Consumable Stores	20,881,649	13,591,571
Fuel, Petrol, Light Diesel etc.	16,985,211	15,975,535
Electricity, Gas & Water	89,353,288	93,397,036
Rental Expense	1,007,950	363,100
Municipal & Other Tax	1,195,718	956,873
Insurance Premium	11,834,471	10,643,663
Factory Sanitation Expenses	4,194,501	4,002,722
Depreciation	484,030,048	307,339,311
Security Services	8,833,230	7,276,089
Other Expenses	2,360,778	2,307,652
Tk.	<b><u>1,065,712,912</u></b>	<b><u>807,161,997</u></b>

**2006- 2007****2005- 2006****27.1 CONSOLIDATED SELLING & DISTRIBUTION EXPENSES : Tk. 1,009,721,692**

This consists of as follows:

Salaries and Allowances	124,136,871	90,822,132
Travelling and Conveyance	14,844,939	11,590,102
Training Expenses	3,206,589	821,564
Printing and Stationery	20,603,157	15,444,063
Postage, Telephone, Fax & Telex	7,340,397	5,691,930
Electricity, Gas and Water	3,711,325	4,074,046
Tiffin and Refreshment	3,450,957	2,746,045
Office and Godown Rent	4,700,573	4,161,254
Bank Charges	5,743,580	5,412,173
Repairs and Maintenance including car maintenance	60,162,235	56,997,459
Govt. Taxes and Licence Fees	6,415,547	5,626,511
Field Staff Salaries, Allowances, TA and DA	255,242,248	193,875,706
Marketing and Promotional Expenses	157,319,770	123,633,350
Advertisement	2,571,527	1,773,774
Delivery and Packing Expenses	25,533,777	21,853,313
Export Expenses	34,788,621	22,541,403
Special Discount	199,384,147	165,563,078
Sample Expenses	38,678,510	33,287,027
Security Services	7,787,821	7,241,704
Depreciation	31,862,794	27,064,744
Software & Hardware Support Services	1,426,000	135,000
Other Expenses	810,307	434,090
Tk.	<b>1,009,721,692</b>	<b>800,790,468</b>



	2006-2007	2005-2006
<b>28.1 CONSOLIDATED ADMINISTRATIVE EXPENSES : Tk.421,303,800</b>		
This consists of as follows:		
Salaries and Allowances	68,574,431	54,435,874
Directors' Remuneration	13,607,916	11,174,003
Travelling and Conveyance	25,874,292	21,861,312
Training Expenses	410,093	128,712
Printing and Stationery	5,806,339	5,956,208
Postage, Telephone, Fax & Telex	5,433,361	5,018,804
Electricity, Gas & Water	4,521,661	5,902,883
Tiffin and Refreshment	10,270,686	7,793,844
Office Rent	2,267,661	2,331,563
Sanitation Expenses	1,002,669	1,106,354
Books and Periodicals	1,039,193	761,901
Subscription and Donation	2,373,437	2,597,714
Advertisement	1,691,195	3,065,565
Repairs and Maintenance	27,935,693	12,562,078
Bank Charges	11,828,003	8,801,412
Insurance	5,267,713	7,553,631
Govt. Taxes, Stamp Duty & Licence Fee	4,622,880	4,888,527
Lease Rent	3,001,051	3,698,561
Security Services	4,869,926	5,454,470
Management Consultant Fees	494,921	551,375
Legal Charges	877,365	317,747
Audit Fees	195,000	175,000
Depreciation	198,813,996	16,632,948
Annual General Meeting Expenses	4,515,610	3,410,541
Software & Hardware Support Services	13,168,603	9,946,806
Other Expenses	2,840,105	585,106
Tk.	<b>421,303,800</b>	<b>196,712,939</b>

**29.1 CONSOLIDATED OTHER INCOME : Tk. 164,652,699**

This is arrived at as follows:

Interest on FDR	10,870,467	26,060,459
Interest on Savings Account	105,658	52,616
Rental Income	82,204,088	126,000
Sale of Scrap	9,294,737	8,767,378
Foreign Exchange Fluctuation Gain/(Loss) on Retention Quota Account	(638,211)	1,378,294
Foreign Exchange Fluctuation Gain/(Loss) against Collection on Export Bills	966,745	48,744
Dividend	4,780,855	5,750,000
Interest on Loan to Sister Concern	57,177,287	78,948,046
Technology Transfer Fee	-	197,444
	164,761,626	121,328,981
Profit/(Loss) on Sale of Property, Plant and Equipment (Note-36)	(108,927)	735,395
Tk.	<b>164,652,699</b>	<b>122,064,376</b>



**2006-2007**

**2005-2006**

**30.1 CONSOLIDATED FINANCIAL EXPENSES : Tk. 303,876,041**

This is made-up as follows:

Interest on Cash Credit	38,825,395	24,659,934
Interest on Overdraft	50,828,819	20,592,636
Interest on LATR, PAD & LPO	87,211,107	35,134,198
Interest on Short Term Loan	82,979,922	89,221,343
Interest on Lease	14,684,279	1,409,271
Interest on Long Term Loan	29,346,519	-
Tk.	<b>303,876,041</b>	<b>171,017,382</b>

**31.1 CONSOLIDATED ALLOCATION FOR WPPF : Tk. 91,900,505**

This consists of as follows:

Square Pharmaceuticals Ltd.	86,145,311	76,652,130
Square Spinnings Ltd.	5,755,194	5,668,115
Tk.	<b>91,900,505</b>	<b>82,320,245</b>

**32.1 CONSOLIDATED PROVISION FOR INCOME TAX : Tk. 365,249,665**

This is made-up as follows:

Square Pharmaceuticals Ltd.	347,984,083	333,310,560
Square Spinnings Ltd.	17,265,582	4,516,695
Tk.	<b>365,249,665</b>	<b>337,827,255</b>

**32.2 PROFIT FROM ASSOCIATE UNDERTAKINGS: Tk. 211,069,570**

This is arrived at as follows:

a) Square Textiles Ltd.	90,170,402	74,298,434
b) Square Knit Fabrics Ltd.	54,849,094	26,338,858
c) Square Fashions Ltd.	66,050,074	51,237,081
Tk.	<b>211,069,570</b>	<b>151,874,373</b>

**33.1 CONSOLIDATED BASIC EARNINGS PER SHARE (EPS): Tk. 244.60**

The computation is given below:

Surplus for the year attributable to Shareholders (Net Profit after Tax)	1,458,182,538	1,354,529,089
Weighted average number of shares outstanding during the year	5,961,600	5,961,600
<b>Basic EPS</b>	<b>244.60</b>	<b>227.21</b>



**SQUARE PHARMACEUTICALS LTD.**

**Consolidated Property, Plant and Equipment: Tk. 4,844,415,821**

Schedule-02

PARTICULARS	COST			DEPRECIATION			Rate of Depn	
	At 31 March 2006	During the year		At 31 March 2006	During the year			Written Down Value as at 31 March 2007
		Additions	Sales/Transfer		Charged	Adjustments/Transfer		
<b>FACTORIES:</b>								
Freehold Land	183,282,543	25,643,076	-	-	-	-	-	
Building	1,468,849,078	176,142,998	-	539,479,272	-	208,925,619	10%	
Building under Construction	8,655,259	40,795,435	-	1,041,033,253	-	997,494,077	-	
Plant & Machinery	2,216,231,203	642,181,572	-	43,253,889	-	49,450,694	-	
Laboratory Equipment	121,179,925	129,045,117	-	250,225,042	-	1,567,777,732	15%	
Electro Mechanical Equipment	-	510,935,147	-	510,935,147	-	186,274,037	10%	
Furniture & Fixture	92,774,552	15,293,338	-	30,817,443	-	434,294,875	15%	
Office Equipment	72,102,888	10,661,312	-	33,141,592	-	69,231,116	10%	
Motor Vehicle	76,586,219	12,160,000	570,000	48,520,323	383,222	44,494,442	10%	
Plant & Machinery in Transit	36,224,656	15,688,023	21,360,003	-	-	32,031,294	20%	
Electrical Installation	47,614,421	6,638,906	-	35,678,669	-	30,552,676	-	
Gas Line Installation	12,339,137	3,430,849	-	4,166,833	-	12,167,159	15%	
<b>TOTAL</b>	<b>4,335,839,881</b>	<b>1,588,615,773</b>	<b>21,930,003</b>	<b>1,776,091,274</b>	<b>383,222</b>	<b>3,642,787,551</b>		
<b>HEAD OFFICE &amp; OTHERS:</b>								
Land	47,716,247	158,651,421	-	-	-	206,367,668	-	
Building	72,919,357	-	2,124,690	51,454,893	730,681	18,063,409	10%	
Building under Construction	6,725,902	20,379,243	-	-	-	27,105,145	-	
Furniture & Fixture	20,984,257	20,362,275	-	11,322,653	-	28,605,314	10%	
Office Equipment	62,182,277	867,847,542	-	31,066,782	-	721,305,711	10%	
Motor Vehicle	188,964,560	33,326,150	1,785,000	92,910,383	1,144,406	102,892,917	20%	
Motor Vehicle-Lease	21,430,000	38,442,040	-	8,946,800	-	40,740,192	20%	
Motor Cycle	83,609,339	22,916,775	-	43,787,387	3,376,224	48,702,951	20%	
Books & Periodicals	528,794	-	-	518,338	-	7,319	30%	
Electrical Installation	888,045	8,525,892	-	193,179	-	7,837,644	15%	
<b>TOTAL</b>	<b>505,948,778</b>	<b>1,170,451,338</b>	<b>9,145,952</b>	<b>240,200,415</b>	<b>5,251,311</b>	<b>1,201,628,270</b>		
<b>GRAND TOTAL Tk.</b>	<b>4,841,788,659</b>	<b>2,759,067,111</b>	<b>31,075,955</b>	<b>2,016,291,689</b>	<b>5,634,533</b>	<b>4,844,415,821</b>		
<b>TOTAL- 2006 Tk.</b>	<b>4,736,356,795</b>	<b>286,009,000</b>	<b>28,236,840</b>	<b>1,673,736,302</b>	<b>8,481,617</b>	<b>2,977,837,267</b>		



# SUBSIDIARY PROFILE





## **SQUARE SPINNINGS LTD.**

**DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR: 2006  
UNDER SECTION 184 OF THE COMPANIES ACT 1994**

Dear Shareholders,

I feel delighted to welcome you on behalf of the Board of Directors of the company to the Seventh Annual General Meeting and place their Report along with the Audited Accounts containing Balance Sheet as at 31 December, 2006, Income Statement and Cash Flow Statement together with Notes and Auditors' Report thereon for the year ended 31 December, 2006.

### **COMPANY'S OPERATIONS:**

#### **1. PRODUCTION/CAPACITY:**

The company's installed production facilities during the year 2005 remained at the same level of the previous year at 2,880 Rotor Heads. A year wise comparative position of capacity, output and productive efficiencies are highlighted hereunder:

	2006	2005
(1) Installed Production Facilities:		
Rotor Heads	3,192	2,880
(2) In Operations:		
Rotor Heads	3,192	2,880
(3) Production Capacity (Kg)	10,650,000	9,600,000
(4) Actual Production (Kg)	9,403,898	9,493,386
(5) Operating Efficiency Attained	88%	99%

The production capacity increased by 10.9% as compared to previous year. However the capacity utilization declined to the level of 88% as against 99% in the previous year.

#### **2. COST OF PRODUCTION:**

The cost of goods sold, unit cost, raw materials costs and cost of other materials/services have been varying at varying degree over the last two years as analyzed below:

	2006	2005
(1) Total Output Produced (Kg)	9,403,898	9,493,386
(2) Cost of Production (Tk.)	1,048,383,919	947,954,044
(3) Raw Materials Consumed (Tk.)	864,662,479	776,530,588
(4) Packing Materials Consumed (Tk.)	15,353,776	15,258,820
(5) Factory Overhead (Tk.)	168,367,664	154,898,778
(6) Power, Gas & Water (Tk.)	33,005,706	33,244,426
(7) Unit Cost (Tk.):		
(a) Cost of Production per Kg	111.48	99.85
(b) Raw Materials per Kg	91.95	81.80
(c) Packing Materials per Kg	1.63	1.61
(d) Factory Overhead per Kg	17.90	16.32
(e) Power, Gas & Water per Kg	3.51	3.50



From the above information it will transpire that the cost of production per kg has increased by 11.65% during 2006 over that 2005 and the cost of raw materials increased by 12.41% during 2006 over the previous year. The cost of packing materials increased by 1.24% during 2006 over the previous year 2005, though factory overhead increased by 9.68% during 2006 over 2005. Cost of utilities (power, gas & water) however increased by 0.29% in 2006 from that of 2005. Factors responsible for increase are mostly extraneous and beyond the control of management.

### 3. MARKETING OPERATIONS:

The Company's marketing operations continued to concentrate on export over the years as depicted below:

	2006		2005	
<b>(1) Quantity Sold (Kg) :</b>				
(a) Local Sales	101,655	1.02%	304,072	2.98%
(b) Export Sales	9,824,173	98.98%	9,883,242	97.02%
Total Sales	9,925,828	100.00%	10,187,314	100.00%
<b>(2) Sales Revenue (Tk) :</b>				
(a) Local Sales	12,853,499	1.02%	32,683,038	2.88%
(b) Export Sales	1,241,194,378	98.98%	1,102,605,686	97.12%
Total Sales	1,254,047,877	100.00%	1,135,288,724	100.00%
<b>(3) Selling Prices :</b>				
(a) Local Sales (Tk/Kg)	126.44		107.48	
(b) Export Sales (Tk/Kg)	126.34		111.56	
(c) Average Sales (Tk/Kg)	126.34		111.44	

The quantity sold during 2006 fell by 2.57% over that of 2005 while the sales revenue increased by 10.46% over the same period. This is primarily due to rise in export prices by 13.37% in 2006 over 2005.

### 4. CAPITAL EXPENDITURES:

The company made a capital investment of Tk. 2,342,797 during the year 2006 as against Tk. 91,498,877 during the year 2005 for plant and machinery for increasing production capacity.



## 5. DEBT SERVICE:

Since the medium term loan from SPL had earlier been fully redeemed during the year 2006 by payment of Tk. 30.00 million to SPL, the company does not have any term loan for any debt servicing.

## 6. CONTRIBUTION TO NATIONAL EXCHEQUER:

The Company contributed an amount of Tk. 38.67 million to the National Exchequer consisting of the following:

	2006	2005
(1) Advance Income Tax (Deducted at Source)	2.45	1.78
(2) Excise/VAT/Import Duties/Taxes etc.	36.10	17.46
(3) Govt. Taxes/Stamp Duties/License Fees etc.	0.12	0.11
Total Tk. (Million)	<u>38.67</u>	<u>19.35</u>

The above is 99.84% higher than that of 2005.

## 7. FOREIGN EXCHANGE EARNED/SAVED:

The company contributed a net amount of Tk. 145.21 million to the Foreign Exchange Reserve of the country during the year 2006 as follows:

	2006	2005
(1) Total Export Earnings	1,241.19	1,102.60
(2) Less: Import Costs/Expenses:		
(a) Raw Cotton ( Tk.)	1,043.78	739.70
(b) Spare Parts ( Tk.)	52.20	47.58
	<u>1,095.98</u>	<u>787.28</u>
(3) Net Export Earnings in million (Tk.)	<u>145.21</u>	<u>315.32</u>
Net Export Earnings in US Dollar (At average Tk. 69.6552/\$)	<u>2,084,697.19</u>	<u>4,618,192.15</u>

## 8. CORPORATE OWNERSHIP:

The share paid-up capital of the company as at 31 December 2006 stood at Tk. 100 million, which is held as follows:

(1) Square Pharmaceuticals Ltd.	98%
(2) Sponsors/Directors of SPL	2%
Total	<u>100%</u>



## 9. FINANCIAL RESULTS:

The Company's operating financial results, as compared to the previous year, are summarized hereunder:

	Year 2006 (Taka)	Year 2005 (Taka)
(1) Sales Turnover	1,254,047,877	1,135,288,724
(2) Cost of Goods Sold	1,050,993,450	953,913,471
(3) Gross Profit	203,054,427	181,375,253
(4) Operating & Financial Expenses	78,283,703	65,893,917
(5) Operating Income	124,770,724	115,481,336
(6) Other Income	418,059	195,684
(7) Net Profit before WPPF	125,188,783	115,677,020
(8) Contribution to WPPF	5,961,371	5,508,430
(9) Net Profit for the Year	119,227,412	110,168,590
(10) Provision for Income Tax/Deferred Tax	17,884,112	41,057,800
(11) Net profit (After Tax)	101,343,300	69,110,790
(12) <b>Performance Analysis :</b>		
● Gross Margin	16.19%	15.98%
● Operating Margin	9.97%	10.17%
● Net Margin	8.05%	6.09%
● Outstanding Shares	1,000,000	1,000,000
● Earning per Share (Tk.)	101.34	69.11

The Sales Turnover in 2006 increased by 10.46% over the previous year while Net Profit (AT) increased by 46.64% over the same period due to lower provision for corporate tax. Earnings per Share (EPS) increased by 46.64% and the Net Asset Value (NAV) per share stood at Tk. 616.95 as at 31 December 2006 as against Tk. 514.70 as at 31 December 2005 showing an increase of 19.69% in Net Asset Value.

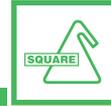
## 10. APPROPRIATION:

The net profit of Tk. 101,343,300 has been proposed by the Directors to be appropriated as follows:

Tax Holiday Reserve	-
Transferred to General Reserve & Surplus	101,343,300
Total Tk.	<u>101,343,300</u>

## 11. DECLARATION OF DIVIDEND:

The Board of Directors have not recommended for declaration of dividend as yet due to the future need of ploughing back of profits for expansion and investment for cost reduction schemes arising from the need for increasing competitive ability of the company.



#### **12. CORPORATE GOVERNANCE:**

Though the Company is a private limited one the Management considers it necessary to uphold the principles of good-governance in matters of disclosures, transparency, accountability to shareholders and government, authenticity of text & public, communicable language, timely and concerted action as a good corporate citizen. We also maintain superiority in matters of legal and professional standards.

#### **13. APPOINTMENT OF AUDITORS:**

M/s. Chowdhury Bhattacharjee & Co., Chartered Accountants, retire at this Annual General Meeting and being eligible offer themselves for reappointment for the year 2007 and refix their remuneration.

#### **14. MANAGEMENT APPRECIATION:**

In line with moderate growth in the economy and rise in exports, especially the RMG products, the company's out-put and sales increased due to earnest efforts by the workers, staff and officers of the company. The supports from the customers, suppliers, banks and various government agencies are also recorded with appreciation. It is hoped that with success in world peace efforts, trade, commerce and industry will flourish to the ultimate benefits of the mankind.

A handwritten signature in black ink, appearing to read 'Samson H. Chowdhury'.

Samson H. Chowdhury  
Chairman





## AUDITORS' REPORT

TO THE SHAREHOLDERS OF

### SQUARE SPINNINGS LTD.

We have audited the accompanying Financial Statements of Square Spinnings Limited comprising Balance Sheet as at 31 December, 2006 and the related Income Statement, Statement of Changes in Equity, Cash Flow Statement together with related notes and schedule thereto for the year then ended. The preparation of these financial statements are the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with the BSA. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, prepared in accordance with BAS, give a true and fair view of the state of the company's affairs as at 31 December, 2006 and of the results of its operations and its cash flow for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (c) the Company's Balance Sheet and Income Statement dealt with by the report are in agreement with the books of account;
- (d) the expenditure incurred was for the purpose of the Company's business.

Dated, Dhaka  
01 March, 2007

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



## SQUARE SPINNINGS LTD.

### BALANCE SHEET

as at 31 December 2006

	Notes	31-12-06	31-12-05
<b>NET ASSETS:</b>			
<b>Fixed Assets:</b>			
At cost less depreciation	2	514,233,960	566,624,673
<b>Current Assets:</b>		<b>976,129,341</b>	<b>746,178,964</b>
Stocks	3	485,988,892	244,604,574
Trade Debtors	4	441,678,692	448,578,241
Advances, Deposits and Prepayments	5	21,140,667	16,967,000
Investment in Marketable Securities	6	12,328,000	12,328,000
Cash and Bank Balances	7	14,993,090	23,701,149
<b>Less: Current Liabilities:</b>		<b>833,250,596</b>	<b>757,034,232</b>
Short Term Bank Loan	8	357,565,764	286,824,916
Liabilities for Expenses	9	456,337,462	470,199,941
Liabilities for Other Finance	10	1,463,258	9,375
Provision for Income Tax		17,884,112	-
Net Current Assets		142,878,745	(10,855,268)
Less: Deferred Tax Liability		(41,057,800)	(41,057,800)
	Tk.	<b>616,054,905</b>	<b>514,711,605</b>
<b>FINANCED BY:</b>			
<b>SHAREHOLDERS' EQUITY:</b>			
Share Capital	11	100,000,000	100,000,000
General Reserve & Surplus		340,909,832	239,566,532
Tax Holiday Reserve		175,145,073	175,145,073
	Tk.	<b>616,054,905</b>	<b>514,711,605</b>

Attached notes form an integral part of these Statements.

As per our annexed report of even date.

Anjan Chowdhury  
Managing Director

Samuel S. Chowdhury  
Director

Khandaker Habibuzzaman  
Company Secretary

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

Dated, Dhaka: 01 March 2007



## SQUARE SPINNINGS LTD.

### INCOME STATEMENT

for the year ended 31 December 2006

		2006	2005
	Notes		
SALES	12	1,254,047,877	1,135,288,724
LESS: COST OF GOODS SOLD	13	1,050,993,450	953,913,471
<b>GROSS PROFIT</b>		203,054,427	181,375,253
Less: Operating Expenses	14	23,698,617	11,009,173
Less: Financial Cost	15	54,585,086	54,884,744
Operating Income		124,770,724	115,481,336
Add: Other Income		418,059	195,684
NET PROFIT BEFORE WPPF		125,188,783	115,677,020
Less: Allocation for WPP & WF		(5,961,371)	(5,508,430)
NET PROFIT BEFORE TAX		119,227,412	110,168,590
Provision for Income Tax		(17,884,112)	-
Provision for Deferred Income Tax		-	(41,057,800)
<b>NET PROFIT FOR THE YEAR</b>	TK.	101,343,300	69,110,790
(Transferred to the Statement of Changes in Equity)			
Basic Earnings Per Share (Par Value Taka 100/-)	TK.	<b>101.34</b>	<b>69.11</b>

Attached notes form an integral part of these Statements.

As per our annexed report of even date.

Anjan Chowdhury  
Managing Director

Samuel S. Chowdhury  
Director

Khandaker Habibuzzaman  
Company Secretary

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

Dated, Dhaka: 01 March 2007



## SQUARE SPINNINGS LTD.

### STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2006

	Share Capital	Tax Holiday Reserve	Retained Earnings	Total
At 31 December 2005	100,000,000	175,145,073	239,566,532	514,711,605
Net Profit for 2006	-	-	101,343,300	101,343,300
At 31 December 2006 Tk.	100,000,000	175,145,073	340,909,832	616,054,905

### STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2005

	Share Capital	Tax Holiday Reserve	Retained Earnings	Total
At 31 December 2004	100,000,000	131,077,637	214,523,178	445,600,815
Net Profit for 2005	-	-	69,110,790	69,110,790
Transfer to Tax Holiday Reserve	-	44,067,436	(44,067,436)	-
At 31 December 2005 Tk.	100,000,000	175,145,073	239,566,532	514,711,605

Attached notes form an integral part of these Statements.

As per our annexed report of even date.

Anjan Chowdhury  
Managing Director

Samuel S. Chowdhury  
Director

Khandaker Habibuzzaman  
Company Secretary

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

Dated, Dhaka: 01 March 2007



## SQUARE SPINNINGS LTD.

### CASH FLOW STATEMENT

for the year ended 31 December 2006

	2006	2005
<b>Cash Flow from Operating Activities :</b>		
<b>RECEIPTS:</b>		
Cash from Sale Revenue	1,260,947,426	1,044,072,933
Cash from Other Income	418,059	195,684
Total Cash Receipts	1,261,365,485	1,044,268,617
<b>PAYMENTS:</b>		
Purchase of Raw and Packing Materials	1,103,690,453	717,674,331
Manufacturing and Operating Expenses	165,166,628	89,362,163
Bank Interest	54,585,085	54,884,744
Income Tax Paid	10,644,149	320,647
Workers Profit Participation Fund	4,385,280	3,643,435
Total Payments	1,338,471,595	865,885,320
Net Cash Flow from Operating Activities	(77,106,110)	178,383,297
<b>Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(2,342,797)	(91,498,877)
Investment in Share	-	(12,328,000)
Net Cash Flow from Investing Activities	(2,342,797)	(103,826,877)
<b>Cash Flow from Financing Activities:</b>		
Medium Term Loan Received/(Repaid)	-	(30,000,000)
Short Term Loan Received	70,740,848	(33,346,348)
Net Cash Flow from Financing Activities	70,740,848	(63,346,348)
Net Cash Position	(8,708,059)	11,210,072
Opening Cash and Cash Equivalents	23,701,149	12,491,077
Closing Cash and Cash Equivalents	Tk. <b>14,993,090</b>	<b>23,701,149</b>

Attached notes form an integral part of these Statements.

As per our annexed report of even date.

Anjan Chowdhury  
Managing Director

Samuel S. Chowdhury  
Director

Khandaker Habibuzzaman  
Company Secretary

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

Dated, Dhaka: 01 March 2007



## SQUARE CEPHALOSPORINS LIMITED

### DIRECTOR'S REPORT TO THE SHAREHOLDERS

FOR THE PERIOD 2006-07

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 second annual general meeting for the period ended 31 March, 2007 in the following paragraphs:

#### 1. IMPLEMENTATION:

The company completed implementation of the project in October 2006 and the plant commencement production from November 2006. The total cost of project incurred up to 30 March 2007 stood as follows:

(1) Plant & Machinery	341,279,537
(2) Laboratory Equipment	96,816,034
(3) Electro Mechanical Equipment	510,935,147
(4) Other Assets	<u>5,490,166</u>
Total Tk.	<u>954,520,884</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:

(1) Mr. Samson H. Chowdhury	1,000	Shares
(2) Mr. Samuel S. Chowdhury	1,000	"
(3) Mr. Tapan Chowdhury	1,000	"
(4) Mr. Anjan Chowdhury	1,000	"
(5) 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:

Since the company has operated only for about 5 months, the output, cost and expense levels could not reach optimum level as yet. The operating result is expected to stabilise and reach profitable level in due course over years. The gross turnover of Tk. 72,355,039 was encouraging, though the net losses of Tk. 120,466,871 was staggering due higher cost of goods sold and financial overhead as follows:

Gross Turnover	Tk. 72,355,039
Gross Profit (Loss)	Tk. (96,331,009)
Net Profit (Loss)	Tk. (120,466,871)

#### 4. ACCOUNTING YEAR-

##### Financial Position:

The company's (SCL) Accounting Year ended on 31 March 2007. Since the company has started commercial production. The Balance Sheet, Income Statement, Statement of Changes in Equity and Cash Flow Statement as at 31 March 2007 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 as this AGM, have offered to be reappointed as Auditors for the year 2007-2008 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



**SQUARE CEPHALOSPORINS LTD.**



Square group, one of the largest business conglomerates of Bangladesh, has come up with yet another giant step through the inception of its latest venture - Square Cephalosporins Ltd.(SCL). From now and onwards the Cephalosporin products are going to be produced at the new State-of-the-art plant dedicated for manufacturing Cephalosporins. The plant has been designed and commissioned by Telstar, Spain, which has already earned world-wide recognition for its fine-tuned expertise in this sector. To comply fully with US FDA and UK MHRA guidelines, the plant has been installed with completely self-contained facilities. SCL has the full range of production facilities including oral solid, oral liquid and injectables. Currently SCL has a total of 47 products from all the four generations under 12 brands.



## AUDITORS' REPORT

TO THE SHAREHOLDERS OF

### SQUARE CEPHALOSPORINS LTD.

We have audited the accompanying Financial Statements of Square Cephalosporins Limited comprising Balance Sheet as at 31 March, 2007 and the related Income Statement, Statement of Changes in Equity, Cash Flow Statement together with related Notes and Schedule thereto for the year then ended. The preparation of these financial statements are the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates and judgments made by management, as well as evaluating the overall presentation of financial statement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement, prepared in accordance with the International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BAS), give a true and fair view of the state of affairs of the company as at 31 March, 2007 and of the results of its operations and its cash flow for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) in our opinion, the company management has followed relevant provisions of laws and rules in managing the affairs of the company and proper books of accounts, records and other statutory books have been maintained so far as it appeared from our examination of those books;
- (c) the Company's Balance Sheet and Income Statement dealt with by the report are in agreement with the books of account;

Dated, Dhaka  
24 July, 2007

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



## SQUARE CEPHALOSPORINS LTD.

### BALANCE SHEET

as at 31 March 2007

		31-03-07	31-03-06
<b>ASSETS:</b>	Note		
<b>Non Current Assets:</b>		<b>816,401,266</b>	<b>850,694,939</b>
Pre-operating Cost	2	99,800	114,800
Property, Plant & Equipment-At Cost less Depreciation	3	816,301,466	-
Capital Work in Progress	4	-	850,580,139
<b>CURRENT ASSETS:</b>		<b>158,162,172</b>	<b>350,000</b>
Inventories	5	144,397,436	-
Advance, Deposit and Prepayments	6	13,764,736	-
Cash and Cash Equivalents	7	-	350,000
	Total Tk.	<b><u>974,563,438</u></b>	<b><u>851,044,939</u></b>
<b>CATITAL &amp; LIABILITIES</b>			
Share Capital	8	95,500,000	95,500,000
Retained Earnings		(120,466,871)	-
<b>NON CURRENT LIABILITIES:</b>		<b>540,307,423</b>	<b>516,251,400</b>
Long Term Bank Loan	9	140,307,423	116,251,400
Share Money Deposit	10	400,000,000	400,000,000
<b>CURRENT LIABILITIES:</b>		<b>459,222,886</b>	<b>239,293,539</b>
Short Term Borrowings	11	333,174,563	219,638,539
Current Portion of Long Term Bank Loan	12	84,388,281	19,640,000
Liabilities for Expenses	13	41,146,690	15,000
Other Liabilities	14	513,352	-
	Total Tk.	<b><u>974,563,438</u></b>	<b><u>851,044,939</u></b>

Attached notes form part of these Financial Statements.

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: 24 July 2007



## SQUARE CEPHALOSPORINS LTD.

### INCOME STATEMENT

for the year ended 31 March 2007

		2006-2007	2005-2006
	Notes		
GROSS TURNOVER		72,355,039	-
Less: Value Added Tax		(11,506,534)	-
<b>NET TURNOVER</b>		<b>60,848,505</b>	-
Less: Cost of Goods Sold	15	(157,179,514)	-
<b>GROSS LOSS</b>		<b>(96,331,009)</b>	-
Administrative & Selling and Distribution Expenses	16	(2,156,260)	-
<b>LOSS FROM OPERATIONS</b>		<b>(98,487,269)</b>	-
Other Income		-	-
Financial Expenses	17	(21,979,602)	-
<b>NET LOSS BEFORE WPPF</b>		<b>(120,466,871)</b>	-
Allocation for WPPF		-	-
<b>NET LOSS BEFORE TAX</b>		<b>(120,466,871)</b>	-
Provision for Income Tax		-	-
<b>NET LOSS AFTER TAX</b>	Tk.	<b>(120,466,871)</b>	-
(Transferred to the Statement of Changes in Equity)			

Attached notes form part of these Financial Statements.

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: 24 July 2007



## SQUARE CEPHALOSPORINS LTD.

### STATEMENT OF CHANGES IN EQUITY

for the period ended March 31, 2007

	Share Capital	Share Premium	General Reserve	Tax Holiday Reserve	Retained Earnings	Total
At March 31, 2006	95,500,000	-	-	-	-	95,500,000
Net Loss for 2006-2007	-	-	-	-	(120,466,871)	(120,466,871)
At March 31, 2007	95,500,000	-	-	-	(120,466,871)	(24,966,871)

### STATEMENT OF CHANGES IN EQUITY

for the period ended March 31, 2006

	Share Capital	Share Premium	General Reserve	Tax Holiday Reserve	Retained Earnings	Total
At March 31, 2005	-	-	-	-	-	-
Share Issued	95,500,000	-	-	-	-	95,500,000
At March 31, 2006	95,500,000	-	-	-	-	95,500,000

Attached notes form part of these Financial Statements.

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: 24 July 2007



## SQUARE CEPHALOSPORINS LTD.

### CASH FLOW STATEMENT

for the period ended March 31, 2007

	2006-2007	2005-2006
<b>Cash Flow from Operating Activities:</b>		
Payment to Suppliers, Employees & Others	(55,560,599)	-
Payment of Interest on Borrowings	(15,430,023)	-
Net Cash used in Operating Activities (A)	(70,990,622)	-
<b>Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(82,307,333)	-
Capital Work in Progress	-	(1,620,985)
Pre-operating Cost	-	(99,800)
Net Cash used in Investing Activities (B)	(82,307,333)	(1,720,785)
<b>Cash flow from Financing Activities:</b>		
Share Capital	-	500,000
Short Term Borrowing	435,337,012	1,570,785
Payment of Short Term Loan	(250,000,000)	-
Payment of Long Term Loan	(32,389,057)	-
Net Cash Provided by Financing Activities (C)	152,947,955	2,070,785
Increase/(Decrease) in Cash & Cash Equivalent (A+B+C)	(350,000)	350,000
Opening Cash & Cash Equivalent	350,000	-
Closing Cash & Cash Equivalent	Tk. -	350,000

Attached notes form part of these Financial Statements.

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: 24 July 2007



**SQUARE PHARMACEUTICALS LTD. donated Bird-Flu medicine to the Government**

Mr. Samson H Chowdhury, Chairman of Square Group, donated Bird-Flu medicine, "Aviflu" to The Government of the People's Republic of Bangladesh in a donation program held at Square Hospitals Limited on April 02, 2007. Honorable Health Advisor, Major Gen. Dr. A.S.M. Matur Rahman (Retd), attended the program as Chief Guest and accepted the donation. Advisor, Ministry of Fisheries and Livestock, Dr. Chowdhury Sajjadul Karim was also present at the program as Special Guest. The medicines can cover the treatment of 200 patients.

**SQUARE PHARMACEUTICALS LTD.**  
introduced six Antiretroviral drugs for the treatment of HIV/AIDS and donated to the NGOs



Square Pharmaceutical Limited had organized a launching program of their Antiretroviral (ARV) drugs at Spectra Convention Centre, Gulshan-1, Dhaka on November 28, 2006.

The Managing Director of Square Pharmaceutical Limited, Mr. Tapan Chowdhury, inaugurated the program and donated the ARV drugs to three NGOs working for HIV/AIDS, namely-

- Ashar Alo Society
- Mukto Akash and
- Confidential Approach to AIDS Prevention.

This occasion was graced by Major Gen. Dr. A.S.M. Matur Rahman (Retd), Chief HIV Advisor, MOH & FW, Chairman of Technical Committee of national AIDS Committee (NAC), Prof. Nazrul Islam, Professor and Chairman, Dept. of Virology, BSMMU, Dr. Md. Abdus Salim, Programme Manager, NASP and Dr. Halida H. Khandaker, Executive Director, CAAP along with the NGOs working in the field.

# 40th Annual General Meeting



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

Thursday, 21<sup>st</sup> September 2006

Bangladesh-China Friendship Conference Centre  
Agargaon, Sher-E- Bangla Nagar, Dhaka



**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 41th Annual General Meeting of the Company to be held on Wednesday the 12th September 2007 at 11:00 a.m. at Bangladesh-China Friendship Conference Centre, Agargaon, Sher-E-Bangla Nagar, Dhaka and at any adjournment thereof.

As witness my hand this day of \_\_\_\_\_ September 2007.

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.

## স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ

রেজিষ্টার্ড অফিসঃ স্কয়ার সেন্টার, ৪৮ মহাখালী বাণিজ্যিক এলাকা, ঢাকা-১২১২

### প্রস্তুি ফরম

আমি/আমরা \_\_\_\_\_

ঠিকানা \_\_\_\_\_

স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ এর সদস্য হিসেবে

জনাব/বেগম \_\_\_\_\_

ঠিকানা \_\_\_\_\_

আমার/আমাদের প্রতিনিধি হিসেবে আগামী বুধবার ১২ই সেপ্টেম্বর ২০০৭ সকাল ১১:০০ মিনিটে বাংলাদেশ-চীন মৈত্রী সম্মেলন কেন্দ্র, আগারগাঁও, শেরেবাংলা নগর, ঢাকা-এ অনুষ্ঠিতব্য কোম্পানীর ৪১তম বার্ষিক সাধারণ সভায় এবং এর মূলতবী ঘোষিত সভায় আমার/আমাদের পক্ষে উপস্থিত থাকার এবং ভোট প্রদান করার জন্য নিযুক্ত করলাম।

স্বাক্ষর হিসেবে অদ্য \_\_\_\_\_ সেপ্টেম্বর ২০০৭ তারিখে আমি/আমরা এই দলিলে সজ্ঞানে স্বাক্ষর করলাম।

রেজিষ্টার্ড স্ট্যাম্প  
সংযুক্ত করন

প্রতিনিধির স্বাক্ষর

সদস্যের স্বাক্ষর

তারিখ \_\_\_\_\_

রেজিষ্টার্ড ফলিও/বিওআইডি নম্বর \_\_\_\_\_

তারিখ \_\_\_\_\_

স্বাক্ষর পরীক্ষিত

অনুমোদনকারীর স্বাক্ষর  
স্কয়ার ফার্মাসিউটিক্যালস্ লিঃ

বিঃ দ্রঃ প্রস্তুি ফরম যথাযথ পূরণের পর সভা অনুষ্ঠানের ৪৮ ঘন্টা পূর্বে কোম্পানীর রেজিষ্টার্ড অফিসে জমা দিতে হবে।



**Achiever**  
CNCI Achiever of Industrial excellence

The Ceylon National Chamber of Industries  
ACHIEVER OF INDUSTRIAL EXCELLENCE AWARDS 2007

This is to certify that

*Square Pharmaceuticals Ltd - Bangladesh*

was presented the

*Gold Award*

in the *SAARC Country Nominated* Category

*A K Ratnarajah*

A K RATNARAJAH  
CHAIRMAN  
THE CEYLON NATIONAL CHAMBER OF INDUSTRIES

*Sunil Wijesinha*

SUNIL WIJESINHA  
CHAIRMAN  
PANEL OF JUDGES





**SQUARE**  
*PHARMACEUTICALS LTD.*  
*BANGLADESH*